

RENEW INDIANAPOLIS, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

Together with Independent Auditors' Report

For the Years Ended December 31, 2021 and 2020



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Independent Auditors' Report

The Board of Directors
Renew Indianapolis, Inc.

Opinion

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, 2021 and 2020, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Renew Indianapolis, Inc. and Affiliates as of December 31, 2021 and 2020 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Renew Indianapolis, Inc. and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Renew Indianapolis, Inc. and Affiliates' ability to continue as a going concern for one year after the date that the financial statements are issued.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Renew Indianapolis, Inc. and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Renew Indianapolis, Inc. and Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedule of expenditures of federal awards and notes thereto, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Likewise, the consolidating schedules on pages 23 through 26 are presented for the purpose 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 GAAS. 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 9, 2022 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

A handwritten signature in dark ink that reads "DONOVAN". The letters are cursive and slightly slanted to the right.

Indianapolis, Indiana
June 9, 2022

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

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 13,250,903	\$ 10,067,866
Cash - restricted	30,793	30,566
Receivables:		
Grants	925,160	495,187
Other	445	57,901
Prepaid expenses	55,943	59,287
Notes receivable - corporate, net of allowance	7,411,579	10,019,769
Notes receivable - personal, net of allowance	4,669,231	1,295,871
Investments in real estate	1,930,385	702,318
Rental real estate, net	538,954	565,568
Property and equipment, net	<u>15,339</u>	<u>26,665</u>
TOTAL ASSETS	<u><u>\$ 28,828,732</u></u>	<u><u>\$ 23,320,998</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 804,685	\$ 341,756
Accrued payroll and benefits	104,042	83,615
Notes payable	3,188,877	5,697,852
Less: unamortized debt issuance costs	(32,403)	(65,596)
Paycheck Protection Program note payable	-	157,500
Grant obligations payable	50,000	50,000
Security deposits	9,090	8,935
Refundable advances	<u>3,381,616</u>	<u>360,000</u>
<i>Total liabilities</i>	<u>7,505,907</u>	<u>6,634,062</u>
NET ASSETS		
Without donor restrictions:		
Board-designated	4,635,869	1,160,000
Undesignated	16,074,878	15,040,417
With donor restrictions	<u>612,078</u>	<u>486,519</u>
<i>Total net assets</i>	<u>21,322,825</u>	<u>16,686,936</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 28,828,732</u></u>	<u><u>\$ 23,320,998</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, 2021 and 2020

	2021			2020		
	<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	\$ 2,422,507	\$ 547,880	\$ 2,970,387	\$ 3,911,419	\$ 185,000	\$ 4,096,419
State and local grants	2,290,758	37,463	2,328,221	888,230	394,718	1,282,948
Developer fees	672,166	-	672,166	833,741	-	833,741
Interest income from notes receivable	614,102	-	614,102	355,268	-	355,268
Rental income	117,714	-	117,714	108,746	-	108,746
Contributions	73,163	-	73,163	26,755	-	26,755
Loan origination fees	11,880	-	11,880	199,849	-	199,849
Property management fees	5,100	-	5,100	5,100	-	5,100
Other income	19,326	-	19,326	23,426	-	23,426
Sales of real estate:						
Proceeds from sales	1,749,742	-	1,749,742	2,512,941	-	2,512,941
Basis of property	(1,199,987)	-	(1,199,987)	(1,943,563)	-	(1,943,563)
<i>Gain on sales of real estate</i>	549,755	-	549,755	569,378	-	569,378
Net assets released from restrictions	459,784	(459,784)	-	210,243	(210,243)	-
<i>Total revenue, support, and gains</i>	<u>7,236,255</u>	<u>125,559</u>	<u>7,361,814</u>	<u>7,132,155</u>	<u>369,475</u>	<u>7,501,630</u>
FUNCTIONAL EXPENSES						
Program services	2,152,416	-	2,152,416	2,847,314	-	2,847,314
Management and general	675,768	-	675,768	359,702	-	359,702
Fundraising	55,241	-	55,241	24,341	-	24,341
<i>Total functional expenses</i>	<u>2,883,425</u>	<u>-</u>	<u>2,883,425</u>	<u>3,231,357</u>	<u>-</u>	<u>3,231,357</u>
CHANGE IN NET ASSETS FROM OPERATIONS	4,352,830	125,559	4,478,389	3,900,798	369,475	4,270,273
PPP NOTE PAYABLE FORGIVENESS INCOME	157,500	-	157,500	-	-	-
CHANGE IN NET ASSETS	4,510,330	125,559	4,635,889	3,900,798	369,475	4,270,273
NET ASSETS						
Beginning of year	16,200,417	486,519	16,686,936	12,299,619	117,044	12,416,663
End of year	<u>\$ 20,710,747</u>	<u>\$ 612,078</u>	<u>\$ 21,322,825</u>	<u>\$ 16,200,417</u>	<u>\$ 486,519</u>	<u>\$ 16,686,936</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, 2021 and 2020

