

RENEW INDIANAPOLIS, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
Together with Independent Auditors' Report

For the Years Ended December 31, 2020 and 2019



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Independent Auditors' Report

The Board of Directors
Renew Indianapolis, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Renew Indianapolis, Inc. and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and change in net assets, functional expenses, 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.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Renew Indianapolis, Inc. and Affiliates as of December 31, 2020 and 2019 and the consolidated changes in its net assets, functional expenses, and 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. Additionally, the accompanying consolidated 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. Likewise, the consolidating and combining schedules on pages 22 through 27 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 audits 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 supplementary 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 June 15, 2021 on our consideration of Renew Indianapolis, Inc. and Affiliates’ 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 Renew Indianapolis, Inc. and Affiliates’ internal control over financial reporting and compliance.

DONOVAN



Indianapolis, Indiana
June 15, 2021

RENEW INDIANAPOLIS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 10,067,866	\$ 3,969,609
Cash - restricted	30,566	30,219
Receivables:		
Grants	495,187	484,251
Other	57,901	115,128
Prepaid expenses	59,287	19,263
Notes receivable - corporate, net of allowance	10,019,769	6,288,386
Notes receivable - personal, net of allowance	1,295,871	1,370,417
Investments in real estate	702,318	1,202,895
Rental real estate, net	565,568	592,182
Property and equipment, net	<u>26,665</u>	<u>51,944</u>
TOTAL ASSETS	<u><u>\$ 23,320,998</u></u>	<u><u>\$ 14,124,294</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 341,756	\$ 564,609
Accrued payroll and benefits	83,615	43,307
Line of credit	-	150,711
Notes payable	5,697,852	706,310
Less: unamortized debt issuance costs	(65,596)	(19,066)
Paycheck Protection Program note payable	157,500	-
Grant obligations payable	50,000	50,000
Security deposits	8,935	6,935
Refundable advances	<u>360,000</u>	<u>204,825</u>
<i>Total liabilities</i>	<u>6,634,062</u>	<u>1,707,631</u>
NET ASSETS		
Without donor restrictions:		
Board-designated	1,160,000	703,220
Undesignated	15,040,417	11,596,399
With donor restrictions	<u>486,519</u>	<u>117,044</u>
<i>Total net assets</i>	<u>16,686,936</u>	<u>12,416,663</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 23,320,998</u></u>	<u><u>\$ 14,124,294</u></u>

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

RENEW INDIANAPOLIS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, SUPPORT, AND GAINS						
Federal awards	\$ 3,886,419	\$ 185,000	\$ 4,071,419	\$ 5,407,940	\$ 158,750	\$ 5,566,690
State and local grants:	913,230	394,718	1,307,948	1,286,581	-	1,286,581
Rental income	108,746	-	108,746	97,815	-	97,815
Property management fees	5,100	-	5,100	5,100	-	5,100
Developer fees	833,741	-	833,741	783,717	-	783,717
Origination fees	199,849	-	199,849	11,814	-	11,814
Contributions	26,755	-	26,755	26,754	-	26,754
Interest income from notes receivable	355,268	-	355,268	234,241	-	234,241
Other income	23,426	-	23,426	194,754	-	194,754
Sales of real estate:						
Proceeds from sales	2,512,941	-	2,512,941	2,276,476	-	2,276,476
Basis of property	(1,943,563)	-	(1,943,563)	(1,610,427)	-	(1,610,427)
<i>Gain on sales of real estate</i>	569,378	-	569,378	666,049	-	666,049
Net assets released from restrictions	210,243	(210,243)	-	73,605	(73,605)	-
<i>Total revenue, support, and gains</i>	<u>7,132,155</u>	<u>369,475</u>	<u>7,501,630</u>	<u>8,788,370</u>	<u>85,145</u>	<u>8,873,515</u>
FUNCTIONAL EXPENSES						
Program services	2,847,314	-	2,847,314	2,489,859	-	2,489,859
Management and general	359,702	-	359,702	265,814	-	265,814
Fundraising	24,341	-	24,341	7,476	-	7,476
<i>Total functional expenses</i>	<u>3,231,357</u>	<u>-</u>	<u>3,231,357</u>	<u>2,763,149</u>	<u>-</u>	<u>2,763,149</u>
CHANGE IN NET ASSETS	3,900,798	369,475	4,270,273	6,025,221	85,145	6,110,366
NET ASSETS						
Beginning of year	12,299,619	117,044	12,416,663	6,274,398	31,899	6,306,297
End of year	<u>\$ 16,200,417</u>	<u>\$ 486,519</u>	<u>\$ 16,686,936</u>	<u>\$ 12,299,619</u>	<u>\$ 117,044</u>	<u>\$ 12,416,663</u>

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

RENEW INDIANAPOLIS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2020 and 2019

	2020				2019			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Bad debt expense:								
Losses incurred in current year	\$ 87,882	\$ -	\$ -	\$ 87,882	\$ 6,454	\$ -	\$ -	\$ 6,454
Net increase in allowance	1,067,997	-	-	1,067,997 *	-	-	-	-
<i>Bad debt expense, total</i>	1,155,879	-	-	1,155,879	6,454	-	-	6,454
Payroll, taxes, and benefits	966,164	126,979	14,636	1,107,779	775,494	106,581	6,845	888,920
Professional fees	161,698	171,277	8,112	341,087	222,113	98,512	-	320,625
Property development and rehabilitation	283,503	-	-	283,503	1,088,597	-	-	1,088,597
Office expenses	59,838	9,116	999	69,953	80,084	6,781	541	87,406
Depreciation	41,769	9,749	62	51,580	46,608	9,234	17	55,859
Insurance	14,684	33,878	68	48,630	99,758	22,272	-	122,030
Interest expense	45,868	-	-	45,868	49,080	-	-	49,080
Equipment	26,310	3,058	103	29,471	17,246	882	-	18,128
Repairs and maintenance	20,538	749	77	21,364	33,363	116	-	33,479
Bank fees	16,980	126	36	17,142	8,952	10	-	8,962
Consulting fees	10,527	872	65	11,464	11,702	904	-	12,606
Utilities	8,286	447	62	8,795	5,866	-	-	5,866
Dues and subscriptions	6,703	711	41	7,455	5,376	333	37	5,746
Contributions	7,100	-	-	7,100	15,500	-	-	15,500
Amortization	4,287	-	-	4,287	1,467	-	-	1,467
Development and training	4,258	-	-	4,258	7,675	325	-	8,000
Travel	2,934	27	-	2,961	6,974	-	-	6,974
Advertising	1,143	1,715	-	2,858	-	17,867	-	17,867
Postage	132	29	4	165	330	26	-	356
Other	8,713	969	76	9,758	7,220	1,971	36	9,227
<i>Total functional expenses</i>	<u>\$ 2,847,314</u>	<u>\$ 359,702</u>	<u>\$ 24,341</u>	<u>\$ 3,231,357</u>	<u>\$ 2,489,859</u>	<u>\$ 265,814</u>	<u>\$ 7,476</u>	<u>\$ 2,763,149</u>

