

**Detroit Rescue Mission Ministries  
and Lakeview Farms Missions**

**Single Audit Report**

**September 30, 2014**

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

**Independent Auditors' Report**

Board of Directors  
Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Detroit, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Detroit Rescue Mission Ministries and Lakeview Farms Mission's (collectively Detroit Rescue Mission Ministries, Inc. – a nonprofit organization), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Detroit Rescue Mission Ministries, Inc.'s basic financial statements, and have issued our report thereon dated June 29, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Detroit Rescue Mission Ministries, Inc.'s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Detroit Rescue Mission Ministries, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Detroit Rescue Mission Ministries, Inc.'s internal control.

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs, as item 2014-001, to be a material weakness.

*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 item 2014-002, to be a significant deficiency.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Detroit Rescue Mission Ministries, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yeo & Yeo, P.C.

Ann Arbor, Michigan  
June 29, 2015

**Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

**Independent Auditors' Report**

Board of Directors  
Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Detroit, Michigan

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

We have audited Detroit Rescue Mission Ministries and Lakeview Farms Mission's (collectively Detroit Rescue Mission Ministries, Inc.), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Detroit Rescue Mission Ministries, Inc.'s major federal programs for the year ended September 30, 2014. Detroit Rescue Mission Ministries, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Detroit Rescue Mission Ministries, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Detroit Rescue Mission Ministries, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Detroit Rescue Mission Ministries, Inc.'s compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, Detroit Rescue Mission Ministries, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

## ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-003. Our opinion on each major federal program is not modified with respect to this matter.

Detroit Rescue Mission Ministries Inc.'s response to the noncompliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Detroit Rescue Mission Ministries Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-003 that we consider to be a significant deficiency.

Detroit Rescue Mission Ministries Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. Detroit Rescue Mission Ministries Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of Detroit Rescue Mission Ministries, Inc., as of and for the year ended September 30, 2014, and have issued our report thereon dated June 29, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Yeo & Yeo, P.C.*

Ann Arbor, Michigan  
June 29, 2015

**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2014**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Summer Food Services Program	10.559	N/A	\$ 17,295
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grant	14.218		
Passed through the City of Detroit			
Genesis House III		CPO 2895750 / SPO 2895751	71,226
Detroit Rescue Mission		CPO 2895750 / SPO 2895751	83,158
Teen Mom		DRM CPO 2882141 / SPO 288143	33,314
Total Community Development Block Grant			187,698
Emergency Shelter Grants Program	14.231		
Passed through the City of Detroit			
Genesis House II		CPO 2893962 / SPO 2893963	37,000
Detroit Rescue Mission		CPO 2894759 / SPO 2894810	89,435
Detroit Rescue Mission		CPO 2876159 / SPO 2876163	23,969
Detroit Rescue Mission		CPO 28953571 / SPO 28953574	107,210
Genesis House III		CPO 2894759 / SPO 2894810	71,376
Teen Mom		SPO 2893966 / CPO 2893965	37,000
Total Emergency Shelter Grants Program			365,990
Continuum of Care	14.267		
Teen Moms		MI0038L5F011205	350,588
Teen Moms		MI0038B5F011306	105,991
Maranatha Permanent Housing for Men		MI0044L5F011205	98,566
Maranatha Permanent Housing for Men		MI0044B5F011306	341,636
Genesis House II		MI0039L5F011205	934,853
Genesis House II		MI0039B5F011306	216,858
Detroit Rescue Mission		MI0034L5F011205	262,042
Detroit Rescue Mission		MI0034B5F011306	226,968
Veterans Independence Program		MI0083L5F011205	357,325
Veterans Independence Program		MI0083B5F011306	104,303
Samaritan Center		MI0057L5F011205	516,873
Samaritan Center		MI0057B5F011306	129,002
My Own Place		MI0046L5F011205	49,731
My Own Place		MI0046B5F011306	230,795
Oasis Transitional Housing for Men		MI0080L5F011205	579,074
Oasis Transitional Housing for Men		MI0080B5F011306	175,107
Douglas Project Transitional Housing for Men		MI0036L5F011205	317,826
Douglas Project Transitional Housing for Men		MI0043L5F011300	241,161
Total Continuum of Care			5,238,699
<b>Total U.S. Department of Housing and Urban Development</b>			5,792,387
<b>U.S. Department of Labor/VETS</b>			
Veterans Employment and Training Services	17.805		
Homeless Veterans Reintegration Project		HV23329HV2	138,046
Homeless Veterans Reintegration Project		HV23329HV3	2,609
Homeless Veterans Reintegration Project		HV24735HV3	45,126
Total U.S. Department of Labor/VETS			185,781