	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Bad debt expense:								
Net increase in allowance	\$ 85,454	\$ -	\$ -	\$ 85,454	\$ 1,067,997	\$ -	\$ -	\$ 1,067,997 *
Losses incurred in current year	-	-	-	-	87,882	-	-	87,882
<i>Bad debt expense, total</i>	85,454	-	-	85,454	1,155,879	-	-	1,155,879
Payroll, taxes, and benefits	1,045,439	341,570	35,261	1,422,270	966,164	126,979	14,636	1,107,779
Professional fees	248,474	146,793	9,634	404,901	161,698	171,277	8,112	341,087
Interest expense	222,554	117	-	222,671	50,155	-	-	50,155
Property development and rehabilitation	174,101	-	-	174,101	283,503	-	-	283,503
Negotiated settlements	-	109,916	-	109,916	-	-	-	-
Office expenses	74,698	16,969	5,030	96,697	59,838	9,116	999	69,953
Insurance	19,922	37,291	327	57,540	14,684	33,878	68	48,630
Repairs and maintenance	52,310	2,134	602	55,046	20,538	749	77	21,364
Equipment	49,299	4,068	1,306	54,673	26,310	3,058	103	29,471
Advertising	37,712	156	1,574	39,442	1,143	1,715	-	2,858
Depreciation	32,578	5,019	342	37,939	41,769	9,749	62	51,580
Contributions	37,100	-	-	37,100	7,100	-	-	7,100
Consulting fees	15,678	4,159	200	20,037	10,527	872	65	11,464
Bank fees	11,550	165	200	11,915	16,980	126	36	17,142
Utilities	9,315	795	266	10,376	8,286	447	62	8,795
Development and training	6,515	3,076	49	9,640	4,258	-	-	4,258
Dues and subscriptions	8,971	527	30	9,528	6,703	711	41	7,455
Postage	3,690	92	30	3,812	132	29	4	165
Travel	963	35	10	1,008	2,934	27	-	2,961
Other	16,093	2,886	380	19,359	8,713	969	76	9,758
<i>Total functional expenses</i>	<u>\$ 2,152,416</u>	<u>\$ 675,768</u>	<u>\$ 55,241</u>	<u>\$ 2,883,425</u>	<u>\$ 2,847,314</u>	<u>\$ 359,702</u>	<u>\$ 24,341</u>	<u>\$ 3,231,357</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 4,635,889	\$ 4,270,273
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Paycheck Protection Program note payable forgiveness income	(157,500)	-
Gain on sales of real estate	(549,755)	(569,378)
Depreciation	37,940	51,580
Amortization of debt issuance costs included in interest expense	33,193	4,287
Loss on disposal of property and equipment	-	313
Changes in certain assets and liabilities:		
Grants receivable	(429,973)	(10,936)
Other receivables	57,456	57,227
Prepaid expenses	3,344	(40,024)
Accounts payable	462,929	(222,853)
Accrued payroll and benefits	20,427	40,308
Security deposits	155	2,000
Refundable advances	3,021,616	155,175
<i>Net cash provided by operating activities</i>	<u>7,135,721</u>	<u>3,737,972</u>
INVESTING ACTIVITIES		
Investments in residential and commercial land, buildings, and improvements, net of grant funding	(2,428,054)	(1,442,986)
Net (issuance) repayments of notes receivable - corporate	2,608,190	(3,731,383)
Net (issuance) repayments of notes receivable - personal	(3,373,360)	74,546
Proceeds from sales of real estate	1,749,742	2,512,941
<i>Net cash used in investing activities</i>	<u>(1,443,482)</u>	<u>(2,586,882)</u>
FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program note payable	-	157,500
Repayments of line of credit	-	(150,711)
Borrowings on (repayments of) notes payable	(2,508,975)	4,940,725
<i>Net cash provided by (used in) financing activities</i>	<u>(2,508,975)</u>	<u>4,947,514</u>
NET INCREASE IN CASH	3,183,264	6,098,604
CASH, BEGINNING OF YEAR	<u>10,098,432</u>	<u>3,999,828</u>
CASH, END OF YEAR	<u>\$ 13,281,696</u>	<u>\$ 10,098,432</u>
CASH, END OF YEAR		
Cash - unrestricted	\$ 13,250,903	\$ 10,067,866
Cash - restricted	30,793	30,566
<i>Total cash, end of year</i>	<u>\$ 13,281,696</u>	<u>\$ 10,098,432</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 189,478	\$ 45,868
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, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Renew Indianapolis, Inc. (“Renew”) is a not-for-profit community development organization based in Indianapolis, Indiana and advances comprehensive community development through innovative financing and development solutions. Renew manages the 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.

