COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY, FRANKLIN SCHOOL APARTMENTS L.P., 21ST STREET SENIORS, L.P., 21ST STREET SENIORS II, L.P., COMMONS AT SPRING MILL, L.P., AND BEECH GROVE SENIOR, LLC

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.
AND SUBSIDIARY, ET AL.

TABLE OF CONTENTS

DECEMBER 31, 2016

	Page
Independent Auditors' Report	1-2
Financial Statements:	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Changes in Net Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8-18
Supplementary Information:	
Schedule of Expenditures of Federal Awards	19
Notes to Schedule of Expenditures of Federal Awards	20
Details of Consolidating Statement of Financial Position	21
Details of Consolidating Statement of Activities	22
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	23-24
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance	25-26
Schedule of Findings and Questioned Costs	27-28
Summary Schedule of Prior Audit Findings	29

AGRESTA, STORMS & O'LEARY PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Community Action of Greater Indianapolis, Inc. and Subsidiary (a nonprofit organization), Franklin School Apartments, L.P., 21st Street Seniors, L.P., 21st Street Seniors II, L.P., Commons at Spring Mill, L.P., and Beech Grove Senior, LLC (collectively, the Organization or Community Action of Greater Indianapolis, Inc. and Subsidiary, et al.), which comprise the consolidated statements of financial position as of December 31, 2016, and the related consolidated statements of activities, functional expenses, changes in net assets and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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.

5140 Commerce Circle, Indianapolis, IN 46237
317-780-9850 ● www.asocpa.com

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Action of Greater Indianapolis, Inc. and Subsidiary, Franklin School Apartments, L.P., 21st Street Seniors, L.P., 21st Street Seniors II, L.P., Commons at Spring Mill, L.P., and Beech Grove Senior, LLC as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2017, on our consideration of Community Action of Greater Indianapolis, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Community Action of Greater Indianapolis, Inc. and Subsidiary's internal control over financial reporting and compliance.

Agresta, Storms & O'Leary, PC

Indianapolis, Indiana
June 19, 2017

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.
AND SUBSIDIARY, ET AL.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

ASSETS	
Current assets:	
Cash and cash equivalents	$ 756,645
Accounts receivable	290,220
Other assets	39,411
Total current assets	1,086,276
Property and equipment:	
Land and land improvements	6,171,705
Property and equipment	28,432,744
	34,604,449
Accumulated depreciation	(7,526,953)
Net property and equipment	27,077,496
Other assets:	
Restricted deposits and funded reserves	1,131,657
Other deposits	11,000
Deferred costs, net of accumulated amortization	140,167
Total other assets	1,282,824
Total assets	$ 29,446,596
LIABILITIES AND NET ASSETS	
Current liabilities:	
Current portion of long-term debt	$ 3,141,411
Accounts payable	204,940
Other current liabilities	431,983
Total current liabilities	3,778,334
Long-term liabilities:	
Other long-term liabilities	703,135
Long-term debt, net of current portion	5,825,221
Total long-term liabilities	6,528,356
Total liabilities	10,306,690
Net assets:	
Unrestricted net assets	(280,267)
Temporarily restricted net assets	725,000
Noncontrolling interests	18,695,173
Total net assets	19,139,906
Total liabilities and net assets	$ 29,446,596

See accompanying Notes to Consolidated Financial Statements.

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY, ET AL.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues and other support:			
Grant revenues	$ -0-	$ 5,808,394	$ 5,808,394
Other revenues	216,093	-0-	216,093
Rental income	1,984,255	-0-	1,984,255
Interest income	1,106	-0-	1,106
Net gain on disposal of assets held for sale	393,404	-0-	393,404
Total revenues and other support	2,594,858	5,808,394	8,403,252
Net assets released from restrictions	5,808,394	(5,808,394)	-0-
Total revenues and other support	8,403,252	-0-	8,403,252
Expenses:			
Program services:			
Energy and Weatherization	2,457,995	-0-	2,457,995
Children and Youth	191,612	-0-	191,612
Housing and Welfare	1,484,374	-0-	1,484,374
Other	1,199,010	-0-	1,199,010
	5,332,991	-0-	5,332,991
Supporting services:			
General and administrative	764,556	-0-	764,556
Other multifamily housing expenses	3,426,008	-0-	3,426,008
Total expenses	9,523,555	-0-	9,523,555
Decrease in net assets before noncontrolling interests	(1,120,303)	-0-	(1,120,303)
Add back: Loss attributable to noncontrolling interests	1,395,998	-0-	1,395,998
Increase in net assets	$ 275,695	$ -0-	$ 275,695

See accompanying Notes to Consolidated Financial Statements.

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.
AND SUBSIDIARY, ET AL.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Energy and Weatherization	Children and Youth	Housing and Welfare	Other	Program Services Totals	General and Administrative	Total
Advertising	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ 201	$ 201
Benefit payments	2,182,774	64	1,377,872	67,487	3,628,197	8,935	3,637,132
Community relations	248	-0-	-0-	2,709	2,957	9,170	12,127
Temporary help	-0-	133,541	-0-	-0-	133,541	874	134,415
Employee benefits	13,166	-0-	12,470	129,254	154,890	38,634	193,524
In-kind	-0-	30,962	-0-	-0-	30,962	5,125	36,087
Insurance	22,602	631	13,000	33,228	69,461	43,067	112,528
Interest	13,548	-0-	-0-	-0-	13,548	35,153	48,701
Lease	11,481	-0-	14,288	49,891	75,660	66,185	141,845
Maintenance	5,876	-0-	-0-	111	5,987	11,386	17,373
Occupancy	29,796	-0-	24,557	63,501	117,854	98,370	216,224
Other expense	8,253	-0-	1,772	24,058	34,083	7,669	41,752
Payroll taxes	12,601	-0-	1,388	62,412	76,401	19,675	96,076
Postage	597	-0-	855	5,053	6,505	1,353	7,858
Professional fees	19,030	-0-	12,443	76,578	108,051	100,892	208,943
Salaries and wages	126,308	-0-	20,080	656,648	803,036	237,289	1,040,325
Security	-0-	-0-	-0-	-0-	-0-	2,540	2,540
Supplies	3,499	-0-	1,225	5,671	10,395	17,100	27,495
Taxes and licenses	-0-	-0-	-0-	-0-	-0-	962	962
Travel	3,269	26,414	3,058	11,932	44,673	10,957	55,630
Utilities	4,013	-0-	1,366	10,461	15,840	49,019	64,859
Vehicles	934	-0-	-0-	16	950	-0-	950
	$ 2,457,995	$ 191,612	$ 1,484,374	$1,199,010	$ 5,332,991	$ 764,556	$ 6,097,547

