

**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, 2015

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

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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, 2015, 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.

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

Opinion

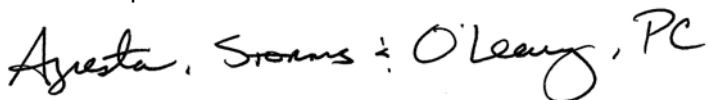
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Action of Greater Indianapolis, Inc. and Subsidiary, Franklin School Apartments, L.P., 21st Street Seniors, L.P., 21st Street Seniors II, L.P., Commons at Spring Mill, L.P., and Beech Grove Senior, LLC as of December 31, 2015, 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 May 23, 2016, 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.



Indianapolis, Indiana
May 23, 2016

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

ASSETS

Current assets:	
Cash and cash equivalents	\$ 340,900
Accounts receivable	324,743
Assets held for sale	1,034,665
Other assets	50,765
	<u>1,751,073</u>
Total current assets	
Property and equipment:	
Land and land improvements	6,076,039
Property and equipment	20,346,055
	<u>26,422,094</u>
Accumulated depreciation	(6,206,247)
	<u>20,215,847</u>
Net property and equipment	
Other assets:	
Other receivable, related party	348
Construction in progress	6,999,690
Restricted deposits and funded reserves	1,061,558
Other deposits	11,000
Deferred costs, net of accumulated amortization	308,260
	<u>8,380,856</u>
Total other assets	
Total assets	
	<u>\$ 30,347,776</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Current portion of long-term debt	\$ 1,306,398
Line of credit	200,000
Accounts payable	1,617,134
Other current liabilities	317,970
	<u>3,441,502</u>
Total current liabilities	
Long-term liabilities:	
Other long-term liabilities	549,553
Long-term debt, net of current portion	9,657,566
	<u>10,207,119</u>
Total long-term liabilities	
Total liabilities	
	<u>13,648,621</u>
Net assets:	
Unrestricted net assets	602,717
Temporarily restricted net assets	725,000
Noncontrolling interests	15,371,438
	<u>16,699,155</u>
Total net assets	
Total liabilities and net assets	
	<u>\$ 30,347,776</u>

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, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues and other support:			
Grant revenues	\$ -0-	\$ 5,386,794	\$ 5,386,794
Other revenues	311,689	-0-	311,689
Rental income	1,650,479	-0-	1,650,479
Interest income	1,480	-0-	1,480
Impairment loss on assets held for sale	(181,075)	-0-	(181,075)
Total revenues and other support	1,782,573	5,386,794	7,169,367
Net assets released from restrictions	5,386,794	(5,386,794)	-0-
Total revenues and other support	7,169,367	-0-	7,169,367
Expenses:			
Program services:			
Energy and Weatherization	2,329,877	-0-	2,329,877
Children and Youth	214,617	-0-	214,617
Housing and Welfare	1,504,275	-0-	1,504,275
Other	1,067,351	-0-	1,067,351
	5,116,120	-0-	5,116,120
Supporting services:			
General and administrative	772,197	-0-	772,197
Other multifamily housing expenses	2,305,643	-0-	2,305,643
Total expenses	8,193,960	-0-	8,193,960
Decrease in net assets before noncontrolling interests	(1,024,593)	-0-	(1,024,593)
Add back: Loss attributable to noncontrolling interests	771,800	-0-	771,800
Decrease in net assets	\$ (252,793)	\$ -0-	\$ (252,793)