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.

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.

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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, 2021 and 2020.

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 Build Fund and Edge Fund to businesses and individuals in fulfillment of each entity’s purpose. The Organization regularly reviews notes receivable for collectability. Prior to January 1, 2020, 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.

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 real estate - buildings and improvements	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, 2021 and 2020.

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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, 2021 and 2020, 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 December 31, 2017 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 9, 2022, 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. We draw your attention to Note 19 “Subsequent Events” for a discussion of these matters.

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

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 occasionally 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, 2021 and 2020

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 Organization determined the PPP note payable represented a financial liability and accounted for it in accordance with FASB ASC 470, *Simplifying the Classification of Debt*, until the accounting period in which forgiveness was obtained. Management was notified in April 2021 that the PPP note payable was forgiven in full, and therefore recorded the entire amount as PPP note payable forgiveness income during the year ended December 31, 2021.

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.

Renew acquires and rehabs houses for resale. These properties are valued at the purchase price of the home. The cost of the houses, title fees, and rehab costs are used to determine the capitalized cost of these properties.

Investments in real estate totaled \$1,930,385 and \$702,318 as of December 31, 2021 and 2020, respectively.

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

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>2021</u>	<u>2020</u>
Land	\$ 75,000	\$ 75,000
Buildings and improvements	798,422	798,422
Less: accumulated depreciation	<u>(334,468)</u>	<u>(307,854)</u>
	<u>\$ 538,954</u>	<u>\$ 565,568</u>

NOTE 6 - PROPERTY AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 28,957	\$ 28,957
Office equipment	93,253	93,253
Less: accumulated depreciation	<u>(106,871)</u>	<u>(95,545)</u>
<i>Property and equipment, net</i>	<u>\$ 15,339</u>	<u>\$ 26,665</u>

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 7 - NOTES RECEIVABLE

Build Fund provides corporate lending for economic development purposes. 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:

2021	<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	13	\$60,000 - \$796,000	4.0% - 7.5%	Sept. 2022 - March 2031
Edge Fund	2	\$1,080,000 - \$2,380,000	3.0%	April 2022 - Dec. 2022
<i>Notes receivable - personal</i>				
Edge Fund	35	\$39,000 - \$220,000	.5% - 3.1%	Jan. 2049 - Dec. 2051
2020				
<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

The allowance for doubtful accounts totaled \$1,153,451 as of December 31, 2021, which is comprised of an allowance against notes receivable - corporate of \$634,609 and notes receivable - personal of \$518,842. 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.

