



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

February 10, 2023

Board of Directors
Community Action of Greater Indianapolis, Inc.
3266 N. Meridian St., Suite 100
Indianapolis, IN 46208

We have reviewed the audit report of Community Action of Greater Indianapolis, Inc., which was opined upon by Agresta, Storms and O'Leary, PC, Independent Public Accountants, for the period January 1, 2021 to December 31, 2021. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Community Action of Greater Indianapolis, Inc. as of December 31, 2021 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Agresta, Storms and O'Leary, PC prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

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

CONSOLIDATED FINANCIAL STATEMENTS

**DECEMBER 31, 2021
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020**

**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, 2020**

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Independent Auditors' Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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 statement of financial position as of December 31, 2021, 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.

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, et al. as of December 31, 2021, 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.

Basis for Opinion

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

Responsibilities of Management for the 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action of Greater Indianapolis, Inc. and Subsidiaries, et al.'s ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Action of Greater Indianapolis, Inc. and Subsidiaries, et al.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action of Greater Indianapolis, Inc. and Subsidiaries, et al.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

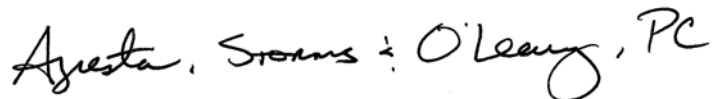
We have previously audited Community Action of Greater Indianapolis, Inc. and Subsidiaries, et al.'s December 31, 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information shown on pages 24 through 28 is presented for purposes of additional analysis, and is not a required part of the consolidated financial statements. 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022 on our consideration of Community Action of Greater Indianapolis, Inc. and Subsidiaries, et al.'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 Subsidiaries, et al.'s internal control over financial reporting and compliance.



Indianapolis, Indiana
September 27, 2022

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**DECEMBER 31, 2021
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION FOR DECEMBER 31, 2020**

ASSETS	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 1,244,781	\$ 473,758
Accounts receivable	450,532	467,927
Current portion of notes receivable	-	5,722
Other assets	87,268	42,999
Total current assets	<u>1,782,581</u>	<u>990,406</u>
Property and equipment:		
Land and land improvements	6,118,529	6,118,529
Property and equipment	28,811,950	28,730,245
Accumulated depreciation	34,930,479 <u>(12,980,745)</u>	34,848,774 <u>(12,011,151)</u>
Net property and equipment	<u>21,949,734</u>	<u>22,837,623</u>
Other assets:		
Restricted deposits and funded reserves	1,441,646	1,411,299
Other deposits	11,400	11,400
Notes receivable, net of current portion	114,933	114,933
Deferred costs, net of accumulated amortization	68,569	82,369
Total other assets	<u>1,636,548</u>	<u>1,620,001</u>
Total assets	<u>\$25,368,863</u>	<u>\$25,448,030</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	\$ 140,050	\$ 136,709
Line of credit	135,000	75,000
Accounts payable	299,108	346,229
Other current liabilities	480,916	515,995
Total current liabilities	<u>1,055,074</u>	<u>1,073,933</u>
Long-term liabilities:		
Other long-term liabilities	1,248,462	475,899
Long-term debt, net of current portion and debt issuance costs	5,295,401	5,451,208
Total long-term liabilities	<u>6,543,863</u>	<u>5,927,107</u>
Total liabilities	<u>7,598,937</u>	<u>7,001,040</u>
Net assets:		
Without donor restrictions	(377,420)	(363,526)
With donor restrictions	725,000	725,000
Noncontrolling interests	17,422,346	18,085,516
Total net assets	<u>17,769,926</u>	<u>18,446,990</u>
Total liabilities and net assets	<u>\$25,368,863</u>	<u>\$25,448,030</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, 2021
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020**