* A policy change was implemented in 2020 related to the recording of allowances. See Note 1.

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

RENEW INDIANAPOLIS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 4,270,273	\$ 6,110,366
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on sales of real estate	(569,378)	(666,049)
Depreciation	51,580	55,859
Amortization of debt issuance costs included in interest expense	4,287	1,467
Loss on disposal of property and equipment	313	632
Changes in certain assets and liabilities:		
Grants receivable	(10,936)	369,426
Other receivables	57,227	326,926
Prepaid expenses	(40,024)	(3,905)
Accounts payable	(222,853)	(233,073)
Accrued payroll and benefits	40,308	(10,193)
Security deposits	2,000	(298)
Refundable advances	155,175	(36,178)
<i>Net cash provided by operating activities</i>	<u>3,737,972</u>	<u>5,914,980</u>
INVESTING ACTIVITIES		
Investments in residential and commercial land, buildings, and improvements, net of grant funding	(1,442,986)	(1,812,551)
Issuance of notes receivable - corporate, net of repayments	(3,731,383)	(3,695,305)
Net (issuance) repayments of notes receivable - personal	74,546	(969,314)
Purchases of property and equipment	-	(3,075)
Proceeds from sale of real estate	2,512,941	2,276,476
<i>Net cash used in investing activities</i>	<u>(2,586,882)</u>	<u>(4,203,769)</u>
FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program note payable	157,500	-
Repayments of line of credit	(150,711)	(175,173)
Borrowings on (repayments of) notes payable	4,940,725	(7,970)
<i>Net cash provided by (used in) financing activities</i>	<u>4,947,514</u>	<u>(183,143)</u>
NET INCREASE IN CASH	6,098,604	1,528,068
CASH, BEGINNING OF YEAR	<u>3,999,828</u>	<u>2,471,760</u>
CASH, END OF YEAR	<u>\$ 10,098,432</u>	<u>\$ 3,999,828</u>
CASH, END OF YEAR		
Cash - unrestricted	\$ 10,067,866	\$ 3,969,609
Cash - restricted	<u>30,566</u>	<u>30,219</u>
<i>Total cash, end of year</i>	<u>\$ 10,098,432</u>	<u>\$ 3,999,828</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 37,118	\$ 49,080
Debt issuance costs financed through notes payable	50,817	-

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

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Renew Indianapolis, Inc. (“Renew”), formerly King Park Development Corporation, is a not-for-profit community development corporation serving Indianapolis, Indiana and is devoted to improving the quality of life in that community. Renew also operates as a land bank for the Consolidated City of Indianapolis with the goal to revitalize abandoned properties and sell them as homes or places of business. Renew Indianapolis Properties, LLC (“Properties”) is a single-member limited liability company established by Renew to engage in real estate transactions. Build Fund, LLC (“Build Fund”) is a single-member limited liability company established by Renew for the purpose of lending to businesses in the Indianapolis area designed to foster economic development. Edge Fund, LLC (“Edge Fund”) is a single-member limited liability company established by Renew for the purpose of lending to affordable housing projects in the Indianapolis area.

The entities listed above are collectively referred to as the “Organization” and all significant intercompany transactions and balances have been eliminated in consolidation.

Effective January 1, 2020, King Park Development Corporation (community development corporation) and Renew Indianapolis, Inc. (land bank) merged operations. The merged entity includes employees and Board members as well as the accounts and operations of both entities. The merged entity retained the name Renew Indianapolis, Inc.

The Organization offers the following programs:

- *Land Bank* - collaboratively stabilizes Indianapolis neighborhoods by managing, marketing, and facilitating the reuse or redevelopment of vacant, abandoned, and distressed properties.
- *Housing Development Program* - preserves and develops high-quality, affordable, and sustainable homes and promotes inclusive and diverse housing opportunities for low- and moderate-income families.
- *HomeSmart* - facilitates affordable, inclusive, and diverse homeownership opportunities for low-income people in Indianapolis through flexible financial products.
- *Indy Affordable Modification Program (IndyAMP)* - allows homeowners negatively affected by COVID-19 to refinance mortgage debt, helping homeowners to remain in their homes, become current with their mortgages, and lower their monthly payments.
- *BridgeSmart* - provides flexible financing that promotes the acquisition, preservation, and development of multifamily affordable housing projects. BridgeSmart is focused on projects that foster diverse and inclusive housing opportunities that include supportive housing.
- *Build Fund* - Build Fund is dedicated to helping businesses grow and create jobs by providing flexible, affordable, and responsible financing.

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Consolidated Financial Statement Presentation – The Organization reports its consolidated financial position and activities according to two classes of net assets:

- Net assets without donor restrictions, which include unrestricted resources that are available for the operating objectives of the Organization; and
- Net assets with donor restrictions, which represent resources restricted by donors for specific time periods or purposes.

Consolidated Financial Statements – Build Fund, Edge Fund, and Properties are variable interest entities of Renew. In accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), the balances and results of operations of all four entities are included in the accompanying consolidated financial statements. Properties is included in the activity of Renew and not reflected separately on the consolidating schedules.

