



**ELDERHOMES CORPORATION**  
**dba project:HOMES AND SUBSIDIARIES**

**FINANCIAL AND COMPLIANCE AUDIT**

**YEARS ENDED JUNE 30, 2019 AND 2018**

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HARRIS, HARDY & JOHNSTONE, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
ElderHomes Corporation dba project:HOMES and Subsidiaries  
Richmond, Virginia

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

We have audited the accompanying consolidated financial statements of ElderHomes Corporation dba project:HOMES (a nonprofit organization) and Subsidiaries (the "Corporation"), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018 and the related consolidated statements of activities, and cash flows for the years then ended, the consolidated statement of functional expenses for the year ended June 30, 2019, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedules of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2019, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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 the Corporation's internal control over financial reporting and compliance.

*Harris, Hardy ; Johnstone, P.C.*

Richmond, Virginia  
October 3, 2019

ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,503,922	\$ 2,894,372
Accounts receivable	63,542	44,684
Grants receivable	2,002,634	1,042,667
Work in progress	222,665	104,120
Inventory	58,153	101,435
Inventory of real estate	1,473,211	1,474,358
Land, building, and equipment, net	1,195,064	845,093
Investments - partnerships	750,632	730,747
Land held for investment	468,383	461,062
Loan costs	1,552	1,678
Accounts receivable - affiliates	432,039	432,039
	<u>\$ 9,171,797</u>	<u>\$ 8,132,255</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 458,501	\$ 305,669
Advanced grants	559,436	501,047
Due to Grantors	229,770	234,817
Accumulated vacation	136,147	127,571
Deferred revenue	36,000	-
Long-term debt	1,280,753	1,021,818
	<u>2,700,607</u>	<u>2,190,922</u>
	<b>TOTAL LIABILITIES</b>	<b>2,190,922</b>
<b>NET ASSETS</b>		
Without donor restrictions	6,124,491	5,418,475
With donor restrictions	346,699	522,858
	<u>6,471,190</u>	<u>5,941,333</u>
	<b>TOTAL NET ASSETS</b>	<b>5,941,333</b>
	<u>\$ 9,171,797</u>	<u>\$ 8,132,255</u>

See Independent Auditor's Report and Notes to Consolidated Financial Statements

ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Support			
Contributions			
Individuals and churches	\$ -	\$ 73,676	\$ 73,676
Corporations	-	196,339	196,339
Foundations	-	286,594	286,594
Grants			
State	-	24,108	24,108
Federal	-	6,133,343	6,133,343
Local and other agencies	1,205,620	71,840	1,277,460
Total Support	<u>1,205,620</u>	<u>6,785,900</u>	<u>7,991,520</u>
Program Services Revenue			
Development and monitoring fees	130,135	-	130,135
Rent	63,745	-	63,745
Total Program Services Revenue	<u>193,880</u>	<u>-</u>	<u>193,880</u>
Sales			
House sales	3,837,640	-	3,837,640
Less: cost of goods sold - house sales	(2,701,397)	-	(2,701,397)
Distributor sales	255,465	-	255,465
Less: cost of goods sold - distributor	(82,656)	-	(82,656)
Net Sales	<u>1,309,052</u>	<u>-</u>	<u>1,309,052</u>
Gains and (Losses)			
Investment return, net	54,612	-	54,612
Total Gains and (Losses)	<u>54,612</u>	<u>-</u>	<u>54,612</u>
Net Assets Released from Restrictions			
Satisfaction of program restrictions	6,962,059	(6,962,059)	-
Total Net Assets Released from Restrictions	<u>6,962,059</u>	<u>(6,962,059)</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>9,725,223</u>	<u>(176,159)</u>	<u>9,549,064</u>
<b>EXPENSES</b>			
Program Services			
Rehabilitation	3,378,032	-	3,378,032
Weatherization	3,453,692	-	3,453,692
Volunteer Services	765,302	-	765,302
Revitalization	1,046,287	-	1,046,287
Total Program Services	<u>8,643,313</u>	<u>-</u>	<u>8,643,313</u>
Management and General	311,033	-	311,033
Fundraising	64,861	-	64,861
TOTAL EXPENSES	<u>9,019,207</u>	<u>-</u>	<u>9,019,207</u>
CHANGE IN NET ASSETS	706,016	(176,159)	529,857
NET ASSETS, beginning of year	5,418,475	522,858	5,941,333
NET ASSETS, end of year	<u>\$ 6,124,491</u>	<u>\$ 346,699</u>	<u>\$ 6,471,190</u>

