

**COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.
AND SUBSIDIARIES (FRANKLIN SCHOOL APARTMENTS,
L.P. AND CAGI HOUSING, INC.), 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

**DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017**

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

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WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Community Action of Greater Indianapolis, Inc. (a nonprofit organization) and Subsidiaries (Franklin School Apartments, L.P. and CAGI Housing, Inc.), 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 Subsidiaries, et al.), which comprise the consolidated statements of financial position as of December 31, 2018, 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 Subsidiaries (Franklin School Apartments, L.P. and CAGI Housing, Inc.), 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, 2018, 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 Summarized Comparative Information

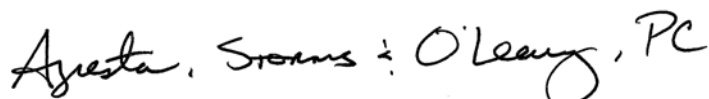
We have previously audited Community Action of Greater Indianapolis, Inc. and Subsidiaries' December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 9, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 28, 2019, on our consideration of Community Action of Greater Indianapolis, Inc. and Subsidiaries' 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 Subsidiaries' internal control over financial reporting and compliance.



Indianapolis, Indiana
May 28, 2019

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE
FINANCIAL INFORMATION AS OF DECEMBER 31, 2017**

ASSETS	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 311,679	\$ 210,754
Accounts receivable	439,202	477,674
Other assets	<u>46,762</u>	<u>71,188</u>
Total current assets	<u>797,643</u>	<u>759,616</u>
Property and equipment:		
Land and land improvements	7,426,417	7,424,968
Property and equipment	<u>27,307,665</u>	<u>27,276,315</u>
Accumulated depreciation	34,734,082 <u>(9,752,616)</u>	34,701,283 <u>(8,641,147)</u>
Net property and equipment	<u>24,981,466</u>	<u>26,060,136</u>
Other assets:		
Restricted deposits and funded reserves	1,340,581	1,345,454
Other deposits	11,000	11,000
Deferred costs, net of accumulated amortization	<u>111,268</u>	<u>125,717</u>
Total other assets	<u>1,462,849</u>	<u>1,482,171</u>
Total assets	<u><u>\$ 27,241,958</u></u>	<u><u>\$ 28,301,923</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	\$ 117,255	\$ 108,328
Accounts payable	197,019	291,655
Other current liabilities	<u>435,685</u>	<u>433,229</u>
Total current liabilities	<u>749,959</u>	<u>833,212</u>
Long-term liabilities:		
Other long-term liabilities	594,217	637,328
Long-term debt, net of current portion	<u>5,706,344</u>	<u>6,344,006</u>
Total long-term liabilities	<u>6,300,561</u>	<u>6,981,334</u>
Total liabilities	<u>7,050,520</u>	<u>7,814,546</u>
Net assets:		
Without donor restrictions	(209,927)	(752,531)
With donor restrictions	725,000	725,000
Noncontrolling interests	<u>19,676,365</u>	<u>20,514,908</u>
Total net assets	<u>20,191,438</u>	<u>20,487,377</u>
Total liabilities and net assets	<u><u>\$ 27,241,958</u></u>	<u><u>\$ 28,301,923</u></u>

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENT OF ACTIVITIES

**YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	Year Ended December 31, 2018			Year Ended December 31, 2017
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues and other support:				
Grant revenues	\$ 4,804,166	\$ -0-	\$ 4,804,166	\$ 4,906,978
Other revenues	660,155	-0-	660,155	160,992
Rental income	1,974,897	-0-	1,974,897	1,895,310
Interest income	5,388	-0-	5,388	3,246
Total revenues and other support	7,444,606	-0-	7,444,606	6,966,526
Expenses:				
Program services:				
Energy and Weatherization	1,111,564	-0-	1,111,564	1,683,716
Children and Youth	197,889	-0-	197,889	202,874
Housing and Welfare	1,425,709	-0-	1,425,709	1,448,227
Other	1,371,683	-0-	1,371,683	1,004,826
	4,106,845	-0-	4,106,845	4,339,643
Supporting services:				
General and administrative	682,154	-0-	682,154	1,026,949
Total program and supporting services	4,788,999	-0-	4,788,999	5,366,592
Other multifamily housing expenses	2,951,546	-0-	2,951,546	2,934,184
Total expenses	7,740,545	-0-	7,740,545	8,300,776
Decrease in net assets before noncontrolling interests	(295,939)	-0-	(295,939)	(1,334,250)
Add back: Loss attributable to noncontrolling interests	838,543	-0-	838,543	861,986
Increase (decrease) in net assets	\$ 542,604	\$ -0-	\$ 542,604	\$ (472,264)