See accompanying Notes to Consolidated Financial Statements.

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY, ET AL.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2016

	Controlling Interest				
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total	Noncontrolling Interest	Total
Balance, January 1, 2016	$ 602,717	$ 725,000	$ 1,327,717	$ 15,371,438	$ 16,699,155
Transfer of ownership interest to controlling interest	(1,158,679)	-0-	(1,158,679)	1,158,679	-0-
Increase in net assets	275,695	-0-	275,695	(1,395,998)	(1,120,303)
Capital contributions	-0-	-0-	-0-	3,561,054	3,561,054
Balance, December 31, 2016	$ (280,267)	$ 725,000	$ 444,733	$ 18,695,173	$ 19,139,906

See accompanying Notes to Consolidated Financial Statements.

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.
AND SUBSIDIARY, ET AL.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2016

Cash flow from operating activities:	
Increase in net assets	$ 275,695
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,336,628
Interest - debt issuance costs	13,580
Loan forgiveness	(42,262)
Net gain on disposal of assets held for sale	(393,404)
Loss attributable to noncontrolling interests	(1,395,998)
Changes in assets and liabilities:	
Decrease in accounts receivable	34,871
Decrease in other assets	11,354
Increase in accounts payable	13,224
Increase in other current liabilities	114,013
Increase in other long-term liabilities	240,771
Net cash provided by operating activities	208,472
Cash flow from investing activities:	
Net disbursements from reserve and escrow accounts	(70,099)
Capital expenditures	(2,609,555)
Proceeds from disposal of assets held for sale	1,428,069
Net cash used in investing activities	(1,251,585)
Cash flow from financing activities:	
Net borrowings on line of credit	(200,000)
Net developer fee payments	(87,189)
Borrowings on long-term debt	2,655,493
Repayments on long-term debt	(4,267,127)
Debt issuance costs	(143,169)
Tax credit fees	(60,204)
Capital contributions from noncontrolling interests	3,561,054
Net cash provided by financing activities	1,458,858
Net increase in cash and cash equivalents	415,745
Cash and cash equivalents, beginning of year	340,900
Cash and cash equivalents, end of year	$ 756,645
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	$ 467,830

See accompanying Notes to Consolidated Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Community Action of Greater Indianapolis, Inc. (CAGI), a not-for-profit organization, exists to empower those served to become self-reliant and self-sufficient. Programs include energy assistance, children's services, economic enhancement initiatives, emergency assistance services and housing assistance and improvements. The majority of funding for program services is energy related. The operations also include CAGI Housing, Inc. (Housing); CAGI 21st Street, LLC (CAGI 21st Street), a wholly owned subsidiary of Housing; CAGI 21st Street II, LLC (CAGI 21st Street II), a wholly owned subsidiary of Housing; Commons at Spring Mill, LLC (CAGI Commons), a wholly owned subsidiary of Housing; CAGI Beech Grove, LLC (CAGI Beech Grove), a wholly owned subsidiary of Housing; Franklin School Apartments, L.P. (FSA); 21st Street Seniors, L.P. (21st Street Seniors); 21st Street Seniors II, L.P. (21st Street Seniors II); Commons at Spring Mill, L.P. (Commons at Spring Mill); and Beech Grove Senior, LLC (Beech Grove Senior). Housing, (wholly owned by CAGI), CAGI 21st Street, CAGI 21st Street II, CAGI Commons, and CAGI Beech Grove facilitate the development and operations of FSA, 21st Street Seniors, 21st Street Seniors II, Commons at Spring Mill and Beech Grove Senior affordable housing developments. Housing, CAGI 21st Street, CAGI 21st Street II, CAGI Commons and CAGI Beech Grove had no activity during 2016. See Notes 2 and 3.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of CAGI, Housing, FSA, 21st Street Seniors, 21st Street Seniors II, Commons at Spring Mill, and Beech Grove Senior (collectively, the Organization or Community Action of Greater Indianapolis, Inc. and Subsidiary, et al.). All significant intercompany transactions and balances have been eliminated in consolidation.

BASIS OF PRESENTATION

The Organization reports its activities in the following expense categories: program services, general and administrative expenses, and other multifamily housing expenses, which consist of all other nonprogram expenses. Program services include Energy and Weatherization, which provides low-income area residents financial assistance with energy costs; Children and Youth, which includes the Foster Grandparent Program; and Housing and Welfare, which helps fund various basic repairs to eligible homes. Expenses that are common to these two categories are allocated based upon management's estimate. For example, salaries and wages expense is allocated based on management's estimate of employee time spent on program services and general and administrative activities. Housing, FSA, 21st Street Seniors, 21st Street Seniors II, Commons at Spring Mill, and Beech Grove Senior do not report information in this manner, as they are for-profit enterprises and are not program-driven. Accordingly, all expenses for Housing, FSA, 21st Street Seniors, 21st Street Seniors II, Commons at Spring Mill, and Beech Grove Senior are included in other multifamily housing expenses.