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, 2015

	Energy and Weatherization	Children and Youth	Housing and Welfare	Other	Program Services Totals	General and Administrative	Total
Advertising	\$ -0-	\$ -0-	\$ 3,985	\$ 90	\$ 4,075	\$ 140	\$ 4,215
Benefit payments	1,917,983	29,360	1,218,018	29,461	3,194,822	2,207	3,197,029
Community relations	178	871	176	1,718	2,943	3,321	6,264
Temporary help	-0-	122,267	390	20,411	143,068	-0-	143,068
Depreciation	-0-	-0-	-0-	-0-	-0-	36,789	36,789
Employee benefits	32,938	-0-	12,036	102,688	147,662	50,564	198,226
In-kind	-0-	31,173	-0-	-0-	31,173	-0-	31,173
Insurance	18,495	325	5,797	31,746	56,363	37,916	94,279
Interest	-0-	-0-	-0-	-0-	-0-	51,448	51,448
Lease	11,560	-0-	24,970	29,095	65,625	37,482	103,107
Maintenance	157	-0-	178	49	384	37,143	37,527
Occupancy	48,781	-0-	39,195	44,455	132,431	77,851	210,282
Other expense	2,410	-0-	311	19,006	21,727	6,568	28,295
Payroll taxes	15,436	-0-	11,528	44,433	71,397	16,621	88,018
Postage	6,182	-0-	481	5,112	11,775	1,502	13,277
Professional fees	57,264	-0-	17,201	88,344	162,809	63,414	226,223
Salaries and wages	212,385	-0-	158,631	589,205	960,221	252,648	1,212,869
Security	87	-0-	587	185	859	732	1,591
Supplies	15,817	-0-	2,570	14,708	33,095	2,743	35,838
Taxes and licenses	-0-	-0-	25	111	136	874	1,010
Travel	4,163	30,621	2,607	30,770	68,161	2,854	71,015
Utilities	(15,242)	-0-	5,589	15,685	6,032	89,380	95,412
Vehicles	1,283	-0-	-0-	79	1,362	-0-	1,362
	<u>\$ 2,329,877</u>	<u>\$ 214,617</u>	<u>\$ 1,504,275</u>	<u>\$ 1,067,351</u>	<u>\$ 5,116,120</u>	<u>\$ 772,197</u>	<u>\$ 5,888,317</u>

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, 2015

	Controlling Interest			Noncontrolling Interest	Total
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total		
Balance, January 1, 2015	\$ 855,510	\$ 725,000	\$ 1,580,510	\$ 14,956,146	\$ 16,536,656
Decrease in net assets	(252,793)	-0-	(252,793)	(771,800)	(1,024,593)
Capital contributions	-0-	-0-	-0-	1,187,092	1,187,092
Balance, December 31, 2015	<u>\$ 602,717</u>	<u>\$ 725,000</u>	<u>\$ 1,327,717</u>	<u>\$ 15,371,438</u>	<u>\$ 16,699,155</u>

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, 2015

Cash flow from operating activities:	
Decrease in net assets	\$ (252,793)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation and amortization	925,335
Loan forgiveness	(42,262)
Impairment loss on assets held for sale	181,075
Loss attributable to noncontrolling interests	(771,800)
Changes in assets and liabilities:	
Decrease in accounts receivable	230,405
Increase in other assets	(10,055)
Decrease in accounts payable	(257,234)
Decrease in other current liabilities	(89,880)
Increase in other long-term liabilities	<u>32,687</u>
Net cash used in operating activities	<u>(54,522)</u>
Cash flow from investing activities:	
Net receipts from reserve and escrow accounts	74,765
Capital expenditures	(5,785)
Capital expenditures-construction in progress	<u>(4,519,997)</u>
Net cash used in investing activities	<u>(4,451,017)</u>
Cash flow from financing activities:	
Net developer fee payments	(5,000)
Borrowings on long-term debt	4,154,424
Repayments on long-term debt	(121,064)
Net payments on bridge loan	(1,182,845)
Capital contributions from noncontrolling interests	<u>1,187,092</u>
Net cash provided by financing activities	<u>4,032,607</u>
Net decrease in cash and cash equivalents	(472,932)
Cash and cash equivalents, beginning of year	<u>813,832</u>
Cash and cash equivalents, end of year	<u><u>\$ 340,900</u></u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u><u>\$ 426,884</u></u>

See accompanying Notes to Consolidated Financial Statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

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 we serve 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 2015. 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 2015.

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, and 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 and the State of Indiana, combined, account for approximately 91% of the accounts receivable of CAGI at December 31, 2015. Based upon prior history and management's assessment of collectability, no allowance has been deemed necessary for accounts receivable.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 2015.

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 \$896,390 for the year ended December 31, 2015 and is recorded in general and administrative expenses and in other multifamily housing expenses on the consolidated statement of activities. Repair and maintenance costs are expensed as incurred.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

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 2012. 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, 2015, 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 2015.

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.

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 \$15,917 during the year ended December 31, 2015 and are recorded in general and administrative expenses, program services expense, and in other multifamily housing expenses on the consolidated statement of activities.