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

**YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	Year Ended December 31, 2018						Year Ended December 31, 2017	
	Energy and Weatherization	Children and Youth	Housing and Welfare	Other	Program Services Totals	General and Administrative		Total
Advertising	\$ 1,091	\$ 250	\$ -0-	\$ 4,724	\$ 6,065	\$ 4,049	\$ 10,114	\$ 5,912
Benefit payments	815,320	-0-	1,425,384	607,222	2,847,926	-0-	2,847,926	3,334,633
Community relations	420	1,538	-0-	679	2,637	8,536	11,173	13,912
Depreciation and amortization	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Employee benefits	19,030	-0-	-0-	68,415	87,445	67,770	155,215	143,880
In-kind	-0-	-0-	-0-	-0-	-0-	27,295	27,295	37,108
Insurance	3,114	545	-0-	13,537	17,196	25,968	43,164	71,121
Interest	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Lease	9,141	-0-	-0-	63,080	72,221	18,360	90,581	125,521
Maintenance	11,479	-0-	-0-	13,156	24,635	2,847	27,482	3,512
Occupancy	32,202	1,920	-0-	83,991	118,113	101,879	219,992	222,183
Other expense	4,026	405	-0-	8,683	13,114	14,357	27,471	25,864
Payroll taxes	14,914	-0-	-0-	32,875	47,789	27,062	74,851	75,722
Postage	98	-0-	-0-	1,558	1,656	4,338	5,994	6,461
Professional fees	30,109	36	-0-	97,323	127,468	73,612	201,080	215,382
Salaries and wages	145,801	-0-	-0-	354,089	499,890	252,081	751,971	836,609
Security	-0-	-0-	-0-	829	829	-0-	829	-0-
Supplies	12,878	-0-	-0-	10,901	23,779	25,269	49,048	31,589
Taxes and licenses	977	-0-	-0-	2,296	3,273	651	3,924	2,918
Temporary help	-0-	168,489	-0-	-0-	168,489	9,233	177,722	136,438
Travel	8,420	24,706	-0-	5,485	38,611	11,885	50,496	59,286
Utilities	2,544	-0-	325	2,840	5,709	6,962	12,671	18,541
	<u>\$ 1,111,564</u>	<u>\$ 197,889</u>	<u>\$ 1,425,709</u>	<u>\$ 1,371,683</u>	<u>\$ 4,106,845</u>	<u>\$ 682,154</u>	<u>\$ 4,788,999</u>	<u>\$ 5,366,592</u>

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	Controlling Interest			Noncontrolling Interest	Total
	Without Donor Restrictions	With Donor Restrictions	Total		
Balance, January 1, 2017	\$ (280,267)	\$ 725,000	\$ 444,733	\$ 18,695,173	\$ 19,139,906
Decrease in net assets	(472,264)	-0-	(472,264)	(861,986)	(1,334,250)
Capital contributions	-0-	-0-	-0-	2,681,721	2,681,721
Balance, December 31, 2017	(752,531)	725,000	(27,531)	20,514,908	20,487,377
Increase in net assets	542,604	-0-	542,604	(838,543)	(295,939)
Balance, December 31, 2018	<u>\$ (209,927)</u>	<u>\$ 725,000</u>	<u>\$ 515,073</u>	<u>\$ 19,676,365</u>	<u>\$ 20,191,438</u>

