KING PARK DEVELOPMENT CORPORATION
AND THE BUILD FUND, LLC

CONSOLIDATED FINANCIAL STATEMENTS
Together with Independent Auditors' Report

For the Years Ended December 31, 2016 and 2015

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Independent Auditors' Report

The Board of Directors
King Park Development Corporation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of King Park Development Corporation and The Build Fund, LLC, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and change in net assets, and cash flows for the years then ended, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 auditors consider 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 consolidated financial position of King Park Development Corporation and The Build Fund, LLC as of December 31, 2016 and 2015 and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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), and is 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 Schedule of Expenditures of Federal Awards 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 May 15, 2017 on our consideration of King Park Development Corporation's and The Build Fund, LLC'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 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 King Park Development Corporation's and The Build Fund, LLC's internal control over financial reporting and compliance.

DONOVAN

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Indianapolis, Indiana
May 15, 2017

KING PARK DEVELOPMENT CORPORATION
AND THE BUILD FUND, LLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 1,450,423	$ 479,168
Grants receivable	416,997	183,780
Prepaid expenses	11,796	5,044
Notes receivable	1,612,968	588,917
Investments in real estate	1,160,694	1,067,692
Rental real estate, net of accumulated depreciation	721,890	745,817
Property and equipment, net of accumulated depreciation	49,562	15,260
TOTAL ASSETS	$ 5,424,330	$ 3,085,678
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 300,507	$ 196,779
Accrued payroll and benefits	8,333	7,411
Line of credit	247,500	-
Notes payable	1,700,002	1,404,567
Grant obligations payable	50,000	50,000
Security deposits	7,560	10,310
Refundable advances	600,117	184,000
Retainage payable	40,044	-
Deferred revenue	1,775	14,275
Total liabilities	2,955,838	1,867,342
NET ASSETS		
Unrestricted	2,371,883	1,218,336
Temporarily restricted	96,609	-
Total net assets	2,468,492	1,218,336
TOTAL LIABILITIES AND NET ASSETS	$ 5,424,330	$ 3,085,678

See independent auditors' report and accompanying notes to the consolidated financial statements.

KING PARK DEVELOPMENT CORPORATION
AND THE BUILD FUND, LLC
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Years Ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND SUPPORT						
Federal awards	$ 1,386,928	$ 125,000	$ 1,511,928	$ 2,774,642	$ -	$ 2,774,642
State and local grants	616,605	-	616,605	216,163	-	216,163
Rental income	131,692	-	131,692	134,636	-	134,636
Service fees	40,382	-	40,382	44,123	-	44,123
Fundraising	-	-	-	17,681	-	17,681
Contributions	39,066	-	39,066	4,412	-	4,412
Other income	2,658	-	2,658	4,802	-	4,802
Sale of real estate:						
Proceeds from sale	1,141,490	-	1,141,490	168,000	-	168,000
Basis of property	(717,618)	-	(717,618)	(170,484)	-	(170,484)
Gain (loss) on sale of real estate	423,872	-	423,872	(2,484)	-	(2,484)
Net assets released from restrictions	28,391	(28,391)	-	6,908	(6,908)	-
Total revenues, gains, and support	2,669,594	96,609	2,766,203	3,200,883	(6,908)	3,193,975
EXPENSES						
Program services:						
Property development and rehabilitation	740,263	-	740,263	1,971,391	-	1,971,391
Program support	577,883	-	577,883	510,777	-	510,777
Management and general	197,901	-	197,901	153,102	-	153,102
Impairment loss on investment in real estate	-	-	-	271,134	-	271,134
Total expenses	1,516,047	-	1,516,047	2,906,404	-	2,906,404
TOTAL CHANGE IN NET ASSETS	1,153,547	96,609	1,250,156	294,479	(6,908)	287,571
NET ASSETS						
Beginning of year	1,218,336	-	1,218,336	923,857	6,908	930,765
End of year	$ 2,371,883	$ 96,609	$ 2,468,492	$ 1,218,336	$ -	$ 1,218,336

See independent auditors' report and accompanying notes to the consolidated financial statements.