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

During the year ended December 31, 2014, the development and construction of Beech Grove Senior, LLC was begun. Construction in progress in the amount of \$6,999,690 is included in the consolidated statement of financial position at December 31, 2015. Beech Grove Senior, LLC is expected to be completed and placed in service no later than December 31, 2016.

3. RELATED PARTIES

OPERATING ADVANCES

CAGI makes periodic advances to certain subsidiaries to cover operating expenses. During the year ended December 31, 2015, CAGI was reimbursed a net amount of \$12,344 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, 2015, 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, 2015, CAGI earned interest income in the amount of \$35,723 related to notes receivable from FSA. At December 31, 2015, total interest due on these related-party notes receivable was \$433,491. 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, 2015, 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, 2015. There was no amount due from CAAP Housing, Inc. at December 31, 2015.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

4. PROPERTY AND EQUIPMENT

As of December 31, 2015, property and equipment for CAGI, FSA, 21st Street Seniors, 21st Street Seniors II, and Commons at Spring Mill consist of the following:

	December 31, 2015						
	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.	Consolidating Entries	Consolidated
Land and land improvements	\$ -0-	\$ 111,691	\$ 1,767,555	\$ 1,380,693	\$ 2,816,100	\$ -0-	\$ 6,076,039
Building and building improvements, low-income housing apartments	-0-	2,901,263	4,806,520	6,372,846	5,788,975	(1,227,831)	18,641,773
Administrative buildings	-0-	-0-	-0-	-0-	-	-0-	-0-
Personal property	-0-	47,782	620,886	702,175	333,439	-0-	1,704,282
	-0-	3,060,736	7,194,961	8,455,714	8,938,514	(1,227,831)	26,422,094
Accumulated depreciation	-0-	(1,202,862)	(2,412,865)	(1,610,497)	(980,023)	-0-	(6,206,247)
	<u>\$ -0-</u>	<u>\$ 1,857,874</u>	<u>\$ 4,782,096</u>	<u>\$ 6,845,217</u>	<u>\$ 7,958,491</u>	<u>\$ (1,227,831)</u>	<u>\$ 20,215,847</u>

5. ASSETS HELD FOR SALE

In 2015, CAGI adopted a plan to dispose of its building and related improvements located in Lebanon, Indiana. CAGI entered into a purchase agreement in September 2015 for the sale of the property at a price of \$650,000 and expects that the final sale and disposal of the asset will be completed during 2016. In connection with the plan of disposal, CAGI determined that the carrying value of the assets exceeded their fair value. Consequently, CAGI recorded an impairment loss of \$181,075, which represents the excess of the carrying value of the assets over their fair value, less estimated cost to sell. The impairment loss is recorded as a separate line item in the consolidated statement of activities for 2015.

CAGI adopted an additional plan in 2015 to dispose of an administrative building and related improvements located in Indianapolis, Indiana. Subsequent to December 31, 2015, CAGI entered into a purchase agreement for the sale of the property at a price of \$825,000 and expects that the final sale and disposal of the asset will be completed during 2016. In connection with the plan of disposal, CAGI determined that the fair value of the assets exceeded their carrying value, and therefore no impairment on the property exists.

The carrying value of the assets that are held for sale is separately presented in the consolidated statement of financial position in the caption "Assets held for sale," and these assets are no longer being depreciated.

**COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

6. LONG-TERM DEBT

Note payable, bank, in monthly installments of \$8,571, including interest at 6.30%. Effective as of November 1, 2015, monthly principal payments are \$1,500 plus interest. Due May 31, 2016, contingent on sale of the Lebanon building (see Note 5). Secured by substantially all of the assets of CAGI.	\$ 500,987
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
Note payable, bank, in monthly installments of \$3,487 and one balloon payment of \$344,021, including interest at 4.179%. Due June 10, 2016. Secured by a mortgage on certain CAGI real estate (See Note 5).	357,534
Mortgage payable, bank, in monthly installments of \$3,499, with interest at 3.40% per annum. Due January 2051. Secured by a mortgage on certain FSA real estate.	858,500
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.	911,666
Mortgage payable, bank, in monthly installments of \$7,805, with 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.	1,190,816
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.	422,625
Mortgage payable, bank, in monthly installments of \$10,121, with interest at 7.48% per annum. Due February 2026. Secured by a mortgage on certain 21st Street Seniors real estate.	1,312,800
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.	788,466
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.	3,755,969
Construction note payable, Indiana Housing and Community Development Authority, maximum borrowing of \$400,000, due November 2016 including interest at 4.00%, secured by mortgage on certain Beech Grove Senior real estate.	364,601
	10,963,964
Less current portion	(1,306,398)
Long-term portion	\$ 9,657,566

**COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

<u>Year ending December 31.</u>	
2016	\$ 1,306,398
2017	3,845,892
2018	594,818
2019	100,057
2020	105,457
Thereafter	<u>5,011,342</u>
	<u><u>\$ 10,963,964</u></u>

7. 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, 2015, 93% of CAGI's grant revenue was passed through from the Indiana Housing and Community Development Authority, of which the Energy Assistance Program accounted for 35% of CAGI's total grant revenue.

In 2015, the National Foreclosure Mitigation Counseling Program and the Indiana's Hardest Hit Fund, both awarded through the Indiana Foreclosure Prevention Network, were discontinued as the application for the grants for the period July 1, 2015 through June 30, 2016 were not approved. The grant awards for these discontinued programs amounted to \$621,691 for the period July 1, 2014 through June 30, 2015.

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

8. LINE OF CREDIT

CAGI has a line of credit with a bank with maximum availability in the amount of \$200,000. Interest is payable monthly at the bank's daily LIBOR rate plus 3.0% (3.43% at December 31, 2015). This line of credit agreement, scheduled to expire on May 31, 2016, is secured by substantially all assets of CAGI. The line of credit had outstanding borrowings of \$200,000 at December 31, 2015.

9. 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, 2015 were \$14,372 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 May 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 \$313,389 for the year ended December 31, 2015.

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

<u>Year ending December 31,</u>	
2016	\$ 340,777
2017	290,741
2018	247,572
2019	247,572
2020	<u>213,330</u>
	<u>\$ 1,339,992</u>

10. 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, 2015 totaled \$28,945 and is recorded in other multifamily housing expenses on the consolidated statement of activities.

**COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

The following represents deferred costs and related accumulated amortization as of December 31, 2015:

<u>Description</u>	
Mortgage finance costs	\$ 271,961
Low-income housing tax credit monitoring costs	156,536
Accumulated amortization	<u>(120,237)</u>
Total deferred costs, net	<u><u>\$ 308,260</u></u>

11. 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, 2015 were received from the following:

HOME Investment Partnership Program Funds	\$ 700,000
Community Development Block Grant Funds	<u>25,000</u>
	<u><u>\$ 725,000</u></u>

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 AND FINANCING ACTIVITIES

During 2015, FSA refinanced its mortgage resulting in noncash investing and financing activities of \$824,646, which included the payoff of the old mortgage, additional loan fees, and funding of escrows and reserves.

During 2015, CAGI reclassified buildings and improvements of \$1,034,665, net of impairment loss, to assets held for sale on the consolidated statement of financial position (See Note 5).

14. SUBSEQUENT EVENTS

In accordance with FASB ASC Topic 855, *Subsequent Events*, the Organization has evaluated subsequent events through May 23, 2016, which is the date these financial statements were available to be issued. See Notes 5 and 6 for disclosure of subsequent events.

SUPPLEMENTARY INFORMATION

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2015

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	\$ 1,285,783
Low Income Home Energy Assistance	93.568	1,873,766
Temporary Assistance for Needy Families (TANF)-State Energy Assistance	93.558	<u>105,393</u>
Total Department of Health and Human Services		<u>3,264,942</u>
Department of Energy:		
Passed through Indiana Housing and Community Development Authority:		
Weatherization Assistance for Low-income Persons	81.042	<u>547,555</u>
Department of Housing and Urban Development:		
Passed through Indiana Housing and Community Development Authority:		
Section 8 Housing Choice Vouchers	14.871	<u>1,203,081</u>
Corporation for National and Community Service:		
Direct Program:		
Foster Grandparents Program	94.011	<u>196,333</u>
Total federal awards expended		<u><u>\$ 5,211,911</u></u>

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2015

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, 2015.