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

**YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	2018	2017
Cash flow from operating activities:		
Increase (decrease) in net assets	\$ 542,604	\$ (472,264)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,125,918	1,128,644
Interest - debt issuance costs	24,857	26,589
Loan forgiveness	(542,262)	(42,262)
Loss attributable to noncontrolling interests	(838,543)	(861,986)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	38,472	(187,454)
(Increase) decrease in other assets	24,426	(42,777)
Increase (decrease) in accounts payable	(94,636)	86,715
Increase in other current liabilities	2,456	1,246
Increase in other long-term liabilities	7,307	27,101
	<u>290,599</u>	<u>(336,448)</u>
Net cash provided by (used in) operating activities		
Cash flow from investing activities:		
Net disbursements from reserve and escrow accounts	4,873	(202,797)
Capital expenditures	(32,799)	(96,834)
	<u>(27,926)</u>	<u>(299,631)</u>
Net cash used in investing activities		
Cash flow from financing activities:		
Net developer fee payments	(50,418)	(92,908)
Repayments on long-term debt	(111,330)	(95,165)
Repayments on construction loan payable	-0-	(2,351,488)
Debt issuance costs	-0-	(51,972)
Capital contributions from noncontrolling interests	-0-	2,681,721
	<u>(161,748)</u>	<u>90,188</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in cash and cash equivalents	100,925	(545,891)
Cash and cash equivalents, beginning of year	<u>210,754</u>	<u>756,645</u>
Cash and cash equivalents, end of year	<u>\$ 311,679</u>	<u>\$ 210,754</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 346,026</u>	<u>\$ 382,027</u>

See accompanying Notes to Consolidated Financial Statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

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 consolidated operations also include CAGI Housing, Inc. (Housing), Franklin School Apartments, L.P. (FSA), CAGI 21st Street, LLC (CAGI 21st Street), CAGI 21st Street II, LLC (CAGI 21st Street II), Commons at Spring Mill, LLC (CAGI Commons), CAGI Beech Grove, LLC (CAGI Beech Grove), 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). See Notes 3 and 4.

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.

NEW ACCOUNTING STANDARD

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)* that amends how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. This new standard, which the Organization has adopted during the year ended December 31, 2018, requires improved presentation and disclosures to help not-for-profits provide more relevant information about their resources (and changes in those resources) to donors, grantors, creditors, and other users. The effect of ASU No. 2016-14 resulted in a reclassification of net assets from temporarily restricted net assets to net assets with donor restrictions of \$725,000 at December 31, 2017.

FINANCIAL STATEMENT PRESENTATION

The financial statements are in conformity with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. This statement established standards for external financial reporting for not-for-profit organizations.

ASC 958 primarily affects the display of financial statements and requires that the amounts for each of two classes of net assets – net assets with donor restrictions and net assets without donor restrictions – be displayed in an aggregate statement of financial position and the amounts of change in each of those classes be displayed in a statement of changes in net assets. The two-part net asset accounts used include the following:

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

**DECEMBER 31, 2018
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Net Assets Without Donor Restrictions – Funds that have not been restricted in any manner by the donors are referred to as net assets without donor restrictions and are available for general Organization purposes. At December 31, 2018 and 2017, the Organization had net assets (deficiency) without donor restrictions of (\$209,927) and (\$752,531), respectively.

Net Assets With Donor Restrictions – Funds received from donors or grantors who have specified as to the use of their gifts or grants for specific purposes. Net assets with donor restrictions are subject to donor-imposed restrictions that will be met by future obligations or are to be invested and maintained intact in perpetuity. At December 31, 2018 and 2017, the Organization had net assets with donor restrictions of \$725,000 and \$725,000, respectively.

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.

CAGI reports information regarding its financial position and activities in accordance with ASC 958. 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.

Net assets without donor restrictions 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. Net assets with donor restrictions 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, and assets subject to donor-imposed stipulations that 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 net assets without donor restrictions for CAGI. Gains and losses on investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

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

**DECEMBER 31, 2018
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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, however this difference is immaterial. 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 100% and 99% of the accounts receivable of CAGI at December 31, 2018 and 2017, respectively. 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 years ended December 31, 2018 and 2017.

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.

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

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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 \$1,111,469 and \$1,114,194 for the years ended December 31, 2018 and 2017, respectively, 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 2015. 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, 2018, 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.

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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, 2018 and 2017.