See Accompanying Notes to the Schedule of Expenditures of Federal Awards



**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2014**

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**U.S. Department of Veterans Affairs**

Veteran Health Administration - Grant and Per	64.024			
Diem Capital Grant		09-914-MI	\$	727,313

**U.S. Department of Health and Human Services**

Medical Assistance Program	93.778			
Adult Waiver - Christian Guidance Center		6001402		244,867
Adult Waiver - Genesis House III Woman Specialty		6001902		194,643
Medicaid - Christian Guidance Center		6001402		403,133
Medicaid - Genesis House III		6001902		261,500

Total Medical Assistance Program				1,104,143
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HIV Prevention Program				
Michigan Department of Community Health	93.940	20133155		31,250

Treatment and Prevention of Substance Abuse Block Grant	93.959			
Passed through the City of Detroit				
6001402 - Christian Guidance Center		6001402		199,312
6001902 - Genesis House III Woman Specialty		6001902		34,072
6001902 - G3 Block Funds		6001902		63,943

Total Treatment and Prevention of Substance Abuse Block Grant				297,327
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<b>Total U.S. Department of Health and Human Services</b>				1,432,720
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**U.S. Department of Homeland Security**

Emergency Shelter and Food Programs				
Detroit Rescue Mission	97.024	25-4844-00-190E1		18,000

Total expenditures of federal awards				\$ 8,173,496
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**Detroit Rescue Mission Ministries  
And Lakeview Farms Mission  
Notes to the Schedule of Expenditures of Federal Awards  
September 30, 2014**

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**Note 1 - General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Detroit Rescue Mission Ministries and Lakeview Farms Mission's (collectively Detroit Rescue Mission Ministries, Inc.). All federal financial awards passed through other government agencies are included on the schedule.

**Note 2 - Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

**Note 3 - Relationship to Basic Financial Statements**

Federal financial assistance revenue is included in the financial statements as support and revenue – federal, state and local program revenue.

**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Schedule of Findings and Questioned Costs  
September 30, 2014**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes        no
- Significant deficiencies identified that are not considered to be material weaknesses?   X   yes        none reported

Noncompliance material to financial statements noted?

       yes   X   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?        yes   X   no
- Significant deficiencies identified that are not considered to be material weakness(es)?   X   yes        none reported

Type of auditors' report issued on compliance for major programs: Unmodified

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

  X   yes        no

Identification of major programs:

*CFDA Number(s)*

*Name of Federal Program or Cluster*

14.267  
93.778  
93.959

Continuum of Care  
Medicaid Cluster  
Block Grants for Prevention and Treatment of Substance Abuse

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

\$ 300,000

Auditee qualified as low-risk auditee?

  X   yes        no

**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Schedule of Findings and Questioned Costs  
September 30, 2014**

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**SECTION II – GOVERNMENT AUDITING STANDARDS FINDINGS**

**2014-001      Material Weakness – Reconciliations**

**Specific Requirement** – Management is responsible for timely and accurate reporting of financial data.

**Condition** – Some of the federal grant accounts were not reconciled timely. The reconciliations were done several months after year end and some material adjustments were made after these were performed. Also, for the September 30, 2013 SEFA, there was one adjustment that was not included on the schedule in the prior year audit due to the reconciliations not being performed timely.

**Effect** – Not reconciling these accounts on a monthly basis means that errors or other problems might not be recognized and resolved in a timely manner.

**Cause** – During the year, there were significant time constraints in other areas due to limited staffing, turnover, and increase of responsibilities relating to the grants. Therefore, these grant account reconciliations were not performed timely towards the end of the year.

**Recommendation** – We recommend the Organization reconciles these grant accounts monthly. We also recommend that management reviews the final SEFA and verifies it reconciles with its accounting records. Any differences should be investigated and adjusted.

**View of Responsible Official** – The Organization concurs with the recommendation of the auditors. See attached Corrective Action Plan prepared by management.

**Corrective Action Plan** – See page 13

**2014-002      Significant Deficiency – Grant Reports**

**Specific Requirement** – Federal expenses should be separately tracked to verify the expenses are in line with the budget. The Organization should also verify that all budgets are updated to properly reflect the grant awards.