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, 2015

	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
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 124,888	\$ -0-	\$ 124,888	\$ 4,635	\$ 13,671	\$ 109,455	\$ 49,030	\$ 39,221	\$ -0-	\$ 340,900
Accounts receivable	317,139	-0-	317,139	2,002	1,021	219	4,362	-0-	-0-	324,743
Assets held for sale	1,034,665	-0-	1,034,665	-0-	-0-	-0-	-0-	-0-	-0-	1,034,665
Other assets	-0-	171	171	28,428	15,125	-0-	7,212	-0-	(171)	50,765
Total current assets	1,476,692	171	1,476,863	35,065	29,817	109,674	60,604	39,221	(171)	1,751,073
Property and equipment:										
Land and land improvements	-0-	-0-	-0-	111,691	1,767,555	1,380,693	2,816,100	-0-	-0-	6,076,039
Property and equipment	-0-	-0-	-0-	2,949,045	5,427,406	7,075,021	6,122,414	-0-	(1,227,831)	20,346,055
Accumulated depreciation	-0-	-0-	-0-	3,060,736	7,194,961	8,455,714	8,938,514	-0-	(1,227,831)	26,422,094
	-0-	-0-	-0-	(1,202,862)	(2,412,865)	(1,610,497)	(980,023)	-0-	-0-	(6,206,247)
Net property and equipment	-0-	-0-	-0-	1,857,874	4,782,096	6,845,217	7,958,491	-0-	(1,227,831)	20,215,847
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	956,276	-0-	956,276	-0-	-0-	388	-0-	-0-	(956,316)	348
Construction in progress	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,103,440	(103,750)	6,999,690
Restricted deposits and funded reserves	-0-	-0-	-0-	210,303	232,109	284,086	335,060	-0-	-0-	1,061,558
Other deposits	11,000	-0-	11,000	-0-	-0-	-0-	-0-	-0-	-0-	11,000
Deferred cost, net of accumulated amortization	-0-	-0-	-0-	70,648	49,909	119,049	68,654	-0-	-0-	308,260
Total other assets	2,192,276	-0-	2,192,276	280,951	282,018	403,523	403,714	7,103,440	(2,285,066)	8,380,856
Total assets	\$ 3,668,968	\$ 171	\$ 3,669,139	\$ 2,173,890	\$ 5,093,931	\$ 7,358,414	\$ 8,422,809	\$ 7,142,661	\$ (3,513,068)	\$ 30,347,776

LIABILITIES AND NET ASSETS

Current liabilities:

Current portion of long-term debt	\$ 858,521	\$ -0-	\$ 858,521	\$ 11,070	\$ 24,071	\$ 8,626	\$ 39,509	\$ 364,601	\$ -0-	\$ 1,306,398
Line of credit	200,000	-0-	200,000	-0-	-0-	-0-	-0-	-0-	-0-	200,000
Accounts payable	130,631	-0-	130,631	300,757	4,136	8,727	2,745	1,451,978	(281,840)	1,617,134
Other current liabilities	55,248	-0-	55,248	464,848	88,793	66,090	98,420	-0-	(455,429)	317,970
Total current liabilities	1,244,400	-0-	1,244,400	776,675	117,000	83,443	140,674	1,816,579	(737,269)	3,441,502

Long-term liabilities:

Other long-term liabilities	819,689	-0-	819,689	483,460	341,468	426,684	116,718	-0-	(1,638,466)	549,553
Long-term debt, net of current portion	500,000	-0-	500,000	2,072,430	1,288,729	1,325,665	1,939,773	3,755,969	(1,225,000)	9,657,566
Total long-term liabilities	1,319,689	-0-	1,319,689	2,555,890	1,630,197	1,752,349	2,056,491	3,755,969	(2,863,466)	10,207,119
Total liabilities	2,564,089	-0-	2,564,089	3,332,565	1,747,197	1,835,792	2,197,165	5,572,548	(3,600,735)	13,648,621

Net assets and partners' equity:

Unrestricted net assets	379,879	171	380,050	-0-	-0-	-0-	-0-	-0-	222,667	602,717
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-	15,371,438	15,371,438
Partners' equity	-0-	-0-	-0-	(1,158,675)	3,346,734	5,522,622	6,225,644	1,570,113	(15,506,438)	-0-
Total net assets and partners' equity	1,104,879	171	1,105,050	(1,158,675)	3,346,734	5,522,622	6,225,644	1,570,113	87,667	16,699,155
Total liabilities and net assets	\$ 3,668,968	\$ 171	\$ 3,669,139	\$ 2,173,890	\$ 5,093,931	\$ 7,358,414	\$ 8,422,809	\$ 7,142,661	\$ (3,513,068)	\$ 30,347,776