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 \$23,604 and \$21,213 during the years ended December 31, 2018 and 2017, respectively, and are recorded in general and administrative expenses, program services expense, and in other multifamily housing expenses on the consolidated statement of activities.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available for general expenditures within one year of the statement of financial position date include cash and cash equivalents and accounts receivable. The Organization also has a committed line of credit of \$250,000, which it could draw upon in the event of an unanticipated liquidity need.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization maintains reserves to be used for certain expenditures as follows:

- Reserve for replacement to fund future maintenance and repair costs, including improvements

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3. SUBSIDIARIES

WHOLLY OWNED SUBSIDIARIES

CAGI Housing, Inc. (Housing) is a wholly owned subsidiary of CAGI. CAGI 21st Street, CAGI 21st Street II, CAGI Commons and CAGI Beech Grove are wholly owned by Housing. Housing is also the general partner of FSA. Housing, 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 2018.

Franklin School Apartments, L.P. (FSA) was formed in 2001 for the purpose of constructing 48 housing units in Indianapolis, Indiana, known as Franklin School Apartments (the Project). FSA, which operates under Section 207 pursuant to 223(f) of the National Housing Act, as amended, entered into the standard Federal Housing Administration (FHA) regulatory agreement governing the operation of the Project with the FHA Section of U.S. Department of Housing and Urban Development (HUD). The general partner is Housing. The limited partner is CAGI.

LOW INCOME HOUSING TAX CREDIT (LIHTC) SUBSIDIARIES

CAGI's consolidated financial statements include the activity of 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.

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4. RELATED PARTIES

OPERATING ADVANCES

CAGI makes periodic advances to certain subsidiaries to cover operating expenses. During the years ended December 31, 2018 and 2017, there were no reimbursed amounts to CAGI 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, 2018 and 2017, 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. During the year ended December 31, 2018, the note was forgiven and the net effect of this loan forgiveness was included in other revenue on the consolidated statement of activities.
- 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 years ended December 31, 2018 and 2017, CAGI earned interest income in the amounts of \$35,723 and \$35,723, respectively, related to notes receivable from FSA. At December 31, 2018 and 2017, total interest due on these related-party notes receivable was \$540,661 and \$504,936, respectively. These amounts are not included in the consolidated statement of financial position or consolidated statement of activities as of and for the years ended December 31, 2018 and 2017, 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 years ended December 31, 2018 and 2017. There was no amount due from CAAP Housing, Inc. at December 31, 2018 and 2017.

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5. PROPERTY AND EQUIPMENT

As of December 31, 2018 and 2017, property and equipment for FSA, 21st Street Seniors, 21st Street Seniors II, and Commons at Spring Mill consist of the following:

<u>2018</u>	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	\$ 1,389,208	\$ 2,816,100	\$ 1,341,863	\$ -0-	\$ 7,426,417
Building and building improvements, low-income housing apartments	2,945,153	4,806,520	6,372,846	5,826,461	6,253,454	(1,469,081)	24,735,353
Personal property	47,782	620,886	702,175	333,439	868,030	-0-	2,572,312
	3,104,626	7,194,961	8,464,229	8,976,000	8,463,347	(1,469,081)	34,734,082
Accumulated depreciation	(1,391,002)	(3,045,876)	(2,227,746)	(1,790,574)	(1,297,418)	-0-	(9,752,616)
	<u>\$ 1,713,624</u>	<u>\$ 4,149,085</u>	<u>\$ 6,236,483</u>	<u>\$ 7,185,426</u>	<u>\$ 7,165,929</u>	<u>\$ (1,469,081)</u>	<u>\$ 24,981,466</u>
<u>2017</u>							
Land and land improvements	\$ 111,691	\$ 1,767,555	\$ 1,389,208	\$ 2,816,100	\$ 1,340,414	\$ -0-	\$ 7,424,968
Building and building improvements, low-income housing apartments	2,945,153	4,806,520	6,372,846	5,797,057	6,253,454	(1,469,081)	24,705,949
Personal property	47,782	620,886	702,175	333,439	866,084	-0-	2,570,366
	3,104,626	7,194,961	8,464,229	8,946,596	8,459,952	(1,469,081)	34,701,283
Accumulated depreciation	(1,327,232)	(2,849,823)	(2,055,906)	(1,519,425)	(888,761)	-0-	(8,641,147)
	<u>\$ 1,777,394</u>	<u>\$ 4,345,138</u>	<u>\$ 6,408,323</u>	<u>\$ 7,427,171</u>	<u>\$ 7,571,191</u>	<u>\$ (1,469,081)</u>	<u>\$ 26,060,136</u>