The reporting as of and for the year ended December 31, 2019 includes the financial results of the entities formerly known as Renew Indianapolis, Inc. and King Park Development Corporation and Affiliates.

Basis of Accounting and Use of Estimates – The consolidated financial statements have been prepared in accordance with U.S. GAAP, which 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 – For the purposes of the consolidated statements of cash flows, the Organization considers all short-term highly-liquid assets with a maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at December 31, 2020 and 2019.

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 Renew, Build Fund, and Edge Fund to businesses and individuals in fulfillment of each entity’s purpose. The Organization regularly reviews notes receivable for collectability. Through the year ended December 31, 2019, the Organization only recorded an allowance for doubtful accounts when specific balances were deemed potentially uncollectible. Effective with the year ended December 31, 2020, the carrying amount of notes receivable – corporate and notes receivable – personal are reduced by a valuation allowance that reflects management’s best estimate of the amounts that will not be collected. Notes receivable known to be uncollectible are written off directly.

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Property and Equipment – Purchases of capital assets and expenditures that materially increase the value or extend the 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
Leasehold improvements	8 years
Office equipment	5 to 10 years

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. No such impairment is believed to exist as of December 31, 2020 and 2019.

Taxes on Income – Renew has received a determination from the Internal Revenue Service stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization. Build Fund, Edge Fund, and Properties are single-member limited liability companies with Renew as their sole member. For tax purposes, Build Fund, Edge Fund, and Properties are disregarded entities covered by the 501(c)(3) designation of Renew, which qualifies them for treatment as tax-exempt organizations. Each entity would be subject to tax on income unrelated to its exempt purpose. For the years ended December 31, 2020 and 2019, 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 years ended after 2016 are open to audit for both federal and state purposes.

Reclassifications – Certain amounts in the prior period presented have been reclassified to conform to the current period consolidated financial statement presentation. These reclassifications have no effect on previously reported consolidated net assets.

Subsequent Events – The Organization evaluated subsequent events through June 15, 2021, 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.

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 2 - REVENUE RECOGNITION

Revenue Recognition Policy – 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and change in net assets as net assets released from restrictions.

The Organization receives a significant amount of financial assistance from government grants and contracts. Grants and contracts normally provide for the recovery of direct costs. Entitlement to the recovery of the direct costs is conditional upon compliance with the terms and conditions of the grant agreements and with applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance reviews and audits by the grantors. Management does not believe an adverse material outcome from those compliance reviews and audits is likely. Revenues from cost reimbursement grants are recognized in an amount equal to costs and expenses during the year in which they are incurred.

Gains and losses from property sales are recognized upon closing of the sale net of the related property inventory value and selling expenses. Any losses are recognized as program expenses, as properties are sold at less than market value as part of the Organization's mission.

The Organization, through agreements with the Indianapolis Department of Metropolitan Development and other governmental agencies, facilitates the purchase of blighted properties and vacant lots in Indianapolis. The related properties are owned and maintained by Indianapolis. The Organization facilitates the purchase of these properties by vetting potential buyers and acting as an intermediary during the closing process. During the process, title briefly passes to the Organization before being passed on to the buyer. No cash is paid by the Organization during the title transfer and closing process. Consequently, the cost of the property and the closing is not recorded. The developer and origination fees paid by the buyer to the Organization are recorded as fee revenue.

Rental income is collected from tenants of buildings owned by the Organization and is recorded as revenue when received.

Disaggregation of Revenue – Revenue is disaggregated by category on the consolidated statements of activities and change in net assets.

Performance Obligations – Donations of property, contributions with donor restrictions, and contributions without donor restrictions are not considered exchange transactions and therefore are excluded from the requirements of ASU 2014-09. Grant revenue is recognized as the performance obligations under the grants are met, generally as allowable expenses are incurred and applied. Revenue from the sale of real estate is recognized as the performance obligation of transfer of title occurs at the time of closing of the sale of real estate. Fee revenue is considered earned simultaneously with the completion of the property sale, which satisfies the Organization's only performance obligation under fee-for-service arrangements.

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 3 - PAYCHECK PROTECTION PROGRAM

In response to the COVID-19 pandemic, the United States federal government adopted the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act which includes the Paycheck Protection Program (“PPP”) administered through the Small Business Administration. The proceeds from the PPP notes payable can be used for costs related to payroll, employee healthcare, rent, and utilities. On April 20, 2020, the Organization was granted a note payable from Merchants Bank of Indiana in the amount of \$157,500 pursuant to the PPP under Division A, Title I of the CARES Act. The note matures on April 20, 2022 and bears interest at a rate of 1.00%. To the extent the funds are used for qualifying expenses under the program during the 24-week period beginning on the date of the loan funding, the Organization may apply for loan forgiveness. The Organization has determined the PPP note payable represents a financial liability and has accounted for it in accordance with FASB ASC 470, *Simplifying the Classification of Debt*, until the accounting period in which forgiveness is obtained. Management was notified in April 2021 that the PPP note payable was forgiven in full.

NOTE 4 - INVESTMENTS IN REAL ESTATE

Renew purchases and receives donations of vacant lots and distressed properties, primarily from the City of Indianapolis. For donated properties, Renew 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.

Renew holds the titles for certain properties purchased as part of its Blight Elimination Program (“BEP”). Properties purchased under the BEP are reimbursed by the Indiana Housing and Community Development Authority (“IHCDA”). Grant revenues from IHCDA and the corresponding expenses to acquire properties under the BEP are both recorded in the period in which the acquisition occurs. All expenses for the demolition of these homes, title fees, and maintenance of the properties are expensed as incurred. Renew also holds the title for certain properties donated by financial institutions. Financial institutions donate blighted properties that have proven difficult to sell. The Board of Directors of Renew determines which properties to accept as a donation and Renew then holds the title for these properties. Properties acquired under the BEP are capitalized at no value since all acquisition costs are reimbursed under the program.