In accordance with FASB ASC Topic 958, *Not-For-Profit Entities*, CAGI reports information regarding its financial position and activities in three categories of net assets: unrestricted, temporarily restricted, and permanently restricted. Housing, FSA, 21st Street Seniors, 21st Street Seniors II, Commons at Spring Mill, and Beech Grove Senior do not report their information in such categories, as they are for-profit enterprises.

Unrestricted net assets include resources which are not subject to donor-imposed restrictions and those resources for which donor-imposed restrictions have been satisfied. Donor-restricted contributions and grants whose restrictions were met in the same year are reported as unrestricted support. Temporarily restricted net assets include assets of CAGI related to contributions with explicit donor-imposed restrictions that may or will be met either by action of CAGI and/or the passage of time. Permanently restricted net assets include assets subject to donor-imposed stipulations in that they are to be maintained permanently by CAGI.

Revenue and support are reported as increases in the appropriate category of net assets for CAGI. Expenses are reported as decreases in unrestricted net assets for CAGI. Gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. CAGI had $725,000 in temporarily restricted net assets and no permanently restricted net assets at December 31, 2016.

BASIS OF ACCOUNTING

The consolidated financial statements for CAGI are prepared in conformity with the basis of accounting prescribed or permitted by the federal grantors, as listed in the schedule of expenditures of federal awards. This basis of accounting differs from accounting principles generally accepted in the United States of America. Except as described in the following paragraphs, CAGI, Housing, FSA, 21st Street Seniors, 21st Street Seniors II, Commons at Spring Mill, an Beech Grove Senior's financial statements are prepared using the accrual basis of accounting whereby revenues and assets are recorded when earned and expenses and liabilities are recorded when incurred.

ACCOUNTS RECEIVABLE

Accounts receivable consists primarily of amounts due from claims submitted by CAGI against federal, state and local grants. The federal government of the United States, the State of Indiana and the City of Indianapolis, combined, account for approximately 88% of the accounts receivable of CAGI at December 31, 2016. Based upon prior history and management's assessment of collectability, no allowance has been deemed necessary for accounts receivable.

Management has determined that operating advances to and interest earned from certain related parties are to be reserved. All amounts related to operating advances to and interest earned from these related parties have been eliminated in the consolidated statement of financial position and consolidated statement of activities as of and for the year ended December 31, 2016.

INVENTORY

Materials and supplies are charged to expense during the period of purchase. As a result, no inventory is recognized for these items in the accompanying consolidated financial statements.

PROPERTY AND EQUIPMENT

Buildings are depreciated over their estimated useful life of 40 years using the straight-line method. Building improvements are depreciated over their useful life of 5, 10 or 15 years using the straight-line method. Equipment is depreciated over its estimated useful life of five years using the straight-line method.

Equipment purchased by CAGI with federal and state grant funds is charged to expense in the period in which it is purchased instead of being recognized as an asset and depreciated over its useful life. As a result, the expenses reflected in the accompanying consolidated financial statements include the cost of equipment purchased with federal and state grant funds during the year rather than a provision for depreciation on equipment.

The equipment purchased is used in the program for which it was purchased or in other future authorized programs. Funding agencies obtain a reversionary interest in any proceeds from the sale of equipment when the original acquisition was paid with federal or state grant funds.

Property and equipment received by CAGI without donor-imposed restrictions is classified as unrestricted net assets.

FSA, 21st Street Seniors, 21st Street Seniors II, Commons at Spring Mill, and Beech Grove Senior record building and improvements at the initial purchase price plus the cost of the renovation. Construction period interest and certain holding costs have been capitalized. The buildings, site improvements, and personal property are depreciated using the straight-line method over lives of 40 to 50 years, 15 to 20 years, and 5 to 10 years, respectively. Depreciation expense totaled $1,322,178 for the year ended December 31, 2016 and is recorded in other multifamily housing expenses on the consolidated statement of activities. Repair and maintenance costs are expensed as incurred.

LONG-LIVED ASSETS

The Organization reviews the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Any long-lived assets held for sale are reported at the lower of their carrying amounts or fair value less the estimated cost to sell. Recoverability for FSA, 21st Street Seniors, 21st Street Seniors II, Commons at Spring Mill, and Beech Grove Senior is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property, including the low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property.

REVENUE RECOGNITION

CAGI recognizes revenues from cost-reimbursement grants in the period in which the related expenses are incurred. Reimbursements requested for grant funds under cost-reimbursement programs prior to related expenses being incurred are recognized as deferred revenue. Development fees earned for services provided in the development of low-income housing tax credit projects are deferred until collected. Revenues for Housing, FSA, 21st Street Seniors, 21st Street Seniors II, Commons at Spring Mill, and Beech Grove Senior are recognized when earned.

INCOME TAXES

CAGI is a not-for-profit organization incorporated under the laws of the State of Indiana and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

CAGI files income tax returns in the U.S. federal jurisdiction and one state. CAGI is no longer subject to U.S. federal or state income tax examinations by tax authorities for the years prior to 2013. Such tax examinations could include questioning CAGI’s tax exempt status and compliance with federal, state, and local tax laws. As of and for the year ended December 31, 2016, tax authorities have not proposed any adjustments that would result in a material change to CAGI’s consolidated financial position. No tax-related interest or penalties have been recorded in these consolidated financial statements. GAAP requires an entity to recognize the financial statement impact of a tax benefit position when it is more likely than not that the position will be sustained upon examination. CAGI does not believe it is taking any uncertain tax benefit positions.

Housing, a C corporation, accounts for income taxes in accordance with FASB ASC Topic 740, *Income Taxes* (Topic 740), as required. Topic 740 provides for current and deferred tax liabilities and assets utilizing an asset and liability approach. No current or deferred taxes were recorded at December 31, 2016.