See Independent Auditor's Report and Notes to Consolidated Financial Statements

ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Support			
Contributions			
Individuals and churches	\$ -	\$ 87,051	\$ 87,051
Corporations	-	176,829	176,829
Foundations	-	340,984	340,984
Grants			
State	-	23,994	23,994
Federal	-	5,555,411	5,555,411
Local and other agencies	1,185,574	97,186	1,282,760
Total Support	<u>1,185,574</u>	<u>6,281,455</u>	<u>7,467,029</u>
Program Services Revenue			
Development and monitoring fees	309,327	-	309,327
Rent	44,304	-	44,304
Total Program Services Revenue	<u>353,631</u>	<u>-</u>	<u>353,631</u>
Sales			
House sales	3,136,196	-	3,136,196
Less: cost of goods sold - house sales	(2,161,168)	-	(2,161,168)
Distributor sales	227,738	-	227,738
Less: cost of goods sold - distributor	(94,229)	-	(94,229)
Net Sales	<u>1,108,537</u>	<u>-</u>	<u>1,108,537</u>
Gains and (Losses)			
Investment return, net	35,373	-	35,373
Total Gains and (Losses)	<u>35,373</u>	<u>-</u>	<u>35,373</u>
Net Assets Released from Restrictions			
Satisfaction of program restrictions	6,196,168	(6,196,168)	-
Total Net Assets Released from Restrictions	<u>6,196,168</u>	<u>(6,196,168)</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>8,879,283</u>	<u>85,287</u>	<u>8,964,570</u>
<b>EXPENSES</b>			
Program Services			
Rehabilitation	2,897,546	-	2,897,546
Weatherization	2,939,113	-	2,939,113
Volunteer Services	656,446	-	656,446
Revitalization	1,086,831	-	1,086,831
Total Program Services	<u>7,579,936</u>	<u>-</u>	<u>7,579,936</u>
Management and General	395,918	-	395,918
Fundraising	24,721	-	24,721
TOTAL EXPENSES	<u>8,000,575</u>	<u>-</u>	<u>8,000,575</u>
CHANGE IN NET ASSETS	878,708	85,287	963,995
NET ASSETS, beginning of year	4,539,767	437,571	4,977,338
NET ASSETS, end of year	<u>\$ 5,418,475</u>	<u>\$ 522,858</u>	<u>\$ 5,941,333</u>

See Independent Auditor's Report and Notes to Consolidated Financial Statements

ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services			
	Rehabilitation	Weatherization	Volunteer Services	Revitalization
Salaries and wages	\$ 518,116	\$ 760,490	\$ 239,143	\$ 336,331
Employee benefits	131,759	186,623	40,550	79,821
	649,875	947,113	279,693	416,152
Materials and home purchases	2,478,829	2,160,968	462,471	2,962,684
Service contracts	489	83,482	16,597	198,141
Supplies and tools	59,916	87,452	-	32,283
Occupancy	68,770	66,747	-	7,176
Vehicle operations	32,117	48,221	-	55,083
Insurance	49,508	38,265	-	6,310
Depreciation	15,270	14,959	3,459	33,461
Training	16,657	64,621	-	1,273
Other	1,664	10,705	3,082	26,714
Audit	4,937	13,815	-	8,407
Interest	-	-	-	-
Advertising	-	-	-	-
TOTAL EXPENSES	<u>\$ 3,378,032</u>	<u>\$ 3,536,348</u>	<u>\$ 765,302</u>	<u>\$ 3,747,684</u>