In 2019, Renew began to acquire and rehab houses for resale. These properties are valued at the purchase price of the home. The cost of the houses and title fees are used to determine the capitalized cost of these properties.

Investments in real estate totaled \$702,318 and \$1,202,895 as of December 31, 2020 and 2019, respectively.

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 5 - RENTAL REAL ESTATE

Renew converts certain real estate investments into rental properties when it is unable to sell those properties. Rental properties consisted of 14 housing units and were comprised of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 75,000	\$ 75,000
Buildings and improvements	798,422	798,422
Less: accumulated depreciation	<u>(307,854)</u>	<u>(281,240)</u>
	<u>\$ 565,568</u>	<u>\$ 592,182</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 28,957	\$ 28,957
Office equipment	93,253	94,696
Less: accumulated depreciation	<u>(95,545)</u>	<u>(71,709)</u>
<i>Property and equipment, net</i>	<u>\$ 26,665</u>	<u>\$ 51,944</u>

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 7 - NOTES RECEIVABLE

Prior to the establishment of Build Fund, Renew extended a loan to one corporate entity. Since that initial loan, all other corporate lending for economic development purposes has been conducted through Build Fund. Edge Fund provides lending for the purpose of affordable housing for both personal and corporate borrowers. A summary of the notes receivable is presented below as of December 31:

2020	<u>Number of Notes Outstanding</u>	<u>Balances of Notes Outstanding</u>	<u>Interest Rate Range</u>	<u>Maturity Date Range</u>
<i>Notes receivable - corporate</i>				
Build Fund	11	\$34,000 - \$800,000	4.0% - 6.5%	Dec. 2021 - Dec. 2030
Edge Fund	3	\$1,080,000 - \$3,187,000	3.0%	Sept. 2021 - Dec. 2022
<i>Notes receivable - personal</i>				
Edge Fund	10	\$40,000 - \$213,000	.6% - 3.1%	Jan. 2049 - Sept. 2050
2019				
<i>Notes receivable - corporate</i>				
Renew	1	\$72,000	2.0%	Nov. 2020
Build Fund	10	\$49,000 - \$750,000	4.0% - 6.5%	Dec. 2021 - Dec. 2030
Edge Fund	1	\$3,187,000	3.0%	Sept. 2021
<i>Notes receivable - personal</i>				
Edge Fund	7	\$174,000 - \$201,000	.6% - 3.1%	Jan. 2049 - Jan. 2050

The allowance for doubtful accounts totaled \$1,067,997 as of December 31, 2020, which is comprised of an allowance against notes receivable - corporate of \$744,029 and notes receivable - personal of \$323,968. The allowance for doubtful accounts as of December 31, 2019 was \$122,851, which represented one specific note receivable - corporate known to be uncollectible due to the borrower filing bankruptcy.

Bad debt expense is comprised of known losses incurred in the current year plus the net increase in the allowance for doubtful accounts as presented on the consolidated statements of functional expenses.

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 8 - REFUNDABLE ADVANCES

Build Fund was awarded grants to provide loans to businesses in Indianapolis designed to foster economic development. Edge Fund was awarded grants to provide loans to individuals and businesses to create and preserve affordable single- and multi-family housing. The grants are considered exchange transactions. Accordingly, revenue is recognized as grant requirements are fulfilled. The Organization had refundable advances of \$360,000 and \$204,825 as of December 31, 2020 and 2019, respectively, representing grant receipts in excess of loans made and related costs.

NOTE 9 - NOTES PAYABLE

Notes payable consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Note payable to IFF; secured by a mortgage on property. The note accrues interest at 5.95% per annum and requires monthly payment of principal and interest of \$3,578. The note matures in October 2032, at which time any unpaid principal and interest is due in full.	\$ 574,852	\$ 583,310
Note payable to Local Initiatives Support Corporation; secured by real estate on the North Broadway Street property. The note bears no interest and requires monthly payments of \$683 as available cash flow from the mortgaged property permits. The note matures in September 2032.	123,000	123,000
Note payable to Woodforest National Bank; unsecured. The note accrues interest at 3% per annum and is due in full on its maturity date in December 2021.	2,500,000	-
Note payable to Woodforest National Bank; unsecured. The note accrues interest at 3% per annum and requires monthly payments of interest only from January 2021 through December 2021, monthly payments of principal and interest of \$24,191 from January 2022 through November 2023, and a final balloon payment of all unpaid principal and interest of \$2,082,964 on its maturity date in December 2023.	<u>2,500,000</u>	<u>-</u>
	<u>\$ 5,697,852</u>	<u>\$ 706,310</u>

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 9 - NOTES PAYABLE, Continued

Principal maturities of notes payable are as follows for the years ending December 31:

2021	\$ 2,508,974
2022	226,786
2023	2,292,842
2024	10,723
2025	11,379
Thereafter	<u>647,148</u>
	<u>\$ 5,697,852</u>

NOTE 10 - DEBT ISSUANCE COSTS SUBJECT TO AMORTIZATION

The Organization incurred debt issuance costs associated with the notes payable to IFF and Woodforest National Bank. These debt issuance costs are amortized over the lives of the related notes payable. The IFF note payable had debt issuance costs of \$22,000, which the Organization amortizes through October 2032. One note payable to Woodforest National Bank had debt issuance costs of \$23,350, which the Organization amortizes through December 2021. The other note payable to Woodforest National Bank had debt issuance costs of \$25,466, which the Organization amortizes through December 2023. Accumulated amortization of debt issuance costs totaled \$7,220 and \$2,934 as of December 31, 2020 and 2019, respectively. Amortization expense of \$4,287 and \$1,467 is included with interest expense on the consolidated statements of activities and change in net assets during the years ended December 31, 2020 and 2019, respectively.

NOTE 11 - LINE OF CREDIT

Build Fund had a \$1,200,000 revolving line of credit with a commercial bank. During the year ended December 31, 2020, Build Fund repaid the outstanding balance and terminated the line of credit. The balance outstanding on the line of credit was \$150,711 as of December 31, 2019.