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, 2021 and 2020

NOTE 8 - REFUNDABLE ADVANCES

Build Fund was awarded grants to provide loans to businesses 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 \$3,381,616 and \$360,000 as of December 31, 2021 and 2020, 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>2021</u>	<u>2020</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.	\$ 565,877	\$ 574,852
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. This note was repaid in full during the year ended December 31, 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>2,500,000</u>
	<u>\$ 3,188,877</u>	<u>\$ 5,697,852</u>

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 9 - NOTES PAYABLE, Continued

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

2022	\$ 226,786
2023	2,292,842
2024	10,723
2025	11,379
2026	12,075
Thereafter	<u>635,072</u>
	<u>\$ 3,188,877</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 \$25,350, which the Organization amortized in full upon maturity in 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 \$15,063 and \$7,220 as of December 31, 2021 and 2020, respectively. Amortization expense of \$33,193 and \$4,287 is included with interest expense on the consolidated statements of activities and change in net assets during the years ended December 31, 2021 and 2020, 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.

NOTE 12 - NET ASSETS

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

	<u>2021</u>	<u>2020</u>
Technical assistance	\$ 53,385	\$ 125,000
Financial assistance (loan fund)	521,230	316,801
Other	<u>37,463</u>	<u>44,718</u>
	<u>\$ 612,078</u>	<u>\$ 486,519</u>

Purpose restrictions were generally met each of the years following the restrictions.

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 12 - NET ASSETS, Continued

Net assets without donor restrictions includes Board-designated balances of \$4,635,869 and \$1,160,000 as of December 31, 2021 and 2020, respectively. Board-designated net assets are for the following purposes as of December 31:

	<u>2021</u>	<u>2020</u>
Unanticipated budget shortfalls	\$ 950,000	\$ 950,000
Capital available for lending	<u>3,685,869</u>	<u>210,000</u>
	<u>\$ 4,63,869</u>	<u>\$ 1,160,000</u>

NOTE 13 - GRANT FUNDING

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

	<u>2021</u>	<u>2020</u>
FEDERAL PASS-THROUGH AWARDS		
City of Indianapolis	\$ 504,000	\$ 217,629
Indiana Housing and Community Development	<u>-</u>	<u>3,477,540</u>
	<u>504,000</u>	<u>3,695,169</u>
FEDERAL DIRECT AWARDS		
Department of Health and Human Services	635,472	-
Department of Treasury	1,690,915	376,250
NeighborWorks	<u>140,000</u>	<u>25,000</u>
	<u>2,466,387</u>	<u>401,250</u>
<i>Total federal awards</i>	<u>2,970,387</u>	<u>4,096,419</u>
STATE AND LOCAL GRANTS		
Chase Foundation	-	480,000
Health and Hospital Corporation of Marion County	2,108,221	354,116
Indianapolis Neighborhood Housing Partnership	100,000	125,000
City of Indianapolis	100,000	-
IHCDA – Blight Elimination Program	-	215,695
LISC	-	33,137
Lilly Endowment	-	50,000
Other	<u>20,000</u>	<u>25,000</u>
<i>Total state and local grants</i>	<u>2,328,221</u>	<u>1,282,948</u>
<i>Total grant funding</i>	<u>\$ 5,298,608</u>	<u>\$ 5,379,367</u>

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

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 through December 2026. The Organization also leases a copier through June 2022.