See Independent Auditor's Report and Notes to Consolidated Financial Statements



<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
\$ 1,854,080	\$ 149,665	\$ 49,935	\$ 2,053,680
438,753	39,075	14,926	492,754
<u>2,292,833</u>	<u>188,740</u>	<u>64,861</u>	<u>2,546,434</u>
8,064,952	-	-	8,064,952
298,709	-	-	298,709
179,651	-	-	179,651
142,693	35,673	-	178,366
135,421	-	-	135,421
94,083	23,521	-	117,604
67,149	16,787	-	83,936
82,551	-	-	82,551
42,165	10,668	-	52,833
27,159	5,422	-	32,581
-	27,059	-	27,059
-	3,163	-	3,163
<u>\$ 11,427,366</u>	<u>\$ 311,033</u>	<u>\$ 64,861</u>	<u>\$ 11,803,260</u>

ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding sources and other income	\$ 11,398,634	\$ 11,366,849
Cash paid to suppliers and employees	<u>(11,586,906)</u>	<u>(10,891,416)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(188,272)</u>	<u>475,433</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(117,041)	(17,500)
Purchase of investments	(27,206)	(28,518)
Loans to affiliates	<u>-</u>	<u>(18,564)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(144,247)</u>	<u>(64,582)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Curtailement of long-term debt	<u>(57,931)</u>	<u>(43,568)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(57,931)</u>	<u>(43,568)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(390,450)	367,283
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,894,372</u>	<u>2,527,089</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 2,503,922</u></u>	<u><u>\$ 2,894,372</u></u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Purchase of property and equipment with long-term debt	<u><u>\$ 316,866</u></u>	<u><u>\$ -</u></u>

See Independent Auditor's Report and Notes to Consolidated Financial Statements

ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Increase in net assets	\$ 529,857	\$ 963,995
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	84,062	62,956
(Increase) decrease in		
Grant receivables	(959,967)	70,947
Trade receivables	(18,858)	(18,724)
Work in progress	(118,545)	143,002
Inventory	43,282	(48,324)
Inventory of real estate	1,147	(732,798)
Increase (decrease) in		
Accounts payable	152,832	(66,670)
Advanced grants	58,389	74,877
Due to Grantors	(5,047)	19,782
Accumulated vacation	8,576	6,390
Deferred revenue	36,000	-
	<u>36,000</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (188,272)</u>	<u>\$ 475,433</u>

See Independent Auditor's Report and Notes to Consolidated Financial Statements

# ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization

ElderHomes Corporation dba project:HOMES (the “Corporation”) is a nonprofit community development corporation whose mission is “Improving lives by improving homes.” The Corporation helps low-income, elderly and disabled individuals of all ages live safely and independently in their own homes by offering nearly every possible home repair, accessibility modification and construction service throughout greater Richmond and the Tri-Cities areas of Virginia.

The Corporation is the only nonprofit agency in the region that provides a full circle of housing services ranging from raking leaves to performing minor home repairs and major home rehabilitations to constructing new EarthCraft certified homes and developing multifamily apartment communities for low-income seniors. Within the service circle is a distinctive triangle of home repair programs that are performed by trained staff and volunteers. They include weatherizing homes for energy efficiency and performing structural home rehabilitations with public funds. The privately funded Renew Crew volunteer program makes safety repairs and accessibility improvements including building wheelchair ramps. By working together, these three programs achieve maximum benefit for the clients they serve by combining their services and leveraging their funding streams for the repairs they complete.

To further their mission, the Corporation’s Neighborhood Revitalization division builds EarthCraft certified homes and rehabilitates blighted homes in historic Richmond neighborhoods as well as provides safe and secure multifamily apartment communities for low-income seniors. The Corporation’s social enterprise, Conservation Strategies, sells energy conservation materials to the public and private sectors. Income from Conservation Strategies and home sales helps fund the Corporation’s Renew Crew volunteer services and other programs.

ElderHomes Corporation dba project:HOMES has six wholly owned subsidiaries, Conservation Strategies, Inc., Elder Properties, Inc., William Byrd II, L.P., Elder Properties II, Inc., Elder Properties III, Inc., and project:HOMES Properties II, LLC, which hold general partnership interests in limited partnerships which develop low-income housing.

#### Program Description

*Rehabilitation* – The Corporation provides a full circle of housing services ranging from raking leaves to performing minor home repairs and major home rehabilitations.

*Weatherization* – The Corporation weatherizes homes for energy efficiency.

*Volunteer Services* – The Corporation’s Renew Crew makes safety repairs and accessibility improvements including building wheelchair ramps.