NOTE 12 - NET ASSETS

Net assets with donor restrictions were available for the following purpose as of December 31:

	<u>2020</u>	<u>2019</u>
Technical assistance	\$ 125,000	\$ 101,192
Financial assistance (loan fund)	316,801	15,852
Other	<u>44,718</u>	<u>-</u>
	<u>\$ 486,519</u>	<u>\$ 117,044</u>

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 12 - NET ASSETS, Continued

Net assets without donor restrictions includes Board-designated balances of \$1,160,000 and \$703,220 as of December 31, 2020 and 2019, respectively. Board-designated net assets are for the following purposes as of December 31:

	<u>2020</u>	<u>2019</u>
Unanticipated budget shortfalls	\$ 950,000	\$ 450,000
Unanticipated loan losses	-	253,220
Capital available for lending	<u>210,000</u>	<u>-</u>
	<u>\$ 1,160,000</u>	<u>\$ 703,220</u>

NOTE 13 - GRANT FUNDING

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

	<u>2020</u>	<u>2019</u>
FEDERAL PASS-THROUGH AWARDS		
City of Indianapolis	\$ 217,629	\$ 1,631,368
Indiana Housing and Community Development	<u>3,477,540</u>	<u>3,498,756</u>
	<u>3,695,169</u>	<u>5,130,124</u>
FEDERAL DIRECT AWARDS		
Department of Health and Human Services	-	37,188
Department of Treasury	<u>376,250</u>	<u>399,378</u>
	<u>376,250</u>	<u>436,566</u>
<i>Total federal awards</i>	<u>4,071,419</u>	<u>5,566,690</u>
STATE AND LOCAL GRANTS		
Chase Foundation	480,000	-
Health and Hospital Corporation of Marion County	354,116	-
Indianapolis Neighborhood Housing Partnership	125,000	125,000
City of Indianapolis	-	100,000
IHCDA – Blight Elimination Program	215,695	956,438
LISC	33,137	89,731
Lilly Endowment	50,000	-
Other	<u>50,000</u>	<u>15,412</u>
<i>Total state and local grants</i>	<u>1,307,948</u>	<u>1,286,581</u>
<i>Total grant funding</i>	<u>\$ 5,379,367</u>	<u>\$ 6,853,271</u>

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 14 - BLIGHT ELIMINATION PROGRAM/HARDEST HIT FUND

The purpose of the Blight Elimination Program (“BEP”) with IHCDA is to allow the Organization to acquire and demolish blighted residential structures and facilitate an end use of the newly-vacant residential lots. Pursuant to the BEP Grant Agreement (the “Agreement”), IHCDA reimburses the Organization up to \$25,000 for the purchase, maintenance, and subsequent demolition of qualifying properties. In addition to the Agreement, grant expenditures were secured by a promissory note and corresponding mortgage recorded against property in the program. The notes and mortgages were signed and recorded on or before acquisition by the Organization for a maximum per property indebtedness of \$25,000, per the terms of the Agreement. Generally, the effective date of the note and mortgage corresponds to the date of acquisition, prior to eligible expenses related to a property having been incurred. The promissory notes and mortgages expired on December 31, 2020 simultaneously with the expiration of the Agreement. Effective January 1, 2021, IHCDA has released all mortgages and the Organization has the unrestricted right to sell the BEP properties.

NOTE 15 - RISKS AND UNCERTAINTIES

Renew is engaged in the business of residential real estate development, sale, and rental in Indianapolis, Indiana, and is subject to risks associated with this industry and geographic area, including socio-economic factors, interest rates, and availability and cost of materials. Build Fund and Edge Fund are engaged in the business of lending to corporate entities and individuals and are subject to the risk of loss due to defaulted loans.

Each consolidated entity 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 16 - LEASES

The Organization leases office space in one building in Indianapolis under two leases totaling \$3,380 per month through December 2020, and annual cost of living increases thereafter expiring December 2026.

The Organization also leased a copier for \$314 per month through June 2022.

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

2021	\$ 45,666
2022	44,784
2023	43,913
2024	44,959
2025	46,040
Thereafter	22,559

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 17 - FUNCTIONAL EXPENSE REPORTING

The costs of providing the community services have been summarized on a functional basis in the consolidated statements of activities and change in net assets. Accordingly, certain expenses have been allocated between programs services, management and general expenses, and fundraising.

Management allocates costs among the various functional expense categories using a combination of direct allocation and estimation. Payroll and associated costs are allocated based on employee time records. Other costs are either applied directly to the functional expense category to which they belong or allocated using an appropriate basis (generally payroll percentages).

NOTE 18 - CONTINGENCIES

The Organization has a pending legal claim related to financing for the Gramse Apartments. The claim concerns various claims brought by plaintiffs seeking damages for alleged breach of contract and indemnification for amounts allegedly paid to BMO Harris Bank on account of certain commercial guarantees, wherein the Organization was the principal borrower and the plaintiffs were guarantors for financing. A claim was filed on December 2, 2019 by the plaintiffs against the Organization alleging breach of contract damages and unspecified damages on account of the guarantees. The accompanying consolidated financial statements do not reflect any liability related to this situation.

NOTE 19 - LIQUIDITY

The Organization's financial assets include cash, cash - restricted, grants receivable, other receivables, and notes receivable, excluding all intercompany financial assets. Following is a schedule of financial assets available for general use within one year as of December 31:

	<u>Renew</u>	<u>Build Fund</u>	<u>Edge Fund</u>	<u>Consolidated</u>
Financial assets at December 31, 2020	\$ 8,430,470	\$ 5,304,281	\$ 8,232,409	\$ 21,967,160
Less: donor restrictions for specific purposes	-	(153,971)	(287,830)	(441,801)
Less: notes receivable unlikely to be available for general expenditures within one year	-	(3,705,106)	(7,610,534)	(11,315,640)
Less: restrictions due to Board-designation	<u>(550,000)</u>	<u>(200,000)</u>	<u>(410,000)</u>	<u>(1,160,000)</u>
<i>Financial assets available for general use within one year</i>	<u>\$ 7,880,470</u>	<u>\$ 1,245,204</u>	<u>\$ (75,955)</u>	<u>\$ 9,049,719</u>