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

2022	\$	44,784
2023		43,913
2024		44,959
2025		46,040
2026		22,559

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 17 - 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, 2021	\$ 5,095,907	\$ 7,652,704	\$ 13,539,500	\$ 26,288,111
Less: donor restrictions for specific purposes	(37,463)	(311,319)	(263,296)	(612,078)
Less: notes receivable unlikely to be available for general expenditures within one year	-	(4,124,579)	(7,956,231)	(12,080,810)
Less: restrictions due to Board-designation	<u>(550,000)</u>	<u>(278,887)</u>	<u>(3,806,982)</u>	<u>(4,635,869)</u>
<i>Financial assets available for general use within one year</i>	<u>\$ 4,508,444</u>	<u>\$ 2,937,919</u>	<u>\$ 1,512,991</u>	<u>\$ 8,959,354</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	(44,718)	(153,971)	(287,830)	(486,519)
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>\$ 7,835,752</u>	<u>\$ 1,245,204</u>	<u>\$ (75,955)</u>	<u>\$ 9,005,001</u>

RENEW INDIANAPOLIS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 17 - LIQUIDITY, Continued

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, 2021, the Organization has approximately \$8,960,000 in financial assets available for general use within one year, which represents over three years' worth of cash on hand considering consolidated total expenses incurred during the year ended December 31, 2021.

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 relieve the designations for general use.

NOTE 18 - 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, 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 19 - SUBSEQUENT EVENTS

On December 15, 2021, the Renew Board of Directors authorized the formation of two single member limited liability companies: Affordable HomeMatters, LLC and Renew Landbank, LLC. Both entities were registered with the Indiana Secretary of State on December 22, 2021. Starting in 2022, Renew contributed or transferred cash and property to both entities and began shifting program operations to the two entities. The mission of Renew Landbank, LLC is to renew the community by returning vacant, abandoned, and distressed properties to productive use. The mission of Affordable HomeMatters, LLC is to preserve and develop inclusive, diverse, and equitable homeownership opportunities. On April 22, 2022, Renew legally changed its name to "Intend Indiana, Inc."

SUPPLEMENTARY INFORMATION

RENEW INDIANAPOLIS, INC. AND AFFILIATES
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title	Assistance Listing 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	14.218	POI300005022	<u>\$ 504,000</u>
U.S. DEPARTMENT OF TREASURY			
Community Development Financial Institutions Program	21.020	201FA054876	5,618
Community Development Financial Institutions Program	21.020	201TA054877	125,000
Community Development Financial Institutions Rapid Response Program	21.024	21RRP056618	218,090
Community Development Financial Institutions Rapid Response Program	21.024	21RRP056733	<u>951,594</u>
<i>Total U.S. Department of Treasury</i>			<u>1,300,302</u>
NEIGHBORWORKS SYSTEM PROGRAM	21.115.141		<u>140,000</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass-Through City of Indianapolis			
Community Development Block Grants/Discretionary Awards	93.570	90EE1262-01-00	<u>641,882</u>
<i>Total federal awards expended</i>			<u><u>\$ 2,586,184</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, 2021

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, 2021. 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 expenses, nor 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, 2021