KING PARK DEVELOPMENT CORPORATION
AND THE BUILD FUND, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015

	2016	2015
OPERATING ACTIVITIES		
Change in net assets	$ 1,250,156	$ 287,571
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Gain)/loss on sale of real estate	(423,872)	2,484
Impairment loss on investment in real estate	-	271,134
Depreciation	33,724	41,156
Changes in certain assets and liabilities:		
Accounts receivable and other assets	(239,969)	29,796
Accounts payable and accrued expenses	104,650	127,366
Security deposits	(2,750)	(675)
Refundable advances	416,117	184,000
Retainage payable	40,044	-
Deferred revenue	(12,500)	4,275
Net cash provided by operating activities	1,165,600	947,107
INVESTING ACTIVITIES		
Investments in residential and commercial land, buildings, and improvements, net of grant funding	(768,931)	(677,087)
Issuance of notes receivable, net of repayments	(1,024,051)	(490,224)
Purchase of property and equipment	(85,788)	(48,183)
Proceeds from sale of real estate	1,141,490	168,000
Proceeds from sale of nonconsolidated affiliates	-	208,657
Net cash used in investing activities	(737,280)	(838,837)
FINANCING ACTIVITIES		
Borrowings on line of credit	247,500	-
Borrowings on notes payable	500,000	200,000
Accrued interest capitalized into balance of notes payable	17,242	24,785
Principal repayments of notes payable	(221,807)	(48,928)
Net cash provided by financing activities	542,935	175,857
NET INCREASE IN CASH AND CASH EQUIVALENTS	971,255	284,127
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	479,168	195,041
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,450,423	$ 479,168
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	$ 36,541	$ 17,513

See independent auditors' report and accompanying notes to the consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – King Park Development Corporation ("KPDC") is a not-for-profit community development corporation serving the near north side of Indianapolis, Indiana and is devoted to improving the quality of life in that community. These services are made possible through the direct support of government agencies, foundations, and corporate and individual donors. The entity changed its legal name from King Park Area Development Corporation in 2015.

The Build Fund, LLC ("TBF") is a separate entity established for the purpose of making loans to businesses in Indianapolis that are designed to foster economic development. TBF is a variable interest entity of KPDC. In accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP), TBF is included in the accompanying consolidated financial statements.

Consolidation Policy – In the accompanying consolidated financial statements, the companies listed above are collectively referred to as the "Organization" and all significant inter-entity transactions and balances have been eliminated in consolidation.

Financial Statement Presentation – the Organization reports its financial position and activities according to two classes of assets as follows:

- Unrestricted net assets, which represent net assets that the Board of Directors has discretionary control to use in carrying on the activities of the Organization in accordance with its articles of incorporation and by-laws.

- Temporarily restricted net assets, which represent net assets that are restricted by the donor, grantor, or other outside party for a specific purpose or until the passage of time.

Accounting Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents include bank deposits, money market shares, and all highly liquid debt instruments with original maturities of three months or less.

Grants Receivable – Grants receivable relate primarily to grant funding due from governmental agencies. The Organization believes all claims are within the terms of the grant agreements. As such, no allowance for doubtful accounts has been made in connection with grant programs.

Notes Receivable – Notes receivable represent loans provided by KPDC and TBF to businesses in fulfillment of TBF's purpose. The Organization believes all notes receivable are fully collectible, as such, no allowance for doubtful accounts has been made in connection with the notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition – Contributions received and unconditional promises to give, including real estate donated for development, are measured at their fair values and are reported as an increase in net assets during the year in which they are awarded. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Revenues from cost reimbursement grants are recognized in an amount equal to costs and expenses during the year in which they are incurred. Revenues from sales of real estate are recognized at the date of sale, under the provision that all conditions of the sale are complete.