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 19 - LIQUIDITY, Continued

	<u>Renew</u>	<u>Build Fund</u>	<u>Edge Fund</u>	<u>Consolidated</u>
Financial assets at December 31, 2019	\$ 2,712,034	\$ 4,511,424	\$ 5,034,552	\$ 12,258,010
Less: donor restrictions for specific purposes	-	(15,852)	(101,192)	(117,044)
Less: notes receivable unlikely to be available for general expenditures within one year	(72,097)	(3,029,275)	(4,557,431)	(7,658,803)
Less: restrictions due to Board-designation	<u>(200,000)</u>	<u>(307,610)</u>	<u>(195,610)</u>	<u>(703,220)</u>
<i>Financial assets available for general use within one year</i>	<u>\$ 2,439,937</u>	<u>\$ 1,158,687</u>	<u>\$ 180,319</u>	<u>\$ 3,778,943</u>

The consolidated entities are separated for legal and regulatory purposes, however, all three entities are governed and operated collectively as one organization. Liquidity is transferrable between entities at the discretion of management and approval of the Board of Directors. As of December 31, 2020, the Organization has approximately \$9,050,000 in financial assets available for general use within one year, which represents approximately four and a half years' worth of cash on hand considering consolidated total expenses incurred during the year ended December 31, 2020.

Donor restrictions are tracked in separate funds, with adequate cash available to cover restrictions. The Board-designated net assets are available at the Board of Directors' discretion to undesignate for general use.

SUPPLEMENTARY INFORMATION

RENEW INDIANAPOLIS, INC. AND AFFILIATES
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

<u>Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Awards Expended</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants/Entitlement Grants			
Pass-Through City of Indianapolis			
Home Ownership Development	14.218	POI300003707	\$ 125,475
Home Ownership Development	14.218	POI300005022	56,000
Home Investment Partnerships Program	14.239	POI1300004952	<u>36,154</u>
<i>Total pass-through City of Indianapolis</i>			217,629
Community Development Block Grants/State's Program			
Pass-Through Indiana Housing and Community Development Authority			
Rental Housing	14.228	DR1-1PSH_RLF-2017	3,662,540
Section 4 Capacity Building for Community Development and Affordable Housing	14.252	B-18-CB-NY-001	<u>4,917</u>
<i>Total for federal grantor agency</i>			3,885,086
U.S. DEPARTMENT OF TREASURY			
Community Development Financial Institutions Program	21.020	191TA053030	<u>101,192</u>
<i>Total federal awards expended</i>			<u><u>\$ 3,986,278</u></u>

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

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying consolidated schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Renew Indianapolis, Inc. and Affiliates (collectively, the “Organization”) under programs of the federal government for the year ended December 31, 2020. 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, functional expense, 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 the *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.

NOTE 3 - INDIRECT COST RATE

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the *Uniform Guidance*.

RENEW INDIANAPOLIS, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2020

	<u>Renew Indianapolis</u>	<u>Build Fund</u>	<u>Edge Fund</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS					
Cash	\$ 7,946,816	\$ 1,499,175	\$ 621,875	\$ -	\$ 10,067,866
Cash - restricted	30,566	-	-	-	30,566
Receivables:					
Grants	395,187	100,000	-	-	495,187
Other	442,397	-	354,116	(738,612) *	57,901
Prepaid expenses	12,247	2,247	44,793	-	59,287
Notes receivable - corporate, net of allowance	-	3,705,106	6,314,663	-	10,019,769
Notes receivable - personal, net of allowance	-	-	1,295,871	-	1,295,871
Investments in real estate	702,318	-	-	-	702,318
Investment in Edge Fund, LLC	1,000,000	-	-	(1,000,000) *	-
Rental real estate, net	565,568	-	-	-	565,568
Property and equipment, net	20,068	4,375	2,222	-	26,665
TOTAL ASSETS	<u>\$ 11,115,167</u>	<u>\$ 5,310,903</u>	<u>\$ 8,633,540</u>	<u>\$ (1,738,612)</u>	<u>\$ 23,320,998</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable	\$ 695,872	\$ 41,360	\$ 343,136	\$ (738,612) *	\$ 341,756
Accrued payroll and benefits	83,615	-	-	-	83,615
Line of credit	-	-	-	-	-
Notes payable	5,697,852	-	-	-	5,697,852
Less: unamortized debt issuance costs	(65,596)	-	-	-	(65,596)
Paycheck Protection Program note payable	157,500	-	-	-	157,500
Grant obligations payable	50,000	-	-	-	50,000
Security deposits	8,935	-	-	-	8,935
Refundable advances	-	360,000	-	-	360,000
<i>Total liabilities</i>	<u>6,628,178</u>	<u>401,360</u>	<u>343,136</u>	<u>(738,612)</u>	<u>6,634,062</u>
NET ASSETS					
Contributed funds - Renew Indianapolis, Inc.	-	-	1,000,000	(1,000,000) *	-
Without donor restrictions:					
Board-designated	550,000	200,000	410,000	-	1,160,000
Undesignated	3,892,271	4,555,572	6,592,574	-	15,040,417
With donor restrictions	44,718	153,971	287,830	-	486,519
<i>Total net assets</i>	<u>4,486,989</u>	<u>4,909,543</u>	<u>8,290,404</u>	<u>(1,000,000)</u>	<u>16,686,936</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,115,167</u>	<u>\$ 5,310,903</u>	<u>\$ 8,633,540</u>	<u>\$ (1,738,612)</u>	<u>\$ 23,320,998</u>

* Eliminations represent the amounts owed between the consolidated entities.