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

DETAILS OF CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

	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	230,430	-0-	230,430	4,216	1,943	43,395	31,705	-0-	-0-	311,689
Rental income	159,414	-0-	159,414	222,296	393,499	391,698	483,572	-0-	-0-	1,650,479
Interest income	-0-	-0-	-0-	46	1,034	167	233	-0-	-0-	1,480
Impairment loss on assets held for sale	(181,075)	-0-	(181,075)	-0-	-0-	-0-	-0-	-0-	-0-	(181,075)
Total unrestricted revenues and other support	208,769	-0-	208,769	226,558	396,476	435,260	515,510	-0-	-0-	1,782,573
Net assets released from restrictions	5,386,794	-0-	5,386,794	-0-	-0-	-0-	-0-	-0-	-0-	5,386,794
Total unrestricted revenues and support and reclassifications	5,595,563	-0-	5,595,563	226,558	396,476	435,260	515,510	-0-	-0-	7,169,367
Expenses:										
Program services:										
Energy and Weatherization	2,329,877	-0-	2,329,877	-0-	-0-	-0-	-0-	-0-	-0-	2,329,877
Children and Youth	214,617	-0-	214,617	-0-	-0-	-0-	-0-	-0-	-0-	214,617
Housing and Welfare	1,504,275	-0-	1,504,275	-0-	-0-	-0-	-0-	-0-	-0-	1,504,275
Other	1,067,351	-0-	1,067,351	-0-	-0-	-0-	-0-	-0-	-0-	1,067,351
	5,116,120	-0-	5,116,120	-0-	-0-	-0-	-0-	-0-	-0-	5,116,120
Supporting services:										
General and administrative	759,853	-0-	759,853	-0-	-0-	-0-	-0-	-0-	12,344	772,197
Other multifamily housing expenses	-0-	-0-	-0-	366,705	633,074	632,634	713,191	-0-	(39,961)	2,305,643
Total expenses	5,875,973	-0-	5,875,973	366,705	633,074	632,634	713,191	-0-	(27,617)	8,193,960

Decrease in unrestricted net assets before noncontrolling interest	(280,410)	-0-	(280,410)	(140,147)	(236,598)	(197,374)	(197,681)	-0-	27,617	(1,024,593)
Loss attributable to noncontrolling interests	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	771,800	771,800
Decrease in unrestricted net assets	<u>(280,410)</u>	<u>-0-</u>	<u>(280,410)</u>	<u>(140,147)</u>	<u>(236,598)</u>	<u>(197,374)</u>	<u>(197,681)</u>	<u>-0-</u>	<u>799,417</u>	<u>(252,793)</u>
Changes in temporarily restricted net assets:										
Grant revenue	5,386,794	-0-	5,386,794	-0-	-0-	-0-	-0-	-0-	-0-	5,386,794
Net assets released from restrictions	<u>(5,386,794)</u>	<u>-0-</u>	<u>(5,386,794)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(5,386,794)</u>
Increase in temporarily restricted net assets	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Decrease in net assets	<u>\$ (280,410)</u>	<u>\$ -0-</u>	<u>\$ (280,410)</u>	<u>\$ (140,147)</u>	<u>\$ (236,598)</u>	<u>\$ (197,374)</u>	<u>\$ (197,681)</u>	<u>\$ -0-</u>	<u>\$ 799,417</u>	<u>\$ (252,793)</u>



**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, 2015, 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 May 23, 2016.

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.

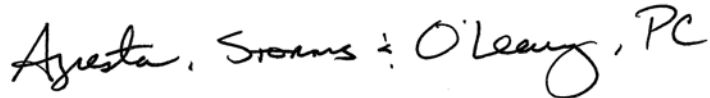
Compliance and Other Matters

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 May 23, 2016.

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.

A handwritten signature in cursive script that reads "Ayesta, Swans & O'Leary, PC".