	<u>Renew Indianapolis</u>	<u>Build Fund</u>	<u>Edge Fund</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS					
Cash	\$ 5,064,669	\$ 3,107,480	\$ 5,078,754	\$ -	\$ 13,250,903
Cash - restricted	30,793	-	-	-	30,793
Receivables:					
Grants	-	420,645	504,515	-	925,160
Other	175,576	91,357	3,794,638	(4,061,126) *	445
Prepaid expenses	25,611	300	30,032	-	55,943
Notes receivable - corporate, net of allowance	-	4,124,579	3,287,000	-	7,411,579
Notes receivable - personal, net of allowance	-	-	4,669,231	-	4,669,231
Investments in real estate	1,930,385	-	-	-	1,930,385
Investment in Edge Fund, LLC	4,922,551	-	-	(4,922,551) *	-
Rental real estate, net	538,954	-	-	-	538,954
Property and equipment, net	15,339	-	-	-	15,339
TOTAL ASSETS	<u>\$ 12,703,878</u>	<u>\$ 7,744,361</u>	<u>\$ 17,364,170</u>	<u>\$ (8,983,677)</u>	<u>\$ 28,828,732</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable	\$ 4,563,877	\$ 69,451	\$ 232,483	\$ (4,061,126) *	\$ 804,685
Accrued payroll and benefits	104,042	-	-	-	104,042
Notes payable	3,188,877	-	-	-	3,188,877
Less: unamortized debt issuance costs	(32,403)	-	-	-	(32,403)
Grant obligations payable	50,000	-	-	-	50,000
Security deposits	9,090	-	-	-	9,090
Refundable advances	-	1,690,241	1,691,375	-	3,381,616
<i>Total liabilities</i>	<u>7,883,483</u>	<u>1,759,692</u>	<u>1,923,858</u>	<u>(4,061,126)</u>	<u>7,505,907</u>
NET ASSETS					
Contributed funds - Renew Indianapolis, Inc.	-	-	4,922,551	(4,922,551) *	-
Without donor restrictions:					
Board-designated	550,000	278,887	3,806,982	-	4,635,869
Undesignated	4,232,932	5,394,463	6,447,483	-	16,074,878
With donor restrictions	37,463	311,319	263,296	-	612,078
<i>Total net assets</i>	<u>4,820,395</u>	<u>5,984,669</u>	<u>15,440,312</u>	<u>(4,922,551)</u>	<u>21,322,825</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,703,878</u>	<u>\$ 7,744,361</u>	<u>\$ 17,364,170</u>	<u>\$ (8,983,677)</u>	<u>\$ 28,828,732</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, 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
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 ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended December 31, 2021

	<u>Renew Indianapolis</u>			<u>Build Fund</u>			<u>Edge Fund</u>			<u>Total</u>
	<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>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
REVENUES, SUPPORT, AND GAINS										
Federal awards	\$ 140,000	\$ -	\$ 140,000	\$ 837,557	\$ 273,940	\$ 1,111,497	\$ 1,444,950	\$ 273,940	\$ 1,718,890	\$ 2,970,387
State and local grants	162,537	37,463	200,000	20,000	-	20,000	2,108,221	-	2,108,221	2,328,221
Developer fees	672,166	-	672,166	-	-	-	-	-	-	672,166
Interest income from notes receivable	47,351	-	47,351	259,349	-	259,349	307,402	-	307,402	614,102
Rental income	117,714	-	117,714	-	-	-	-	-	-	117,714
Contributions	73,163	-	73,163	-	-	-	-	-	-	73,163
Loan origination fees	-	-	-	11,880	-	11,880	-	-	-	11,880
Property management fees	5,100	-	5,100	-	-	-	-	-	-	5,100
Other income	4,484	-	4,484	14,842	-	14,842	-	-	-	19,326
Sale of real estate:										
Proceeds from sale	1,749,742	-	1,749,742	-	-	-	-	-	-	1,749,742
Basis of property	(1,199,987)	-	(1,199,987)	-	-	-	-	-	-	(1,199,987)
<i>Gain on sale of real estate</i>	549,755	-	549,755	-	-	-	-	-	-	549,755
Net assets released from restrictions	44,718	(44,718)	-	116,592	(116,592)	-	298,474	(298,474)	-	-
<i>Total revenues, support, and gains</i>	<u>1,816,988</u>	<u>(7,255)</u>	<u>1,809,733</u>	<u>1,260,220</u>	<u>157,348</u>	<u>1,417,568</u>	<u>4,159,047</u>	<u>(24,534)</u>	<u>4,134,513</u>	<u>7,361,814</u>
FUNCTIONAL EXPENSES										
Program services	1,013,435	-	1,013,435	329,453	-	329,453	809,528	-	809,528	2,152,416
Management and general	600,060	-	600,060	12,950	-	12,950	62,758	-	62,758	675,768
Fundraising	20,332	-	20,332	39	-	39	34,870	-	34,870	55,241
<i>Total functional expenses</i>	<u>1,633,827</u>	<u>-</u>	<u>1,633,827</u>	<u>342,442</u>	<u>-</u>	<u>342,442</u>	<u>907,156</u>	<u>-</u>	<u>907,156</u>	<u>2,883,425</u>
CHANGE IN NET ASSETS FROM OPERATIONS	183,161	(7,255)	175,906	917,778	157,348	1,075,126	3,251,891	(24,534)	3,227,357	4,478,389
PPP NOTE PAYABLE FORGIVENESS INCOME	157,500	-	157,500	-	-	-	-	-	-	157,500
CHANGE IN NET ASSETS	340,661	(7,255)	333,406	917,778	157,348	1,075,126	3,251,891	(24,534)	3,227,357	4,635,889
NET ASSETS										
Beginning 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
End of year	<u>\$ 4,782,932</u>	<u>\$ 37,463</u>	<u>\$ 4,820,395</u>	<u>\$ 5,673,350</u>	<u>\$ 311,319</u>	<u>\$ 5,984,669</u>	<u>\$ 10,254,465</u>	<u>\$ 263,296</u>	<u>\$ 10,517,761</u>	<u>\$ 21,322,825</u>