See independent auditors' report

RENEW INDIANAPOLIS, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2019

	Combined King Park and Renew Indianapolis	Build Fund	Edge Fund	Eliminations	Total
ASSETS					
Cash	\$ 2,067,314	\$ 1,475,174	\$ 427,121	\$ -	\$ 3,969,609
Cash - restricted	30,219	-	-	-	30,219
Receivables:					
Grants	427,276	6,975	50,000	-	484,251
Other	247,596	500,000	499,206	(1,131,674) *	115,128
Prepaid expenses	17,289	1,974	-	-	19,263
Notes receivable - corporate, net of allowance	72,097	3,029,275	3,187,014	-	6,288,386
Notes receivable - personal, net of allowance	-	-	1,370,417	-	1,370,417
Investments in real estate	1,202,895	-	-	-	1,202,895
Investment in Edge Fund, LLC	1,000,000	-	-	(1,000,000) *	-
Rental real estate, net	592,182	-	-	-	592,182
Property and equipment, net	29,930	13,125	8,889	-	51,944
TOTAL ASSETS	\$ 5,686,798	\$ 5,026,523	\$ 5,542,647	\$ (2,131,674)	\$ 14,124,294
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable	\$ 1,063,815	\$ 132,468	\$ -	\$ (631,674) *	\$ 564,609
Accrued payroll and benefits	43,307	-	-	-	43,307
Line of credit	-	150,711	-	-	150,711
Notes payable	706,310	-	500,000	(500,000) *	706,310
Less: unamortized debt issuance costs	(19,066)	-	-	-	(19,066)
Grant obligations payable	50,000	-	-	-	50,000
Security deposits	6,935	-	-	-	6,935
Refundable advances	-	191,625	13,200	-	204,825
<i>Total liabilities</i>	<u>1,851,301</u>	<u>474,804</u>	<u>513,200</u>	<u>(1,131,674)</u>	<u>1,707,631</u>
NET ASSETS					
Contributed funds - Renew Indianapolis, Inc.	-	-	1,000,000	(1,000,000) *	-
Without donor restrictions:					
Board-designated	200,000	307,610	195,610	-	703,220
Undesignated	3,635,497	4,228,257	3,732,645	-	11,596,399
With donor restrictions	-	15,852	101,192	-	117,044
<i>Total net assets</i>	<u>3,835,497</u>	<u>4,551,719</u>	<u>5,029,447</u>	<u>(1,000,000)</u>	<u>12,416,663</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 5,686,798	\$ 5,026,523	\$ 5,542,647	\$ (2,131,674)	\$ 14,124,294

* Eliminations represent the amounts owed between the consolidated entities.

See independent auditors' report

RENEW INDIANAPOLIS, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended December 31, 2020

	Renew Indianapolis			Build Fund			Edge Fund			Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUES, SUPPORT, AND GAINS										
Federal awards	\$ 36,154	\$ -	\$ 36,154	\$ 191,250	\$ 60,000	\$ 251,250	\$ 3,659,015	\$ 125,000	\$ 3,784,015	\$ 4,071,419
State and local grants	429,114	44,718	473,832	380,000	100,000	480,000	104,116	250,000	354,116	1,307,948
Rental income	108,746	-	108,746	-	-	-	-	-	-	108,746
Property management fees	5,100	-	5,100	-	-	-	-	-	-	5,100
Developer fees	833,741	-	833,741	-	-	-	-	-	-	833,741
Loan origination fees	-	-	-	12,799	-	12,799	187,050	-	187,050	199,849
Contributions	26,755	-	26,755	-	-	-	-	-	-	26,755
Interest income	24,204	-	24,204	193,545	-	193,545	137,519	-	137,519	355,268
Other income	3,028	-	3,028	20,398	-	20,398	-	-	-	23,426
Sale of real estate:										
Proceeds from sale	2,512,941	-	2,512,941	-	-	-	-	-	-	2,512,941
Basis of property	(1,943,563)	-	(1,943,563)	-	-	-	-	-	-	(1,943,563)
Gain on sale of real estate	569,378	-	569,378	-	-	-	-	-	-	569,378
Net assets released from restrictions	-	-	-	21,881	(21,881)	-	188,362	(188,362)	-	-
Total revenues, support, and gains	2,036,220	44,718	2,080,938	819,873	138,119	957,992	4,276,062	186,638	4,462,700	7,501,630
FUNCTIONAL EXPENSES										
Program services	1,108,768	-	1,108,768	574,980	-	574,980	1,163,566	-	1,163,566	2,847,314
Management and general	298,465	-	298,465	24,626	-	24,626	36,611	-	36,611	359,702
Fundraising	22,213	-	22,213	562	-	562	1,566	-	1,566	24,341
Total functional expenses	1,429,446	-	1,429,446	600,168	-	600,168	1,201,743	-	1,201,743	3,231,357
CHANGE IN NET ASSETS	606,774	44,718	651,492	219,705	138,119	357,824	3,074,319	186,638	3,260,957	4,270,273
NET ASSETS										
Beginning of year	3,835,497	-	3,835,497	4,535,867	15,852	4,551,719	3,928,255	101,192	4,029,447	12,416,663
End of year	\$ 4,442,271	\$ 44,718	\$ 4,486,989	\$ 4,755,572	\$ 153,971	\$ 4,909,543	\$ 7,002,574	\$ 287,830	\$ 7,290,404	\$ 16,686,936

See independent auditors' report

RENEW INDIANAPOLIS, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended December 31, 2019