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6. LONG-TERM DEBT

	2018	2017
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. Note was forgiven in 2018.	\$ -0-	\$ 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.	819,331	833,199
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.	883,139	893,558
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.	1,140,070	1,158,179
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.	295,837	338,099
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.	1,234,850	1,262,793
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.	716,189	740,613
Mortgage note payable, bank, interest at 5.65% per annum, due June 2032, secured by mortgage on certain Beech Grove Senior real estate.	685,233	694,712

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	2018	2017
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.	392,912	400,000
	6,167,561	6,821,153
Less current portion	(117,255)	(108,328)
Less unamortized debt issuance costs	(343,962)	(368,819)
Long-term portion	\$ 5,706,344	\$ 6,344,006

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>	
2019	\$ 117,255
2020	123,529
2021	130,667
2022	138,087
2023	146,410
Thereafter	5,511,613
	\$ 6,167,561

DEBT ISSUANCE COSTS

Financing costs incurred in connection with obtaining financing are being amortized over the lives of the respective financing agreements using the straight-line method. Amortization expense was \$26,589 and \$26,589 for the years ended December 31, 2018 and 2017, respectively, and is recorded in other multifamily housing expenses on the consolidated statement of activities.

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

<u>Year ending December 31,</u>	
2019	\$ 26,589
2020	26,589
2021	26,589
2022	26,589
2023	26,589
Thereafter	<u>211,017</u>
	<u><u>\$ 343,962</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 years ended December 31, 2018 and 2017, 93% and 93%, respectively, 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.

8. LINE OF CREDIT

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 September 15, 2019, is secured by substantially all assets of CAGI. The line of credit had no outstanding borrowings as of December 31, 2018 and 2017.

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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, 2018 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 \$1,400 and \$300, respectively, expire at various dates through February 2020. CAGI leases office equipment with monthly payments ranging from \$167 to \$6,822, which expire at various dates through January 2024. Lease and occupancy expense related to the above leases totaled \$310,574 and \$334,196 for the years ended December 31, 2018 and 2017, respectively.

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

<u>Year ending December 31,</u>	
2019	\$ 289,132
2020	274,632
2021	239,624
2022	81,864
2023	<u>81,864</u>
	<u><u>\$ 967,116</u></u>

10. DEFERRED COSTS

Deferred costs represent 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 years ended December 31, 2018 and 2017 totaled \$14,449 and \$14,450, respectively, 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, 2018 and 2017:

<u>Description</u>	<u>2018</u>	<u>2017</u>
Low-income housing tax credit monitoring costs	\$ 216,740	\$ 216,740
Accumulated amortization	<u>(105,472)</u>	<u>(91,023)</u>
Total deferred costs, net	<u><u>\$ 111,268</u></u>	<u><u>\$ 125,717</u></u>

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11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions 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. Net assets with donor restrictions as of December 31, 2018 and 2017 were received from the following:

	<u>2018</u>	<u>2017</u>
HOME Investment Partnership Program Funds	\$ 700,000	\$ 700,000
Community Development Block Grant Funds	<u>25,000</u>	<u>25,000</u>
	<u>\$ 725,000</u>	<u>\$ 725,000</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 FINANCING ACTIVITIES

During the year ended December 31, 2017, Beech Grove Senior paid off a construction loan with proceeds from an equity contribution and the acquisition of permanent financing. The permanent financing obtained was a noncash transaction in the amount of \$700,000.

14. SUBSEQUENT EVENTS

In accordance with FASB ASC Topic 855, *Subsequent Events*, the Organization has evaluated subsequent events through May 28, 2019, which is the date these financial statements were available to be issued, and has determined there are no subsequent events that require additional disclosure.