*Revitalization* – The Corporation builds EarthCraft certified homes and rehabilitates blighted homes in historic Richmond neighborhoods as well as provides safe and secure multifamily apartment communities for low-income seniors.

ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

JUNE 30, 2019 AND 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The Corporation prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America for not-for-profit entities. The significant accounting and reporting policies used by the Corporation are described subsequently to enhance the usefulness and understandability of the financial statements.

Fair Value Measurements

The Corporation reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by accounting principles generally accepted in the United States of America, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- *Level 1.* Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- *Level 2.* Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets in markets that are not active;
  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3.* Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, the Corporation measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the Corporation is required to measure at fair value.

The primary uses of fair value measures in the Corporation's financial statements are

- recurring measurement of long-term investments (Note D).

The Corporation uses the following ways to determine the fair value of its investments:

*Partnership real estate:* Determined by the costs and tax assessed value of the property.

# ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

JUNE 30, 2019 AND 2018

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities as of the date of the financial statements. On an ongoing basis, the Corporation's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Corporation's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

#### Reclassifications

Certain accounts in the prior-year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year consolidated financial statements.

#### Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries. All intercompany transactions and accounts have been eliminated.

#### Income Taxes

ElderHomes Corporation dba project:HOMES is exempt from federal income taxes as defined under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Corporation's tax-exempt purpose could be subject to taxation as unrelated business income. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

#### Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Corporation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Corporation and various positions related to the potential sources of unrelated business taxable income (UBTI). The Corporation has recognized no uncertain tax positions for the years ended June 30, 2019 and 2018. The Corporation is generally no longer subject to examination by the Internal Revenue Service for years prior to 2016.

#### Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

JUNE 30, 2019 AND 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Consolidated Schedule of Expenditures of Federal and Other Awards

The accompanying Consolidated Supplemental Schedules of Expenditures of Federal and Other Awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures reported on the Consolidated Supplemental Schedule of Expenditures of Federal and Other Awards are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Corporation does not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Cash and Cash Equivalents

Cash equivalents include all deposits in banks and highly liquid investments with original maturity dates of less than three months. The carrying value of cash equivalents approximated fair value because of the short maturities of those financial instruments.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest-bearing amounts due from customers of the Corporation's social enterprise. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Grants Receivable

Grants receivable are primarily unsecured non-interest-bearing amounts due from grantors on cost reimbursement or performance grants. Management believes that all outstanding grants receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Inventory

Inventory is stated at the lower of cost or net realizable value. The first-in, first-out method is used to determine the cost of inventory.

Land, Building, and Equipment

Land, building and equipment are reported in the consolidated statements of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of \$5,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets.

Land, buildings and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

JUNE 30, 2019 AND 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments – partnerships

Investments - partnerships are reported at fair value with changes to fair value reported as investment return in the consolidated statements of activities.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Corporation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Corporation must continue to use the resources in accordance with the donor's instructions.

The Corporation's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Corporation, unless the donor provides more specific directions about the period of its use.

Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.



# ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

JUNE 30, 2019 AND 2018

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget's audit requirements for federal awards and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Corporation's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Corporation.

All programs have been reported for the twelve-month periods ended June 30, 2019 and 2018. The contract periods covered in this report are as follows for the major funding sources.

#### Virginia Department of Housing and Community Development:

Weatherization	July 1, 2018 to June 30, 2019 and July 1, 2017 to June 30, 2018
LIHEAP	October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

#### City of Richmond:

Residential Rehabilitation	July 1, 2018 to June 30, 2019 and July 1, 2017 to June 30, 2018
Neighborhood Assistance	July 1, 2018 to June 30, 2019 and July 1, 2017 to June 30, 2018
Lead Remediation	March 1, 2019 to February 28, 2020 and March 1, 2018 to February 28, 2019

#### County of Chesterfield:

Comprehensive Housing Rehabilitation	July 1, 2018 to June 30, 2019 and July 1, 2017 to June 30, 2018
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#### County of Henrico:

Residential Rehabilitation	October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018
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#### City of Hopewell:

Residential Rehabilitation	July 1, 2018 to June 30, 2019 and July 1, 2017 to June 30, 2018
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#### City of Petersburg:

Residential Rehabilitation	July 1, 2018 to June 30, 2019 and July 1, 2017 to June 30, 2018
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#### Expense Recognition and Allocation

The cost of providing the Corporation's programs and other activities is summarized on a functional basis in the consolidated statements of activities and consolidated statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Occupancy, depreciation, insurance, professional services, and other expenses are allocated based on management's best estimate of the distribution of costs across programs.

ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

JUNE 30, 2019 AND 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Approximately every three years, or more often if programs are added, the bases on which costs are allocated are evaluated.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Corporation.

Fundraising costs are expensed as incurred. The Corporation generally does not conduct its fundraising activities in conjunction with its other activities. Additionally, advertising costs are expensed as incurred.

NOTE B - CHANGE IN ACCOUNTING PRINCIPLE

The Corporation implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the consolidated financial statements:

- The temporarily restricted net assets are included in net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The consolidated financial statements include a disclosure about liquidity and availability of resources.

The changes have the following effect on net assets as of June 30, 2018:

	As Originally Presented	After Adoption of ASU 2016-14
Net Asset Class		
Unrestricted net assets	\$ 5,418,475	
Temporarily restricted net assets	522,858	
Net assets without donor restrictions		\$ 5,418,475
Net assets with donor restrictions		522,858
Total net assets	<u>\$ 5,941,333</u>	<u>\$ 5,941,333</u>

ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

JUNE 30, 2019 AND 2018

NOTE C - LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 and 2018 are:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 2,503,922	\$ 2,894,372
Accounts receivable	63,542	44,684
Grants receivable	2,002,634	1,042,667
Investments - partnerships	750,632	730,747
Accounts receivable - affiliates	432,039	432,039
Total financial assets	<u>5,752,769</u>	<u>5,144,509</u>
Less financial assets held to meet donor-imposed restrictions:		
Purpose restricted net assets (Note H)	<u>346,699</u>	<u>522,858</u>
Total financial assets available for general expenditures within one year	<u><u>\$ 5,406,070</u></u>	<u><u>\$ 4,621,651</u></u>

NOTE D - INVESTMENTS - PARTNERSHIPS

The Corporation measured the fair value of investments as of June 30, 2019 and 2018 using level 2 inputs under the cost approach as summarized below:

<u>June 30, 2019</u>	<u>Cost</u>	<u>Fair Market Value</u>
Partnerships (Level 2)	<u>\$ 750,632</u>	<u>\$ 750,632</u>
<u>June 30, 2018</u>	<u>Cost</u>	<u>Fair Market Value</u>
Partnerships (Level 2)	<u>\$ 730,747</u>	<u>\$ 730,747</u>

NOTE E - INVESTMENT IN SUBSIDIARIES AND RELATED PARTY TRANSACTIONS

The Corporation has six wholly owned subsidiaries, Conservation Strategies, Inc., Elder Properties, Inc., William Byrd II, L.P., Elder Properties II, Inc., Elder Properties III, Inc., and project:HOMES Properties II, LLC, which hold general partnership interests in limited partnerships which develop low-income housing. The Corporation's share of the liabilities of these partnerships approximated \$1,463,117 and \$1,430,238 as of June 30, 2019 and 2018, respectively, for which the Corporation is contingently liable. Management believes that the assets of these partnerships are sufficient to satisfy the debt of the partnerships.

ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

JUNE 30, 2019 AND 2018

NOTE F - LINE OF CREDIT

The Corporation had available an unsecured line of credit totaling \$950,000 carrying interest at the higher of 4% or prime plus .25% as of June 30, 2019 and 2018. Borrowings on the line of credit totaled \$0 as of June 30, 2019 and 2018. The line matures October 15, 2020.