Impairment of Long-Lived Assets – The Organization reviews long-lived assets, including its investments in real estate, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such an asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair market value.

In 2015, the Organization recorded an impairment loss on one its multi-unit rental properties in the amount of $271,134 due to unanticipated construction costs and unfavorable market conditions. An independent appraiser determined the fair market value of the property to be $685,000 as of December 31, 2015. The recognized impairment loss is equal to the difference between the property's net book value and its fair market value.

Taxes on Income – Both KPDC and TBF have received determinations from the Internal Revenue Service stating that each qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, either would be subject to tax on income unrelated to its exempt purpose. For the years ended December 31, 2016 and 2015, no accounting for federal or state income taxes was required to be included in the accompanying consolidated financial statements.

Professional accounting standards require the Organization to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The Organization has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The tax years ended after December 31, 2012 are open to audit for both federal and state purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Depreciable Assets – Purchases of capital assets and expenditures that materially increase value or extend their useful lives are capitalized and are included in the accounts at cost. Donated assets are recorded at fair market value at the date received. Routine maintenance and repairs and minor replacement costs are charged to expense as incurred. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. Estimated useful lives are as follows:

Rental properties	30 years
Building and improvements	4 years
Furniture and equipment	5 to 10 years

Subsequent Events – The Organization evaluated subsequent events through May 15, 2017, the date these consolidated financial statements were available to be issued. Any events occurring through this date have been evaluated to determine whether a change in the consolidated financial statements or related disclosures would be required.

NOTE 2 - CONDITIONAL CONTRIBUTION

In 2007, KPDC was granted title to a parcel of commercial real estate by the City of Indianapolis. Under conditions of the transfer, KPDC must fulfill certain requirements with regard to submission of the development plan and the timeframe for commencement of construction. Failure to comply will result in reversion of title to the City of Indianapolis. Due to the conditional nature of the grant, the value of the contribution will be recorded upon fulfillment of all conditions.

NOTE 3 - INVESTMENTS IN REAL ESTATE

KPDC purchases and also receives donations of vacant lots and distressed properties, primarily from the City of Indianapolis. For donated properties, KPDC is typically responsible only for closing costs and title fees. The properties are designated to be developed or renovated for sale to individuals qualified as low-to-moderate income. Such investments in real estate consisted of the following at December 31:

	2016	2015
Residential land, buildings and improvements, held for resale	$ 808,808	$ 724,281
Commercial land, building and improvements, held for resale	351,886	343,411
	$ 1,160,694	$ 1,067,692

NOTE 4 - RENTAL PROPERTIES

KPDC converts certain real estate investments into rental properties when it is unable to sell those properties. At December 31, 2016 and 2015, rental properties consisted of 25 and 21 housing units, respectively, and were comprised of:

	2016	2015
Land	$ 75,000	$ 75,000
Buildings and improvements	849,687	851,550
Less: accumulated depreciation	(202,797)	(180,733)
	$ 721,890	$ 745,817

NOTE 5 – NOTES RECEIVABLE

Notes receivable represent balances owed to KPDC and TBF from local businesses. At December 31, 2016, the notes ranged from approximately $68,000 to approximately $406,000 with interest between 4% and 6% and maturities between November 2018 and August 2028. At December 31, 2015, the notes ranged from approximately $66,000 to approximately $248,000 with interest at 5% and maturities between January 2020 and August 2028.