FSA, 21st Street Seniors, 21st Street Seniors II, and Commons at Spring Mill are organized as limited liability partnerships and Beech Grove Senior is organized as a limited liability company under the Internal Revenue Code. Income, gains, losses and credits are recognized by individual partners and members. Accordingly, no provision for federal and state taxes on revenue and net income has been recognized in the accompanying consolidated financial statements.

GOING CONCERN EVALUATION

Management evaluates whether there are conditions or events that raise substantial doubt about the Company's ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued.

ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses including asset impairment losses. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

ADVERTISING COSTS

The Organization incurs advertising costs in the normal course of business, which are expensed as incurred. Advertising costs totaled $76,713 during the year ended December 31, 2016 and are recorded in general and administrative expenses, program services expense, and in other multifamily housing expenses on the consolidated statement of activities.

CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2016, the Partnership adopted the Interest-Imputation of Interest topic of the FASB ASC 835-30 related to the presentation of debt issuance costs. In previous periods, debt issuance costs were presented as a deferred asset on the balance sheet. The new provision requires debt issuance costs to be presented as a reduction of outstanding debt.

There has been no change to the recognition and measurement of the debt issuance costs after initial recognition; therefore, these costs will continue to be amortized over the life of the respective mortgage using the straight-line method. However, amortization of debt issuance costs is now required to be reported as a component of interest expense. GAAP requires that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not material to the financial statements for the year ended December 31, 2016.

2. LOW-INCOME HOUSING TAX CREDIT (LIHTC) SUBSIDIARIES

CAGI's consolidated financial statements include the activity of FSA, 21st Street Seniors, 21st Street Seniors II, Commons at Spring Mill, and Beech Grove Senior (collectively, the LIHTCs), which are all affordable housing developments formed to operate in compliance with Section 42 of the Internal Revenue Code of 1986. CAGI has made various guarantees related to the financing, management, performance, maintenance and operation of the LIHTCs and certain creditors of these entities may have recourse to CAGI's assets. Also, CAGI has the power to direct the activities that significantly impact the economic performance of these entities including management oversight and strategic decision making. Should the LIHTCs require additional support in the future, it is expected that CAGI would provide it due to the guarantees provided. The related partnership agreements and operating agreements provide for the sale of these multifamily apartment complexes to third parties at the administrative and/or limited partner's/member's option, after completion of the compliance period (defined as 15 taxable years beginning with the first taxable year). The agreements also give CAGI the right of first refusal to acquire the administrative and limited investor partners'/members' interest at the end of the compliance period for a sum equal to the minimum purchase price as defined in the agreements. Furthermore, in the event of noncompliance, CAGI could be required to return the limited partners'/members' contributions or to purchase the limited partners'/members' interests in accordance with the terms of the agreements.

3. RELATED PARTIES

Operating Advances

CAGI makes periodic advances to certain subsidiaries to cover operating expenses. During the year ended December 31, 2016, CAGI was reimbursed a net amount of $4,293 from these subsidiaries for prior year advances. All advances for operating expenses have been eliminated in the consolidated statement of functional expenses.

Notes Receivable and Interest Income

At December 31, 2016, CAGI had advanced notes receivable to FSA with the following long-term obligations:

- Affordable Housing Grant in the amount $500,000. The grant is to be repaid to CAGI to the extent of 75% of annual cash flow generated by the related party with any unpaid amounts due on December 31, 2032. The note is interest free and is secured by a second mortgage on the multifamily apartment complex.

- HOME Investment Partnership Program Grant in the amount of $700,000. The grant is to be repaid to CAGI on the earlier of December 31, 2033 or on the date of sale of the multifamily apartment complex. This note bears interest at the rate of 4.9% per annum. The note is secured by a third mortgage on the multifamily apartment complex.

- CDBG Grant in the amount of $25,000. This note is to be repaid to CAGI on December 31, 2032. The note bears interest at the rate of 5.69% per annum. The note is secured by a fourth mortgage on the multifamily apartment complex.

During the year ended December 31, 2016, CAGI earned interest income in the amount of $35,723 related to notes receivable from FSA. At December 31, 2016, total interest due on these related-party notes receivable was $469,212. These amounts are not included in the consolidated statement of financial position or consolidated statement of activities as of and for the year ended December 31, 2016, as these amounts have been offset by an allowance for the same amount or eliminated from the consolidated financial statements.

OTHER RELATED PARTIES

The Organization has an affiliation with CAAP Housing, Inc., a not-for-profit corporation that shares the same board of directors as CAGI. From time to time, the Organization purchases and provides contracted services on behalf of CAAP Housing, Inc. There were no revenues or expenses related to these activities for the year ended December 31, 2016. There was no amount due from CAAP Housing, Inc. at December 31, 2016.

4. PROPERTY AND EQUIPMENT

As of December 31, 2016, property and equipment for FSA, 21st Street Seniors, 21st Street Seniors II, and Commons at Spring Mill consist of the following:

	Franklin School Apartments, L.P.	21st Street Seniors, L.P.	21st Street Seniors II, L.P.	Commons at Spring Mill L.P.	Beech Grove Senior, LLC	Consolidating Entries	Consolidated
Land and land improvements	$ 111,691	$ 1,767,555	$ 1,380,693	$ 2,816,100	$ 95,666	$ -0-	$ 6,171,705
Building and building improvements, low-income housing apartments	2,901,263	4,806,520	6,372,846	5,793,674	7,461,370	(1,469,081)	25,866,592
Personal property	47,782	620,886	702,175	333,439	861,870	-0-	2,566,152
	3,060,736	7,194,961	8,455,714	8,943,213	8,418,906	(1,469,081)	34,604,449
Accumulated depreciation	(1,263,706)	(2,652,343)	(1,880,893)	(1,249,387)	(480,624)	-0-	(7,526,953)
	$ 1,797,030	$ 4,542,618	$ 6,574,821	$ 7,693,826	$ 7,938,282	$ (1,469,081)	$ 27,077,496