NOTE G - LONG-TERM DEBT

Long-term debt as of June 30, 2019 and 2018 was as follows:

	<u>2019</u>	<u>2018</u>
Note payable at 4.50% interest in monthly installments of \$599, maturing February 5, 2021, secured by a vehicle with a net book value of \$3,769	\$ 11,465	\$ 17,725
Note payable at 6.09% interest in monthly installments of \$1,068, maturing September 16, 2021, secured by two vehicles with net book value of \$22,916	26,966	37,558
Notes payable at 0% interest in monthly installments of \$1,081, maturing September 11, 2023, secured by two vehicles with net book value of \$54,055	55,136	-
Mortgages payable at 4.75% interest in monthly installments of \$1,453, scheduled to mature between September 30, 2022 and July 31, 2023, secured by buildings with a net book value of \$249,567	249,122	-
Mortgage payable at 5.13% in monthly installments of \$4,627, maturing October 5, 2031, secured by a building with a net book value of \$572,699	504,576	533,047
Unsecured advance from Virginia Housing Development Authority with no stated interest, forgiven 5% annually beginning on the twenty-first anniversary of the note, June 30, 2027	433,488	433,488
	<u>\$ 1,280,753</u>	<u>\$ 1,021,818</u>

ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

JUNE 30, 2019 AND 2018

NOTE G - LONG-TERM DEBT - Continued

Principal payments due over the next five years, including unsecured advance to be forgiven, are as follows:

<u>Year</u>	
2020	\$ 67,561
2021	67,943
2022	56,295
2023	190,516
2024	129,807
Thereafter	768,631
	<u>1,280,753</u>
Unsecured advance to be forgiven	433,488
	<u>\$ 847,265</u>

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2019 and 2018, net assets with donor restrictions totaling \$346,699 and \$522,858, respectively were available for the volunteer services program.

NOTE I - FUNDING AND CONTRIBUTIONS

The major federal and state funding sources for the Corporation are listed in the Supplemental Consolidated Schedule of Expenditures of Federal and Other Awards. The receivables recorded represent grant revenues earned but not received and appropriations earned but unpaid from the government entities in the Corporation's service region as of the end of the year.

NOTE J - PENSION PLAN

The Corporation sponsors a defined contribution pension plan covering all employees who are at least twenty-one years old and have been employed by the Corporation for more than one year. The Corporation's contributions and costs were determined as four percent of covered employees' compensation and totaled \$73,922 and \$72,124 for the years ended June 30, 2019 and 2018, respectively.

NOTE K - CONTINGENT LIABILITIES

Amounts received or receivable from grants are subject to audit and adjustment by the granting agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Corporation expects such amounts, if any, to be immaterial.

ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

JUNE 30, 2019 AND 2018

NOTE L - CONCENTRATIONS

As of June 30, 2019 and 2018, deposits were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. As of June 30, 2019, the Corporation had deposits totaling \$623,960 in excess of FDIC coverage. As of June 30, 2018, the Corporation maintained bank accounts in one financial institution with deposits totaling \$915,998 in excess of FDIC coverage.

NOTE M - RECONCILIATION OF FUNCTIONAL EXPENSES

The cost of goods sold for the Corporation are included in program services expenses on the statement of functional expenses, but are included in revenues, gains, and other support on the statement of activities.

The table below reconciles the difference in program services per the statement of functional expenses and statement of activities for the year ended June 30, 2019:

	<u>Weatherization</u>	<u>Revitalization</u>
Per consolidated statement of functional expenses	\$ 3,536,348	\$ 3,747,684
Less cost of goods sold	<u>82,656</u>	<u>2,701,397</u>
Per consolidated statement of activities	<u>\$ 3,453,692</u>	<u>\$ 1,046,287</u>

NOTE N - SUBSEQUENT EVENTS

In the preparation of its consolidated financial statements, the Corporation considered subsequent events through October 3, 2019, which was the date the consolidated financial statements were available to be issued.



HARRIS, HARDY & JOHNSTONE, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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*

To the Board of Directors  
ElderHomes Corporation dba project:HOMES and Subsidiaries  
Richmond, Virginia

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 consolidated financial statements of ElderHomes Corporation dba project:HOMES (a nonprofit organization) and Subsidiaries (the "Corporation"), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 3, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Corporation'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's consolidated 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Harris, Hardy ; Johnstone, P.C.*

Richmond, Virginia  
October 3, 2019





HARRIS, HARDY & JOHNSTONE, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors  
ElderHomes Corporation dba project:HOMES and Subsidiaries  
Richmond, Virginia

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

We have audited ElderHomes Corporation dba project:HOMES (a nonprofit organization) and Subsidiaries' (the "Corporation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended June 30, 2019. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying consolidated 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Corporation'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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

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

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## Report on Internal Control over Compliance