NOTE 6 - REFUNDABLE ADVANCES

TBF was awarded grants to provide loans to businesses in Indianapolis designed to foster economic development. The grants are considered exchange transactions. Accordingly, revenue is recognized as grant requirements are fulfilled. At December 31, 2016 and 2015, the Organization had refundable advances of $600,117 and $184,000, respectively, representing grant receipts in excess of loans made.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2016	2015
Building and improvements	$ 141,560	$ 129,060
Furniture and equipment	46,093	37,414
Less: accumulated depreciation	(138,091)	(151,214)
	$ 49,562	$ 15,260

NOTE 8 - NOTES PAYABLE

Notes payable consisted of the following at December 31:

	2016	2015
Note payable to Citizens Energy Group; secured by a mortgage on property. The note accrues interest at 4% per annum. The principal and interest are due upon sale of the related property.	$ 183,209	$ 177,461
Note payable to Local Initiatives Support Corporation; secured by real estate on the North Broadway Street property. The note requires quarterly payments of interest only at 7% per annum, with the principal originally due July 1, 2015. The note has been extended by the lender, with no new agreement signed.	276,341	267,744
Note payable to BMO Harris Bank; secured by real estate in the North Broadway Street Project. Interest is payable monthly at a rate of 4.0%. The maturity date for the loan is September 24, 2017.	737,555	750,650
Note payable to Indiana Housing and Community Development Authority for the purpose of providing a loan to a specific local business; secured by the Organization's loan agreement with the business. Interest is payable annually at a rate of 3.5%. The maturity date for the loan is September 30, 2027.	502,897	-
Note payable to Indianapolis Neighborhood Housing Partnership, Inc., secured by the related property under construction or being purchased. Interest was accrued at the rate of 7.5% per annum. The full balance of this note payable was repaid in 2016.	-	208,712
	$ 1,700,002	$ 1,404,567

NOTE 9 - LINE OF CREDIT

TBF has a $1,200,000 revolving line of credit with a commercial bank. Drawings against the line of credit bear interest at the prime rate as stated in the Wall Street Journal and are secured by the underlying notes that TBF issues to other organizations with the funds obtained from this line of credit. The balance outstanding under the line of credit was $247,500 as of December 31, 2016. There was no balance outstanding on the line of credit at December 31, 2015.

NOTE 10 - GRANT FUNDING

Grant funding was received from the following sources for the years ended December 31:

	2016	2015
FEDERAL PASS-THROUGH AWARDS		
City of Indianapolis	$ 1,154,618	$ 2,774,642
FEDERAL DIRECT AWARDS		
Department of Health and Human Services	232,310	-
Department of Treasury	125,000	-
	357,310	-
STATE AND LOCAL GRANTS		
Indianapolis Neighborhood Housing Partnership	50,000	90,000
City of Indianapolis	450,000	-
Local Initiatives Support Corporation	21,605	47,000
Central Indiana Community Foundation	30,000	-
Housing Trust Fund	65,000	-
Other	-	79,163
	616,605	216,163
Total grant funding	$ 2,128,533	$ 2,990,805

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purpose as of December 31:

	2016	2015
Technical assistance	$ 96,609	$ -

All restricted net assets at December 31, 2015 were released from donor restrictions by incurring expenses or purchasing assets satisfying the restricted purpose.

NOTE 12 - RISKS AND UNCERTAINTIES

The Organization is engaged in the business of residential real estate development, sale, and rental centered on the near north side of Indianapolis, Indiana. The Organization is subject to risks associated with this industry and geographic area, including socio-economic factors, interest rates, and availability and cost of materials.

The Organization is also reliant on funding and resources from government sponsored programs. Changes in such programs and/or levels of funding could significantly affect the Organization's operations. In addition, the Organization is subject to monitoring by local, state, and federal agencies. Those examinations could result in additional liability to be imposed.

NOTE 13 - LEASES

The Organization leases office space in Indianapolis for $2,135 per month for the first 60 months, and annual cost of living increases thereafter for a total lease term of 120 months, expiring June 2025.

The Organization also leases a copier for $280 per month through January 2020.