**Condition** – Amounts reported under operating and supportive expense could not be traced to accounting records. Also, some of the budgets were not properly updated to reflect the new grant award.

**Effect** – If the Organization does not track its federal expenses separately, then expenses may be overcharged to the grant and may not be in line with the grant agreement. Also, the funds are considered commingled if the expenses cannot be separately identified.

**Cause** – During the year, there were significant time constraints in other areas due to limited staffing, turnover, and increase of responsibilities relating to the grants. Therefore, these grant were not properly monitored and tracked in separate programs.

**Recommendation** – We recommend the Organization implement procedures to separately track the expenses under each federal program. Once a grant has been fully spent, the expenses should be tracked in a different account, separate from the federal expenses. We also recommend that the Organization updates its budget to properly reflect the grant award.

**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Schedule of Findings and Questioned Costs  
September 30, 2014**

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**View of Responsible Official** – The Organization concurs with the recommendation of the auditors. See attached Corrective Action Plan prepared by management.

**Corrective Action Plan** – See page 13

**SECTION III - FEDERAL AWARD FINDINGS**

**2014-003 Allowable Costs/Cost Principles**

**Finding Type** – Noncompliance; Significant deficiency in internal control over compliance

**Federal Agency/Program Name** – U.S. Department of Housing and Urban Development – CFDA #14.267 Continuum of Care

**Likely Questioned Costs** – Unknown

**Criteria** – Staff time charged to the grants should be supported by a time study or reconciliation to ensure the time charged is reasonable and accurate.

**Condition** – During the year ended September 30, 2014 the Organization had administrative payroll transactions charged to federal programs that were not adequately documented.

**Cause** – Turnover in the finance department prevented the staff to adequately support the administrative time charged to the Federal grant.

**Effect** – The administrative time charged was reasonable, but there was not adequate documentation of that time.

**Recommendation** – We recommend the Organization implement procedures to track administrative time spent on various Federal Grants. Further, we recommend that the Organization revisit the time charged to ensure it accurately reflects actual.

**View of Responsible Official** – The Organization concurs with the recommendation of the auditors. The Organization encountered staff turnover that prevented accurate time reporting during the year.

**Corrective Action Plan** – See page 13

**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Summary Schedule of Prior Year Findings  
September 30, 2014**

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**SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

There were no audit findings for the year ended September 30, 2013.

June 29, 2015

Re: Corrective Action Plans

### **Finding 2014-001 – Material Weakness – Reconciliations**

Response to Material Weakness:

The fiscal year 2013-14 had significant time constraints due to limited staffing, turnover, and increase of responsibilities relating to the grants. There was no full-time Grant Accountant on staff consistently throughout the year. Due to this, routine tasks had to be reprioritized according to deadlines and consequently, reconciliations of the grant accounts were not done timely. Although the grant reconciliations were not done timely, the transactions were closely monitored throughout the year. All expenses were captured in the right time period. At this time, we now have a Grant Accountant on staff who will be completing these grant reconciliations. The replacement of this position should rectify this problem.

### **Finding 2014-002 – Significant Deficiency – Grant Reports**

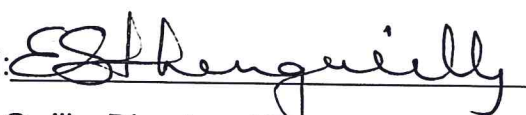
Response to Significant Deficiency:

We track expenses by program for both federal and non-federal budget amounts. This is to better track our true program costs. We consider most expenses in excess of federal funds/award to be part of the required match and leverage dollars. We only draw down the portion of these expenses that are federally awarded. At this time, we now have a Grant Accountant on staff who will be updating the budgets to properly match the grant award whenever there's a change or amendment to the budget, and to verify that documentation is retained to ensure that federal and non-federal expenses are not commingled. The replacement of this position should rectify this problem.

### **Finding 2014-003 – Allowable Costs/Cost Principles – Noncompliance, Significant deficiency in internal control over compliance**

Response to Significant Deficiency:

The allocations for administrative staff were reasonable based on the estimated time each staff spent working on a program. All other direct payroll cost charged to the grants was based on actual time worked on each program. We will implement an actual time allocation for administrative staff to support the payroll for administrative expenses that are charged to each grant.

Signed:   
Esther Gwilly, Director of Finance

Date: 6/29/2015