Management of the Corporation 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 audits of compliance, we considered the Corporation'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 Corporation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Harris, Hardy & Johnstone, P.C.*

Richmond, Virginia  
October 3, 2019

ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES

SUPPLEMENTAL CONSOLIDATED SCHEDULE OF EXPENDITURES  
OF FEDERAL AND OTHER AWARDS

YEAR ENDED JUNE 30, 2019

Grant Source	Grant Name	Federal CFDA Number	Pass-Through Entity	
Department of Health and Human Services	LIHEAP	93.568	VDHCD	
Department of Energy	Weatherization	81.042	VDHCD	
	State Energy Program	81.041	Virginia Department of Mines, Minerals and Energy - Southeast Energy Alliance	
Department of Housing and Urban Development	Residential Rehabilitation	14.218	County of Henrico	
	Residential Rehabilitation	14.218	City of Richmond	
	Residential Rehabilitation	14.218	City of Colonial Heights	
	Residential Rehabilitation	14.218	City of Petersburg	
	Rehabilitation	14.218	City of Hopewell	
	Residential Rehabilitation	14.218	County of Chesterfield	
	Residential Rehabilitation	14.239	City of Richmond	
	Residential Rehabilitation	14.239	VDHCD	
	Residential Rehabilitation	14.239	County of Henrico	
	Comprehensive Housing Rehabilitation	14.239	County of Chesterfield	
	Capacity Building	14.252	Local Initiative Support Corporation	
	Lead Remediation	14.900	City of Richmond	
	Other	General Funds	N/A	State of Virginia
		Volunteer Services Program contributions:		
	Foundations	N/A		
	Corporations	N/A		
	Individuals and churches	N/A		
	LIHEAP	N/A		
	Richmond Regional Energy Alliance	N/A		

See Independent Auditor's Report

Temporarily Restricted Net Assets July 1, 2018	Awards Received Revenues		Expenditures		Temporarily Restricted Net Assets June 30, 2019
	Federal	State/ Local	Federal	State/ Local	
\$ -	\$ 1,458,782	\$ -	\$ 1,458,782	\$ -	\$ -
-	698,479	-	698,479	-	-
4,908	-	-	293	-	4,615
-	516,450	-	516,450	-	-
-	887,108	-	887,108	-	-
-	78,661	-	78,661	-	-
-	197,373	-	197,373	-	-
-	48,255	-	48,255	-	-
-	314,044	-	314,044	-	-
-	2,041,891	-	2,041,891	-	-
-	171,000	-	171,000	-	-
-	116,764	-	116,764	-	-
-	694,200	-	694,200	-	-
-	429,375	-	429,375	-	-
-	1,411,339	-	1,411,339	-	-
-	25,014	-	25,014	-	-
-	497,838	-	497,838	-	-
-	-	24,108	-	24,108	-
496,539	-	286,594	-	472,150	310,983
-	-	196,339	-	196,339	-
-	-	73,676	-	73,676	-
-	-	47,490	-	47,490	-
21,411	-	24,350	-	14,660	31,101
<u>\$ 522,858</u>	<u>\$ 6,133,343</u>	<u>\$ 652,557</u>	<u>\$ 6,133,636</u>	<u>\$ 828,423</u>	<u>\$ 346,699</u>

ELDERHOMES CORPORATION dba project:HOMES AND SUBSIDIARIES  
 CONSOLIDATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2019

Summary of Audit of Findings

1. The auditor's report expresses an unmodified opinion on whether the consolidated financial statements of ElderHomes Corporation dba project:HOMES and Subsidiaries were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the consolidated financial statements.
3. No instances of noncompliance material to the consolidated financial statements of ElderHomes Corporation dba project:HOMES and Subsidiaries were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for ElderHomes Corporation dba project:HOMES and Subsidiaries expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(1) are reported in this Schedule.
7. The programs tested as major programs were:

<u>2019</u>	<u>CFDA #</u>
Community Development Block Grants/ Entitlement Grants	14.218
Lead-Based Paint Hazard Control In Privately-Owned Housing	14.900

8. The threshold for distinguishing Types A and B was \$750,000.
9. ElderHomes Corporation dba project:HOMES and Subsidiaries was determined to be a low risk auditee.

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None