Future minimum lease payments under these leases are as follows for the years ending December 31:

2017	$ 28,982
2018	28,982
2019	28,982
2020	25,902
2021	26,049
Thereafter	114,224

NOTE 14 - FUNCTIONAL EXPENSE REPORTING

The costs of providing community services have been summarized on a functional basis in the statement of activities and change in net assets. Accordingly, certain expenses have been allocated among the programs and services benefited. Following is a summary of expenses comprising each program and service for the years ended December 31:

	2016		2015	
	Program Support	Management and General	Program Support	Management and General
Payroll and related taxes	$ 216,913	$ 54,228	$ 208,885	$ 52,221
Insurance	68,141	17,035	65,987	16,497
Pension	6,052	1,513	-	-
Professional fees	68,409	77,921	29,830	52,323
Advertising	-	500	-	46
Depreciation	26,979	6,745	32,925	8,231
Repairs and maintenance	51,512	12,878	45,696	11,424
Equipment rental	3,469	867	5,402	1,350
Telephone	2,959	740	9,385	2,346
Office expense	33,030	8,257	7,438	1,860
Property tax expense (refund)	-	5,557	-	(8,930)
Licenses and fees	200	50	658	165
Postage	633	158	559	140
Dues and subscriptions	639	160	1,613	403
Consulting fees	19,472	4,868	23,818	5,955
Development and training	1,170	293	399	100
Interest	53,783	-	42,298	-
Other	24,522	6,131	35,884	8,971
	$ 577,883	$ 197,901	$ 510,777	$ 153,102

KING PARK DEVELOPMENT CORPORATION
AND THE BUILD FUND, LLC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Awards Expended
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-Through City of Indianapolis			
Community Development Block Grants/Entitlement Grants			
Homeowner Repair	14.218	POI1300002518	$ 104,517
Homeowner Repair	14.218	POI1300001834	46,029
Economic Development	14.218	POI1300002508	500,000
Economic Development	14.218	POI1300002317	133,883
Acquire and Rehabilitate	14.218	POI1300002509	173,000
Total			957,429
Home Investment Partnerships Program	14.239	POI1300002509	146,875
Total for federal grantor agency			1,104,304
U.S. DEPARTMENT OF TREASURY			
Community Development Financial Institutions Program	21.020	n/a	28,391
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Community Development Block Grants/Discretionary Awards			
Community Economic Development and Rural Community Facilities Program	93.570	n/a	282,623
Total federal awards expended			$ 1,415,318

See independent auditors' report and accompanying notes to this schedule.

KING PARK DEVELOPMENT CORPORATION
AND THE BUILD FUND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of King Park Development Corporation and The Build Fund, LLC (collectively, the "Organization") under programs of the federal government for the year ended December 31, 2016. The information in this schedule 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following 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* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass- through entity identifying numbers are presented, where available.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
King Park Development Corporation

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 King Park Development Corporation and The Build Fund, LLC (collectively, the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2016, and the related consolidated statements of activities and change in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 entity's consolidated 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 Organization'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 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.

DONOVAN

Indianapolis, Indiana
May 15, 2017

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

The Board of Directors
King Park Development Corporation

Report on Compliance for Each Major Federal Program

We have audited King Park Development Corporation's and The Build Fund, LLC's (collectively, the "Organization") 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 Organization's major federal programs for the year ended December 31, 2016. The Organization'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 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* (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 each of its major federal programs for the year ended December 31, 2016.

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 OMB Circular A-133, 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 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.

DONOVAN

Indianapolis, Indiana
May 15, 2017

KING PARK DEVELOPMENT CORPORATION
AND THE BUILD FUND, LLC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year ended December 31, 2016

I. Summary of Auditors' Results

Consolidated Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses:	None Reported
Significant deficiencies that are not considered to be material weaknesses:	None Reported
Noncompliance which is material to consolidated financial statements:	No

Federal Awards

Internal control over major programs:	
Material weaknesses:	None Reported
Significant deficiencies that are not considered to be material weaknesses:	None Reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133:	No

Identification of programs tested as major programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee:	No

II. Financial Statement Findings

No matters were reported.

III. Federal Award Findings and Questioned Costs

No matters were reported.