SUPPLEMENTARY INFORMATION

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2018

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	\$ 1,699,487
Low Income Home Energy Assistance - Weatherization	93.568	<u>625,633</u>
Total Department of Health and Human Services		2,325,120
Department of Energy:		
Passed through Indiana Housing and Community Development Authority:		
Weatherization Assistance for Low-income Persons	81.042	416,284
Department of Housing and Urban Development:		
Passed through Indiana Housing and Community Development Authority:		
Section 8 Housing Choice Vouchers	14.871	1,555,709
Corporation for National and Community Service:		
Direct Program:		
Foster Grandparents Program	94.011	<u>230,910</u>
Total federal awards expended		<u><u>\$ 4,528,023</u></u>

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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2018

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, 2018.

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 net assets without donor restrictions.

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.

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DETAILS OF CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

ASSETS	Community Action of Greater Indianapolis, Inc.	CAGI Housing, 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	\$ 145,999	\$ -0-	\$ 496	\$ 16,019	\$ 81,780	\$ 39,389	\$ 27,996	\$ -0-	\$ 311,679
Accounts receivable	428,253	-0-	2,173	1,303	357	5,812	1,304	-0-	439,202
Other assets	-0-	171	10,893	19,819	1,984	11,235	2,831	(171)	46,762
Total current assets	574,252	171	13,562	37,141	84,121	56,436	32,131	(171)	797,643
Property and equipment:									
Land and land improvements	-0-	-0-	111,691	1,767,555	1,389,208	2,816,100	1,341,863	-0-	7,426,417
Property and equipment	-0-	-0-	2,992,935	5,427,406	7,075,021	6,159,900	7,121,484	(1,469,081)	27,307,665
Accumulated depreciation	-0-	-0-	3,104,626	7,194,961	8,464,229	8,976,000	8,463,347	(1,469,081)	34,734,082
	-0-	-0-	(1,391,002)	(3,045,876)	(2,227,746)	(1,790,574)	(1,297,418)	-0-	(9,752,616)
Net property and equipment	-0-	-0-	1,713,624	4,149,085	6,236,483	7,185,426	7,165,929	(1,469,081)	24,981,466
Other assets:									
Notes receivable, related party	725,000	-0-	-0-	-0-	-0-	-0-	-0-	(725,000)	-0-
Other receivable, related party	840,498	-0-	-0-	-0-	-0-	-0-	-0-	(840,498)	-0-
Restricted deposits and funded reserves	-0-	-0-	155,770	233,423	324,695	322,742	303,951	-0-	1,340,581
Other deposits	11,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	11,000
Deferred cost, net of accumulated amortization	-0-	-0-	-0-	7,129	25,659	30,317	48,163	-0-	111,268
Total other assets	1,576,498	-0-	155,770	240,552	350,354	353,059	352,114	(1,565,498)	1,462,849
Total assets	\$ 2,150,750	\$ 171	\$ 1,882,956	\$ 4,426,778	\$ 6,670,958	\$ 7,594,921	\$ 7,550,174	\$ (3,034,750)	\$ 27,241,958

LIABILITIES AND NET ASSETS

Current liabilities:

Current portion of long-term debt	\$ -0-	\$ -0-	\$ 14,317	\$ 30,106	\$ 11,451	\$ 44,186	\$ 17,195	\$ -0-	\$ 117,255
Accounts payable	145,558	-0-	36,107	6,861	34	9,499	2,960	(4,000)	197,019
Other current liabilities	33,987	-0-	330,337	90,996	72,792	97,822	121,932	(312,181)	435,685

Total current liabilities

	179,545	-0-	380,761	127,963	84,277	151,507	142,087	(316,181)	749,959
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Long-term liabilities:

Other long-term liabilities	703,911	-0-	1,740,661	341,468	420,236	-0-	198,011	(2,810,070)	594,217
Long-term debt, net of current portion	-0-	-0-	740,423	1,180,072	1,104,540	1,791,214	890,095	-0-	5,706,344

Total long-term liabilities

	703,911	-0-	2,481,084	1,521,540	1,524,776	1,791,214	1,088,106	(2,810,070)	6,300,561
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Total liabilities