Indianapolis, Indiana
May 23, 2016



**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, 2015. 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.

Basis for Qualified Opinion on Low Income Home Energy Assistance

As described in the accompanying Schedule of Findings and Questioned Costs, Community Action of Greater Indianapolis, Inc. and Subsidiary did not comply with requirements regarding CFDA 93.568 Low Income Home Energy Assistance as described in finding number 2015-01 for eligibility consideration and documentation. Compliance with such requirements is necessary, in our opinion, for Community Action of Greater Indianapolis, Inc. to comply with the requirements applicable to that program.

Qualified Opinion on Low Income Home Energy Assistance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 CFDA 93.568 Low Income Home Energy Assistance for the year ended December 31, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other 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, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2015-02. Except for the noncompliance described in the Basis for Qualified Opinion paragraph, our opinion on each major federal program is not modified with respect to these matters.

Community Action of Greater Indianapolis, Inc. and Subsidiary's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Community Action of Greater Indianapolis, Inc. and Subsidiary's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

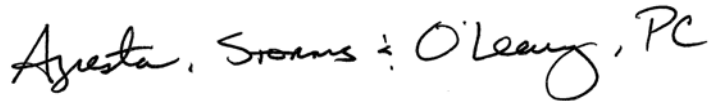
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses 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, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as 2015-01 and 2015-02 to be significant deficiencies.

The Organization's response to the compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Indianapolis, Indiana
May 23, 2016

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2015

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.

<u>CFDA #</u>	<u>Federal Agency</u>	<u>Name of Federal Program or Cluster</u>
None		

Identification of major programs

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

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2015

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

FINDINGS - SECTION II AND SECTION III COMBINED

Department of Health and Human Services - CFDA 93.568 Energy Assistance

Finding No. 2015-01 – COMPLIANCE FINDING AND SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL 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.

Criteria: Eligibility files are required to be maintained and include certain information including: properly completed applications, income verification, and utility bill verifications. Matrix points should be awarded based on the current Energy Assistance Program Benefit Matrix form. Income should be calculated using current and complete information.

Effect: Eligibility for the recipients cannot be verified without the required documentation and the amount of assistance awarded may not be correct due to the potential of incorrect matrix points being awarded.

Cause: The control procedures over the intake and quality control procedures did not operate effectively. In addition, accepted income verification from a state agency being used to annualize income may not contain current and complete information.

Questioned Costs: Unknown

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.

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2015

Management Response: Management asserts that the reduced number of findings and questioned costs is a direct result of policies and procedures that have been put into place to improve the management of the program. The Organization will continue to work to improve the program's management by focusing on training and adherence to internal and program policies and procedures. Management feels that the method used in the application process to calculate income from the State provided verification reports does conform to the method prescribed by the oversight agency.

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.

Criteria: Sub-grantees must maintain and implement written procedures to minimize the time elapsing between the transfer of funds to the sub-grantee and the sub-grantee's issuance of payment to subcontractors for program purposes. Sub-grantees will have a total of 45 days from the receipt of subcontractor invoice, to check issuance, to the funds being withdrawn from sub-grantee's account for Department of Energy funded grants.

Effect: Funding held for greater than 45 days from the receipt of subcontractor invoices is in violation of the fiscal policies and procedures of IHEDA and the State of Indiana.

Cause: The control procedures related to subcontractor payments did not operate effectively.

Questioned Costs: None

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

Management Response: Management has addressed the procedures involved with the approval and payment of subcontractor invoices to comply with program requirements. All staff involved in approving and processing these payments have been made aware of the importance of issuing payments within 45 days of receipt of the invoice and management expects future compliance with this requirement.

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2015

Department of Health and Human Services - CFDA 93.568 Energy Assistance

Finding No. 2014-01 – COMPLIANCE FINDING AND MATERIAL WEAKNESS OVER COMPLIANCE

Statement of Condition: Selected 67 files and 2 claims to test and noted the following:

- 9 instances where Points to Remember forms were either not signed or not included in the files;
- 3 instances where client files could not be located
- 4 instances where the month of application was not included in the income calculation resulting in only 11 months of annualized income;
- 1 instances where no proof of disability was included in the file;
- 1 instance where single site residence was marked on the application and used for the benefit calculation, but the client lived in multifamily housing;
- 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: Not cleared – See Finding No. 2015-01

Department of Energy - CFDA 81.042 Weatherization Assistance

Finding No. 2014-02 – 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: Not cleared – See Finding No. 2015-02