	Renew Indianapolis		Build Fund		Edge Fund			Total
	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUES, SUPPORT, AND GAINS								
Federal awards	\$ 216,260	\$ 1,062,924	\$ 33,750	\$ 1,096,674	\$ 4,128,756	\$ 125,000	\$ 4,253,756	\$ 5,566,690
State and local grants	1,286,581	-	-	-	-	-	-	1,286,581
Rental income	97,815	-	-	-	-	-	-	97,815
Property management fees	5,100	-	-	-	-	-	-	5,100
Developer fees	783,717	-	-	-	-	-	-	783,717
Loan origination fees	-	9,764	-	9,764	2,050	-	2,050	11,814
Contributions	26,754	-	-	-	-	-	-	26,754
Interest income	23,769	161,336	-	161,336	49,136	-	49,136	234,241
Other income	174,170	20,584	-	20,584	-	-	-	194,754
Sale of real estate:								
Proceeds from sale	2,276,476	-	-	-	-	-	-	2,276,476
Basis of property	(1,610,427)	-	-	-	-	-	-	(1,610,427)
Gain on sale of real estate	666,049	-	-	-	-	-	-	666,049
Net assets released from restrictions	-	49,797	(49,797)	-	23,808	(23,808)	-	-
<i>Total revenues, support, and gains</i>	<u>3,280,215</u>	<u>1,304,405</u>	<u>(16,047)</u>	<u>1,288,358</u>	<u>4,203,750</u>	<u>101,192</u>	<u>4,304,942</u>	<u>8,873,515</u>
FUNCTIONAL EXPENSES								
Program services	1,784,913	323,791	-	323,791	381,155	-	381,155	2,489,859
Management and general	240,634	10,606	-	10,606	14,574	-	14,574	265,814
Fundraising	7,476	-	-	-	-	-	-	7,476
<i>Total functional expenses</i>	<u>2,033,023</u>	<u>334,397</u>	<u>-</u>	<u>334,397</u>	<u>395,729</u>	<u>-</u>	<u>395,729</u>	<u>2,763,149</u>
CHANGE IN NET ASSETS	1,247,192	970,008	(16,047)	953,961	3,808,021	101,192	3,909,213	6,110,366
NET ASSETS								
Beginning of year	2,588,305	3,565,859	31,899	3,597,758	120,234	-	120,234	6,306,297
End of year	<u>\$ 3,835,497</u>	<u>\$ 4,535,867</u>	<u>\$ 15,852</u>	<u>\$ 4,551,719</u>	<u>\$ 3,928,255</u>	<u>\$ 101,192</u>	<u>\$ 4,029,447</u>	<u>\$ 12,416,663</u>

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RENEW INDIANAPOLIS, INC. AND AFFILIATES
COMBINING SCHEDULE OF FINANCIAL POSITION:
KING PARK DEVELOPMENT CORPORATION AND RENEW INDIANAPOLIS, INC.
December 31, 2019

	King Park	Renew Indianapolis	Combined King Park and Renew Indianapolis
ASSETS			
Cash	\$ 1,330,411	\$ 736,903	\$ 2,067,314
Cash - restricted	30,219	-	30,219
Receivables:			-
Grants	157,639	269,637	427,276
Other	246,895	701	247,596
Prepaid expenses	12,910	4,379	17,289
Notes receivable - corporate, net of allowance	72,097	-	72,097
Investments in real estate	292,162	910,733	1,202,895
Investment in Edge Fund, LLC	1,000,000	-	1,000,000
Rental real estate, net	592,182	-	592,182
Property and equipment, net	27,929	2,001	29,930
TOTAL ASSETS	\$ 3,762,444	\$ 1,924,354	\$ 5,686,798
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$ 782,355	\$ 281,460	\$ 1,063,815
Accrued payroll and benefits	26,943	16,364	43,307
Notes payable	706,310	-	706,310
Less: unamortized debt issuance costs	(19,066)	-	(19,066)
Grant obligations payable	50,000	-	50,000
Security deposits	6,935	-	6,935
<i>Total liabilities</i>	<i>1,553,477</i>	<i>297,824</i>	<i>1,851,301</i>
NET ASSETS			
Without donor restrictions:			
Board-designated	200,000	-	200,000
Undesignated	2,008,967	1,626,530	3,635,497
<i>Total net assets</i>	<i>2,208,967</i>	<i>1,626,530</i>	<i>3,835,497</i>
TOTAL LIABILITIES AND NET ASSETS	\$ 3,762,444	\$ 1,924,354	\$ 5,686,798

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RENEW INDIANAPOLIS, INC. AND AFFILIATES
COMBINING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
KING PARK DEVELOPMENT CORPORATION AND RENEW INDIANAPOLIS, INC.

For the Year Ended December 31, 2019

	King Park	Renew Indianapolis	Combined King Park and Renew Indianapolis
REVENUES, SUPPORT, AND GAINS			
Federal awards	\$ 216,260	\$ -	\$ 216,260
State and local grants:	50,000	1,236,581	1,286,581
Rental income	97,815	-	97,815
Property management fees	5,100	-	5,100
Developer fees	-	783,717	783,717
Contributions	25,254	1,500	26,754
Interest income	12,498	11,271	23,769
Other income	166,600	7,570	174,170
Sale of real estate:			
Proceeds from sale	1,784,750	491,726	2,276,476
Basis of property	(1,191,808)	(418,619)	(1,610,427)
<i>Gain on sale of real estate</i>	592,942	73,107	666,049
<i>Total revenues, support, and gains</i>	1,166,469	2,113,746	3,280,215
FUNCTIONAL EXPENSES			
Program services	366,502	1,418,411	1,784,913
Management and general	120,930	119,704	240,634
Fundraising	-	7,476	7,476
<i>Total functional expenses</i>	487,432	1,545,591	2,033,023
CHANGE IN NET ASSETS	679,037	568,155	1,247,192
NET ASSETS			
Beginning of year	1,529,930	1,058,375	2,588,305
End of year	\$ 2,208,967	\$ 1,626,530	\$ 3,835,497

See independent auditors' report



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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
Renew Indianapolis, Inc.

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 Renew Indianapolis, Inc. and Affiliates (collectively, the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 15, 2021.

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.

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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

A handwritten signature in dark ink that reads "DONOVAN". The signature is written in a cursive style with a large, looped initial "D".

Indianapolis, Indiana
June 15, 2021



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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
Renew Indianapolis, Inc.

Report on Compliance for Each Major Federal Program

We have audited Renew Indianapolis, Inc. and Affiliates' (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, 2020. 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 (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 Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe 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.

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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, 2020.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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
June 15, 2021

**RENEW INDIANAPOLIS, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year ended December 31, 2020**

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiency identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

CFDA Number

Name of Federal Program or Cluster

14.228

Community Development Block Grants/
State's Program

Dollar threshold use to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

II. Financial Statement Findings

No matters are reportable.

III. Federal Award Findings and Questioned Costs

No matters are reportable.