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

	<u>Renew Indianapolis</u>			<u>Build Fund</u>			<u>Edge Fund</u>			<u>Total</u>
	<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>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
REVENUES, SUPPORT, AND GAINS										
Federal awards	\$ 61,154	\$ -	\$ 61,154	\$ 191,250	\$ 60,000	\$ 251,250	\$ 3,659,015	\$ 125,000	\$ 3,784,015	\$ 4,096,419
State and local grants	404,114	44,718	448,832	380,000	100,000	480,000	104,116	250,000	354,116	1,282,948
Developer fees	833,741	-	833,741	-	-	-	-	-	-	833,741
Interest income from notes receivable	24,204	-	24,204	193,545	-	193,545	137,519	-	137,519	355,268
Rental income	108,746	-	108,746	-	-	-	-	-	-	108,746
Contributions	26,755	-	26,755	-	-	-	-	-	-	26,755
Loan origination fees	-	-	-	12,799	-	12,799	187,050	-	187,050	199,849
Property management fees	5,100	-	5,100	-	-	-	-	-	-	5,100
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)	-	-
<i>Total revenues, support, and gains</i>	<u>2,036,220</u>	<u>44,718</u>	<u>2,080,938</u>	<u>819,873</u>	<u>138,119</u>	<u>957,992</u>	<u>4,276,062</u>	<u>186,638</u>	<u>4,462,700</u>	<u>7,501,630</u>
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
<i>Total functional expenses</i>	<u>1,429,446</u>	<u>-</u>	<u>1,429,446</u>	<u>600,168</u>	<u>-</u>	<u>600,168</u>	<u>1,201,743</u>	<u>-</u>	<u>1,201,743</u>	<u>3,231,357</u>
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	<u>\$ 4,442,271</u>	<u>\$ 44,718</u>	<u>\$ 4,486,989</u>	<u>\$ 4,755,572</u>	<u>\$ 153,971</u>	<u>\$ 4,909,543</u>	<u>\$ 7,002,574</u>	<u>\$ 287,830</u>	<u>\$ 7,290,404</u>	<u>\$ 16,686,936</u>

See independent auditors' report



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, 2021, 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 9, 2022.

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

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

Indianapolis, Indiana
June 9, 2022



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 *U.S. Office of Management and Budget Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2021. The Organization's major federal program is 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 the Organization's major federal program 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 the 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 its major federal program for the year ended December 31, 2021.

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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 9, 2022

**RENEW INDIANAPOLIS, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021**

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:	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.024	Community Development Financial Institutions Rapid Response 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.