5. LONG-TERM DEBT

Note payable, bank, noninterest-bearing. Forgivable by bank on the 15th anniversary of the completion date of the construction of the FSA low-income housing apartment building if provisions of the agreement are complied with through the date of the note and no demand for payment is made prior to the 15th anniversary. Secured by a mortgage on the FSA apartment building.	$ 500,000
Mortgage payable, bank, in monthly installments of $3,499, including interest at 3.40% per annum. Due January 2051. Secured by a mortgage on certain FSA real estate.	846,605
Note payable, The Community Development Trust, L.P., in monthly installments of $7,890 including interest at 9.48%, with remaining balance due October 2029. Note includes a prepayment penalty and is secured by a mortgage on certain 21st Street Seniors II real estate and assignment of rents and leases. Guaranteed by CAGI 21st Street.	903,039
Mortgage payable, bank, in monthly installments of $7,805, including interest at 6.48% per annum. Due June 30, 2028. Secured by the mortgage and security interest on Commons at Spring Mill and all property and equipment and an assignment of any rents or income to be derived from the project.	1,175,141
Note payable, Indiana Housing and Community Development Authority. Commencing August 31, 2011 and continuing each year until maturity, the outstanding principal balance of the loan is to be reduced annually by one-fifteenth of the original $633,935 principal balance of the loan at 21st Street Seniors II.	380,363
Mortgage payable, bank, in monthly installments of $10,121, including interest at 7.48% per annum. Due February 2026. Secured by a mortgage on certain 21st Street Seniors real estate.	1,288,728
Note payable, Indiana Housing and Community Development Authority. Interest-only payments due monthly at 1.375% per annum through the lesser of 24 months or the conversion date of the note. Commencing on the first day of the 12th month following the conversion date, the note is due in quarterly principal and interest installments of $8,620 with remaining balance due the first day of the 181st calendar month after the conversion date. Secured by personal property and a mortgage on certain property on Commons at Spring Mill real estate.	764,704
Construction note payable, bank, maximum borrowing of $6,400,000, monthly interest payments at LIBOR plus 2.25%, due May 2017, secured by mortgage on certain Beech Grove Senior real estate.	3,051,488
Construction note payable, Indiana Housing and Community Development Authority, maximum borrowing of $400,000, annual payments of $23,132 commencing 12 months after conversion to term loan including interest at 4%, secured by mortgage on certain Beech Grove Senior real estate.	400,000
	9,310,068
Less current portion	(3,141,411)
Less unamortized debt issuance costs	(343,436)
Long-term portion	$ 5,825,221

In May 2017, Beech Grove Senior refinanced a construction note payable. The new mortgage payable, in the amount of $700,000 with interest at 5.65%, matures in June 2032 and is secured by a mortgage on Beech Grove Senior and all property and equipment and an assignment of rents and leases.

Scheduled minimum annual principal repayments of long-term debt in each of the next five years are as follows:

Year ending December 31,	
2017	$ 3,141,411
2018	601,950
2019	107,477
2020	113,178
2021	119,707
Thereafter	5,226,345
	$ 9,310,068

DEBT ISSUANCE COSTS

Financing costs incurred in connection with obtaining financing are being amortized over the life of the respective financing agreements using the straight-line method. Amortization expense was $13,580 for the year ended December 31, 2016 and is recorded in other multifamily housing expenses on the consolidated statement of activities.

Estimated amortization expense for each of the next five years and thereafter is as follows:

Year ending December 31,	
2017	$ 13,580
2018	13,580
2019	13,580
2020	13,580
2021	13,580
Thereafter	275,536
	$ 343,436

6. CONCENTRATIONS

FUNDING

CAGI is substantially funded by grants awarded by the federal government. The majority of the agreements contain provisions which permit the arrangements to be terminated or the funds provided to be reduced if the unit of government does not appropriate an adequate amount of funds to maintain the current funding levels. Any deferred revenue or excess funds on hand under cost reimbursement grants at the termination date would be subject to refund if such funds exceeded the accrued expenditures allowable under the grants and contracts at that date.

In the normal course of operations, CAGI receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. In the opinion of management, the audits will not result in a material liability to CAGI.

During the year ended December 31, 2016, 93% of CAGI's grant revenue was passed through from the Indiana Housing and Community Development Authority.

CREDIT RISK

CAGI, FSA, 21st Street Seniors, 21st Street Seniors II, Commons at Spring Mill, and Beech Grove Senior maintain substantially all temporary cash investments at high credit quality financial institutions. From time to time, such balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

7. LINE OF CREDIT

Subsequent to December 31, 2016, CAGI obtained a line of credit with a bank with maximum availability in the amount of $250,000. Interest is payable monthly at the bank's prime commercial rate plus 0.25% with a minimum rate of 4.0%. This line of credit agreement, scheduled to expire on June 15, 2018, is secured by substantially all assets of CAGI. The line of credit had no outstanding borrowings as of December 31, 2016.

8. LEASE COMMITMENT

CAGI leases office space at a building in Marion County at their primary location. This lease was originally signed in 2011. Addendums were signed in 2012 and 2014 due to changes in the amount of space being leased. The monthly lease payments at December 31, 2016 were $15,776 with future lease payments adjusted through October 2021. CAGI also leases office space in two surrounding counties. These leases, requiring monthly payments of $1,000 and $1,700, respectively, expire at various dates through March 2017. CAGI leases office equipment with monthly payments ranging from $49 to $5,707, which expire at various dates through June 2020. Lease and occupancy expense related to the above leases totaled $350,991 for the year ended December 31, 2016.

The minimum lease commitments for the above leases are as follows:

Year ending December 31,	
2017	$ 297,965
2018	257,796
2019	257,796
2020	223,554
2021	157,760
	$ 1,194,871

9. DEFERRED COSTS

Deferred costs represent mortgage financing and low-income housing tax credit monitoring costs that are being amortized over their estimated useful lives of 15 to 18 years. Amortization expense for the year ended December 31, 2016 totaled $14,450 and is recorded in other multifamily housing expenses on the consolidated statement of activities.