	883,456	-0-	2,861,845	1,649,503	1,609,053	1,942,721	1,230,193	(3,126,251)	7,050,520
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Net assets and partners' equity:

Without donor restrictions	542,294	-0-	-0-	-0-	-0-	-0-	-0-	(752,221)	(209,927)
With donor restrictions	725,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	725,000
Noncontrolling interest	-0-	-0-	-0-	-0-	-0-	-0-	-0-	19,676,365	19,676,365
Common stock	-0-	171	-0-	-0-	-0-	-0-	-0-	(171)	-0-
Partners' equity	-0-	-0-	(978,889)	2,777,275	5,061,905	5,652,200	6,319,981	(18,832,472)	-0-

Total net assets and partners' equity

	1,267,294	171	(978,889)	2,777,275	5,061,905	5,652,200	6,319,981	91,501	20,191,438
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Total liabilities and net assets

	\$ 2,150,750	\$ 171	\$ 1,882,956	\$ 4,426,778	\$ 6,670,958	\$ 7,594,921	\$ 7,550,174	\$ (3,034,750)	\$ 27,241,958
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**COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.
AND SUBSIDIARIES, ET AL.**

DETAILS OF CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

	Community Action of Greater Indianapolis, Inc.	CAGI Housing 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	\$ 4,804,166	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 4,804,166
Other revenues	65,701	-0-	504,784	2,448	44,472	39,142	4,766	(1,158)	660,155
Rental income	-0-	-0-	242,257	406,819	408,068	480,017	437,736	-0-	1,974,897
Interest income	3	-0-	457	3,199	265	1,131	333	-0-	5,388
Total unrestricted revenues and other support	4,869,870	-0-	747,498	412,466	452,805	520,290	442,835	(1,158)	7,444,606
Expenses:									
Program services:									
Energy and Weatherization	1,111,564	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,111,564
Children and Youth	197,889	-0-	-0-	-0-	-0-	-0-	-0-	-0-	197,889
Housing and Welfare	1,425,709	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,425,709
Other	1,371,683	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,371,683
	4,106,845	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,106,845
Supporting services:									
General and administrative	682,154	-0-	-0-	-0-	-0-	-0-	-0-	-0-	682,154
Other multifamily housing expenses	-0-	-0-	329,608	598,106	570,196	695,443	803,194	(45,001)	2,951,546
Total expenses	4,788,999	-0-	329,608	598,106	570,196	695,443	803,194	(45,001)	7,740,545
Increase (decrease) in unrestricted net assets before noncontrolling interests	80,871	-0-	417,890	(185,640)	(117,391)	(175,153)	(360,359)	43,843	(295,939)
Loss attributable to noncontrolling interests	-0-	-0-	-0-	-0-	-0-	-0-	-0-	838,543	838,543
Increase (decrease) in unrestricted net assets	\$ 80,871	\$ -0-	\$ 417,890	\$ (185,640)	\$ (117,391)	\$ (175,153)	\$ (360,359)	\$ 882,386	\$ 542,604



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 SUBSIDIARIES
(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 Subsidiaries (Franklin School Apartments, L.P. and CAGI Housing, Inc.), 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, 2018, 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 28, 2019.

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.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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.

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*.

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.

Ayesta, Strans & O'Leary, PC

Indianapolis, Indiana
May 28, 2019



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.
(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.'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, 2018. 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. 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, 2018.

Report on Internal Control over Compliance

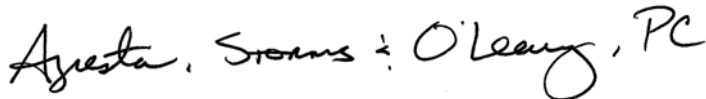
Management of Community Action of Greater Indianapolis, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal 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. 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.



Indianapolis, Indiana
May 28, 2019

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2018

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: Unmodified

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>
93.569	Department of Health and Human Services	Community Services Block Grant
93.568	Department of Health and Human Services	Low Income Energy Assistance
81.042	Department of Energy	Weatherization Assistance for Low Income Persons

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FINDINGS - SECTION II AND SECTION III COMBINED

None Noted

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2018

There are no outstanding corrective actions on findings from prior audit reports.