The following represents deferred costs and related accumulated amortization as of December 31, 2016:

Description	
Low-income housing tax credit monitoring costs	$ 212,726
Accumulated amortization	(72,559)
Total deferred costs, net	$ 140,167

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets include assets of CAGI related to contributions with explicit donor-imposed restrictions that may or will be met either by action of CAGI and/or the passage of time. Temporarily restricted net assets as of December 31, 2016 were received from the following:

HOME Investment Partnership Program Funds	$ 700,000
Community Development Block Grant Funds	25,000
	$ 725,000

11. TRANSFER OF OWNERSHIP INTEREST

Franklin School Apartments refinanced its debt in December 2015. In addition to paying off the balance of the original mortgage, proceeds were utilized to fund escrows and to pay exit fees to the former investor limited partner and the former administrative limited partner, who both assigned their interests in Franklin School Apartments to Community Action of Greater Indianapolis, Inc. The transfer, in the amount of ($1,158,679), was recognized as of January 1, 2016 and is included in the consolidated statement of changes in net assets.

12. COMMITMENTS AND CONTINGENCIES

CAGI is a party to action and claims arising in the ordinary course of business. In the opinion of management and legal counsel, the claims and actions can be resolved in a manner which will not result in a material liability to CAGI.

13. NONCASH INVESTING ACTIVITIES

For the year ended December 31, 2016, Beech Grove Senior's cash flow from investing activities related to the purchase of property and equipment includes $236,561 and $1,425,418, which was included in deferred development fees and accounts payable, respectively, at December 31, 2015 and excludes $2,199, which is included in accounts payable at December 31, 2016.

14. SUBSEQUENT EVENTS

In accordance with FASB ASC Topic 855, *Subsequent Events*, the Organization has evaluated subsequent events through June 19, 2017, which is the date these financial statements were available to be issued, and has determined there are no subsequent events that require additional disclosure (see Note 5).

SUPPLEMENTARY INFORMATION

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.
AND SUBSIDIARY, ET AL.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Expenditures
Department of Health and Human Services:		
Passed through Indiana Housing and Community Development Authority:		
Community Services Block Grant	93.569	$ 1,364,260
Low Income Home Energy Assistance - Energy Assistance	93.568	1,335,641
Low Income Home Energy Assistance - Weatherization	93.568	557,137
Total Department of Health and Human Services		3,257,038
Department of Energy:		
Passed through Indiana Housing and Community Development Authority:		
Weatherization Assistance for Low-income Persons	81.042	476,690
Department of Housing and Urban Development:		
Passed through Indiana Housing and Community Development Authority:		
Section 8 Housing Choice Vouchers	14.871	1,458,006
Corporation for National and Community Service:		
Direct Program:		
Foster Grandparents Program	94.011	207,346
Total federal awards expended		$ 5,399,080

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes the federal award expenditures disbursed by Community Action of Greater Indianapolis, Inc. received from the federal government for the year ended December 31, 2016.

For the purpose of the Schedule, federal awards include pass-through funds from grants and contracts entered into directly between CAGI and state or local agencies and departments of the federal government. Expenditures for these federal pass-through programs, as well as nonpass-through programs, are recognized on the accrual basis of accounting.

Equipment

Equipment purchased with federal and state grant funds is charged to expense in the period in which it is purchased instead of being recognized as an asset and depreciated over its useful life. As a result, the expenses reflected in the accompanying schedule include the cost of equipment purchased with federal and state grant funds during the year rather than a provision for depreciation on equipment.

The equipment acquired is used in the program for which it was purchased or in other future authorized programs. Funding agencies obtain a reversionary interest in any proceeds from the sale of equipment when the original acquisition was paid with federal or state grant funds.

Property and equipment received without donor-imposed restrictions is classified as unrestricted net assets.

Inventory

Materials and supplies are charged to expense during the period of purchase. As a result, no inventory is recognized for these items in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL AWARD EXPENDITURES

Expenditures consist of direct and indirect costs. Direct costs are those that can be readily identified with an individual federally sponsored program. Benefit payments made on behalf of an eligible recipient and the materials consumed by the program are examples of direct costs.

Unlike direct costs, indirect costs cannot be readily identified with an individually sponsored project. Indirect costs are the costs of services and resources that benefit many projects as well as nonsponsored projects and activities. Indirect costs primarily consist of expenses incurred for administration, payroll taxes and fringe benefits.

3. MANAGEMENT'S USE OF ESTIMATES

The above basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities reported in the Schedule of Expenditures of Federal Awards. Actual results could differ from those estimates.

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.
AND SUBSIDIARY, ET AL.

DETAILS OF CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

ASSETS	Community Action of Greater Indianapolis, Inc.	CAGI Housing, Inc. and Subsidiary	Community Action of Greater Indianapolis, Inc. and Subsidiary	Franklin School Apartments, L.P.	21st Street Seniors, L.P.	21st Street Seniors II, L.P.	Commons at Spring Mill, L.P.	Beech Grove Senior LLC	Eliminating Entries	Consolidated
Current assets:										
Cash and cash equivalents	$ 526,683	$ -0-	$ 526,683	$ 1,673	$ 11,417	$ 73,806	$ 3,825	$ 139,241	$ -0-	$ 756,645
Accounts receivable	281,558	-0-	281,558	2,797	950	408	4,507	-0-	-0-	290,220
Other assets	-0-	171	171	13,977	15,597	-0-	9,577	260	(171)	39,411
Total current assets	808,241	171	808,412	18,447	27,964	74,214	17,909	139,501	(171)	1,086,276
Property and equipment:										
Land and land improvements	-0-	-0-	-0-	111,691	1,767,555	1,380,693	2,816,100	95,666	-0-	6,171,705
Property and equipment	-0-	-0-	-0-	2,949,045	5,427,406	7,075,021	6,127,113	8,323,240	(1,469,081)	28,432,744
	-0-	-0-	-0-	3,060,736	7,194,961	8,455,714	8,943,213	8,418,906	(1,469,081)	34,604,449
Accumulated depreciation	-0-	-0-	-0-	(1,263,706)	(2,652,343)	(1,880,893)	(1,249,387)	(480,624)	-0-	(7,526,953)
Net property and equipment	-0-	-0-	-0-	1,797,030	4,542,618	6,574,821	7,693,826	7,938,282	(1,469,081)	27,077,496
Other assets:										
Notes receivable, related party	1,225,000	-0-	1,225,000	-0-	-0-	-0-	-0-	-0-	(1,225,000)	-0-
Other receivable, related party	856,456	-0-	856,456	-0-	6,713	(6,713)	-0-	-0-	(856,456)	-0-
Restricted deposits and funded reserves	-0-	-0-	-0-	214,904	255,726	304,603	326,822	29,602	-0-	1,131,657
Other deposits	11,000	-0-	11,000	-0-	-0-	-0-	-0-	-0-	-0-	11,000
Deferred cost, net of accumulated amortization	-0-	-0-	-0-	-0-	12,315	34,211	37,451	56,190	-0-	140,167
Total other assets	2,092,456	-0-	2,092,456	214,904	274,754	332,101	364,273	85,792	(2,081,456)	1,282,824
Total assets	$ 2,900,697	$ 171	$ 2,900,868	$ 2,030,381	$ 4,845,336	$ 6,981,136	$ 8,076,008	$ 8,163,575	$ (3,550,708)	$ 29,446,596

LIABILITIES AND NET ASSETS

Current liabilities:										
Current portion of long-term debt	$ -0-	$ -0-	$ -0-	$ 13,377	$ 25,935	$ 9,481	$ 41,130	$ 3,051,488	$ -0-	$ 3,141,411
Accounts payable	69,149	-0-	69,149	318,895	2,813	8,997	10,342	72,292	(277,548)	204,940
Other current liabilities	42,783	-0-	42,783	504,902	111,468	63,985	92,322	108,400	(491,877)	431,983
Total current liabilities	111,932	-0-	111,932	837,174	140,216	82,463	143,794	3,232,180	(769,425)	3,778,334
Long-term liabilities:										
Other long-term liabilities	719,869	-0-	719,869	482,980	341,468	399,986	21,718	313,439	(1,576,325)	703,135
Long-term debt, net of current portion	500,000	-0-	500,000	1,989,599	1,231,235	1,199,218	1,873,338	256,831	(1,225,000)	5,825,221
Total long-term liabilities	1,219,869	-0-	1,219,869	2,472,579	1,572,703	1,599,204	1,895,056	570,270	(2,801,325)	6,528,356
Total liabilities	1,331,801	-0-	1,331,801	3,309,753	1,712,919	1,681,667	2,038,850	3,802,450	(3,570,750)	10,306,690
Net assets and partners' equity:										
Unrestricted net assets	843,896	171	844,067	-0-	-0-	-0-	-0-	-0-	(1,124,330)	(280,263)
Temporarily restricted net assets	725,000	-0-	725,000	-0-	-0-	-0-	-0-	-0-	-0-	725,000
Noncontrolling interest	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	18,695,169	18,695,169
Partners' equity	-0-	-0-	-0-	(1,279,372)	3,132,417	5,299,469	6,037,158	4,361,125	(17,550,797)	-0-
Total net assets and partners' equity	1,568,896	171	1,569,067	(1,279,372)	3,132,417	5,299,469	6,037,158	4,361,125	20,042	19,139,906
Total liabilities and net assets	$ 2,900,697	$ 171	$ 2,900,868	$ 2,030,381	$ 4,845,336	$ 6,981,136	$ 8,076,008	$ 8,163,575	$ (3,550,708)	$ 29,446,596

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.
AND SUBSIDIARY, ET AL.

DETAILS OF CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

	Community Action of Greater Indianapolis, Inc.	CAGI Housing Inc. and Subsidiary	Community Action of Greater Indianapolis, Inc. and Subsidiary	Franklin School Apartments, L.P.	21st Street Seniors, L.P.	21st Street Seniors II, L.P.	Commons at Spring Mill, L.P.	Beech Grove Senior, LLC	Eliminating Entries	Consolidated
Changes in unrestricted net assets:										
Revenues and other support:										
Grant revenues	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Other revenues	202,552	-0-	202,552	4,213	2,327	43,750	58,457	8,727	(103,933)	216,093
Rental income	152,921	-0-	152,921	244,523	396,451	399,111	466,066	325,183	-0-	1,984,255
Interest income	-0-	-0-	-0-	184	405	236	281	-0-	-0-	1,106
Net gain on disposal of assets held for sale	393,404	-0-	393,404	-0-	-0-	-0-	-0-	-0-	-0-	393,404
Total unrestricted revenues and other support	748,877	-0-	748,877	248,920	399,183	443,097	524,804	333,910	(103,933)	2,594,858
Net assets released from restrictions	5,808,394	-0-	5,808,394	-0-	-0-	-0-	-0-	-0-	-0-	5,808,394
Total unrestricted revenues and support and reclassifications	6,557,271	-0-	6,557,271	248,920	399,183	443,097	524,804	333,910	(103,933)	8,403,252
Expenses:										
Program services:										
Energy and Weatherization	2,457,995	-0-	2,457,995	-0-	-0-	-0-	-0-	-0-	-0-	2,457,995
Children and Youth	191,612	-0-	191,612	-0-	-0-	-0-	-0-	-0-	-0-	191,612
Housing and Welfare	1,484,374	-0-	1,484,374	-0-	-0-	-0-	-0-	-0-	-0-	1,484,374
Other	1,199,010	-0-	1,199,010	-0-	-0-	-0-	-0-	-0-	-0-	1,199,010
	5,332,991	-0-	5,332,991	-0-	-0-	-0-	-0-	-0-	-0-	5,332,991
Supporting services:										
General and administrative	760,263	-0-	760,263	-0-	-0-	-0-	-0-	-0-	4,293	764,556
Other multifamily housing expenses	-0-	-0-	-0-	369,617	613,500	666,250	713,290	1,103,952	(40,601)	3,426,008
Total expenses	6,093,254	-0-	6,093,254	369,617	613,500	666,250	713,290	1,103,952	(36,308)	9,523,555

Increase (decrease) in unrestricted net assets before noncontrolling interest	464,017	-0-	464,017	(120,697)	(214,317)	(223,153)	(188,486)	(770,042)	(67,625)	(1,120,303)
Loss attributable to noncontrolling interests	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,395,998	1,395,998
Increase (decrease) in unrestricted net assets	464,017	-0-	464,017	(120,697)	(214,317)	(223,153)	(188,486)	(770,042)	1,328,373	275,695
Changes in temporarily restricted net assets:										
Grant revenue	5,808,394	-0-	5,808,394	-0-	-0-	-0-	-0-	-0-	-0-	5,808,394
Net assets released from restrictions	(5,808,394)	-0-	(5,808,394)	-0-	-0-	-0-	-0-	-0-	-0-	(5,808,394)
Increase in temporarily restricted net assets	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Increase (decrease) in net assets	$ 464,017	$ -0-	$ 464,017	$ (120,697)	$ (214,317)	$ (223,153)	$ (188,486)	$ (770,042)	$ 1,328,373	$ 275,695

AGRESTA, STORMS
& O'LEARY PC
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of
COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY
(an Indiana Not-For-Profit Corporation)
Indianapolis, Indiana

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 Community Action of Greater Indianapolis, Inc. and Subsidiary (the Organization), Franklin School Apartments, L.P., 21st Street Seniors, L.P., 21st Street Seniors II, L.P., Commons at Spring Mill, L.P., and Beech Grove Senior, LLC which comprise the consolidated statements of financial position as of December 31, 2016, and the related consolidated statements of activities, functional expenses, changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated June 19, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the 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 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Community Action of Greater Indianapolis, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain matters that we have reported to management in a separate letter dated June 19, 2017.

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 result 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.

Indianapolis, Indiana
June 19, 2017

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance

To the Board of Directors
COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY
(an Indiana Not-For-Profit Corporation)
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited Community Action of Greater Indianapolis, Inc. and Subsidiary's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2016. The Organization's major federal programs are identified in the summary of auditor's 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.

Auditor's 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 compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Community Action of Greater Indianapolis, Inc. and Subsidiary 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 identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2016.

Report on Internal Control over Compliance

Management of Community Action of Greater Indianapolis, Inc. and Subsidiary 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 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Purpose of This Report

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.

Ayesta, Storms & O'Leary, PC

Indianapolis, Indiana
June 19, 2017

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2016

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements Summary

Type of auditors' report issued: Unmodified

Is a 'going concern' emphasis-of-matter paragraph included in the audit report?	☐ YES	☒ NO
Is a significant deficiency disclosed?	☐ YES	☒ NO
Is a material weakness disclosed?	☐ YES	☒ NO
Is a material noncompliance disclosed?	☐ YES	☒ NO

Federal Programs Summary

Internal control over major programs:

• Material weakness(es) identified?	☐ YES	☒ NO
• Significant deficiencies identified that are not considered to be material weaknesses?	☐ YES	☒ NO

Type of auditors' report issued: Modified

What is the dollar threshold to distinguish Type A and Type B programs?		$750,000
Did the auditee qualify as a low-risk auditee?	☐ YES	☒ NO
Were Prior Audit Findings related to direct funding shown in the Summary Schedule of Prior Audit Findings?	☐ YES	☒ NO

Indicate which Federal agencies have current year audit findings related to direct funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to direct funding.

CFDA #	Federal Agency	Name of Federal Program or Cluster
None		

Identification of major programs

CFDA #	Federal Agency	Name of Federal Program or Cluster
93.568	Department of Health and Human Services	Low Income Home Energy Assistance – Energy Assistance
93.568	Department of Health and Human Services	Low Income Home Energy Assistance – Weatherization
81.042	Department of Energy	Weatherization Assistance

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS
SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

<u>FINDINGS - SECTION II AND SECTION III COMBINED</u>

None Noted

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2016

***Department of Health and Human Services* - CFDA 93.568 Energy Assistance**

Finding No. 2015-01 – COMPLIANCE FINDING AND MATERIAL WEAKNESS OVER COMPLIANCE

Statement of Condition: Selected 66 files and 2 claims to test and noted the following:

- 1 instance where Points to Remember forms were either not signed or not included in the files;
- 15 instances where the month or quarter of application was not included in the income calculation resulting in less than 12 months of annualized income;
- 2 instances where program application was not signed by CAGI personnel;
- 1 instance where an adult resident's wages were not verified in the file.

Recommendation: Management should continue to review control procedures over intake and other quality control procedures for additional improvements. Also, management should continue to evaluate the use of certain income documentation to ensure that an accurate income figure is used for recipients.

Current Status: Cleared

***Department of Energy* - CFDA 81.042 Weatherization Assistance**

Finding No. 2015-02 – SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE

Statement of Condition: Selected 15 files and 2 claims to test and noted the following:

Noted several instances where payments to subcontractors exceeded the maximum 45 day period.

Recommendation: Management should review control procedures related to subcontractor payments to ensure payments are made within 45 days of the invoice date.

Current Status: Cleared