	Year Ended December 31, 2021			Year Ended December 31, 2020
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues and other support:				
Grant revenues	\$6,392,734	\$ -0-	\$6,392,734	\$ 4,679,304
Other revenues	142,359	-0-	142,359	328,267
Rental income	2,249,143	-0-	2,249,143	2,163,289
Interest income	6,233	-0-	6,233	4,735
Total revenues and other support	8,790,469	-0-	8,790,469	7,175,595
Expenses:				
Program services:				
Energy and Weatherization	1,153,289	-0-	1,153,289	753,391
Children and Youth	223,033	-0-	223,033	340,210
Housing and Welfare	4,059,812	-0-	4,059,812	2,998,429
	5,436,134	-0-	5,436,134	4,092,030
Supporting services:				
General and administrative	941,612	-0-	941,612	693,022
Fundraising	8,470	-0-	8,470	8,250
Total program and supporting services	6,386,216	-0-	6,386,216	4,793,302
Other multifamily housing expenses	3,081,317	-0-	3,081,317	3,109,974
Total expenses	9,467,533	-0-	9,467,533	7,903,276
Decrease in net assets before noncontrolling interests	(677,064)	-0-	(677,064)	(727,681)
Add back: Loss attributable to noncontrolling interests	663,170	-0-	663,170	847,435
Increase (decrease) in net assets	\$ (13,894)	\$ -0-	\$ (13,894)	\$ 119,754

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, 2021
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020**

	Year Ended December 31, 2021						Total	Year Ended December 31, 2020
	Energy and Weatherization	Children and Youth	Housing and Welfare	Program Services Totals	General and Administrative	Fundraising		
Benefit payments	\$ 754,544	\$ 9,013	\$2,910,201	\$3,673,758	\$ 17,565	\$ -0-	\$3,691,323	\$ 2,535,538
Salaries and wages	185,897	-0-	485,435	671,332	345,393	-0-	1,016,725	882,149
Professional fees	23,158	6,569	134,530	164,257	117,131	-0-	281,388	268,240
Occupancy	45,785	44	105,461	151,290	65,840	-0-	217,130	214,700
Employee benefits	21,794	9,336	103,401	134,531	75,165	-0-	209,696	212,531
Temporary help	-0-	132,868	12,744	145,612	172,830	-0-	318,442	205,000
Lease	9,415	-0-	77,488	86,903	4,150	-0-	91,053	89,056
Supplies	37,529	9,265	43,277	90,071	24,542	1,953	116,566	88,425
Payroll taxes	17,871	-0-	49,225	67,096	30,438	-0-	97,534	86,538
Insurance	15,969	621	28,620	45,210	25,210	-0-	70,420	68,981
Travel	7,487	27,962	6,918	42,367	2,562	-0-	44,929	23,435
Dues & subscriptions	524	-0-	16,983	17,507	7,709	-0-	25,216	20,771
Utilities	4,002	-0-	9,978	13,980	8,484	-0-	22,464	18,164
Depreciation and amortization	23,199	-0-	-0-	23,199	-0-	-0-	23,199	17,199
Taxes and licenses	1,305	-0-	23,850	25,155	3,158	-0-	28,313	15,784
Community relations	-0-	2,571	3,109	5,680	1,351	3,524	10,555	14,832
Employee training	1,017	-0-	10,005	11,022	5,671	-0-	16,693	9,379
In-kind	-0-	18,644	-0-	18,644	-0-	-0-	18,644	5,530
Other expense	-0-	1,382	1,823	3,205	2,313	-0-	5,518	5,474
Advertising	-0-	4,758	25,955	30,713	1,200	1,483	33,396	3,889
Postage	161	-0-	1,971	2,132	3,317	-0-	5,449	3,157
Maintenance	2,523	-0-	5,844	8,367	26,142	-0-	34,509	2,959
Interest	1,109	-0-	2,994	4,103	1,441	-0-	5,544	961
Security	-0-	-0-	-0-	-0-	-0-	1,510	1,510	610
	<u>\$ 1,153,289</u>	<u>\$ 223,033</u>	<u>\$4,059,812</u>	<u>\$5,436,134</u>	<u>\$ 941,612</u>	<u>\$ 8,470</u>	<u>\$6,386,216</u>	<u>\$ 4,793,302</u>

See Accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

**YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020**

	Controlling Interest			Noncontrolling Interest	Total
	Without Donor Restrictions	With Donor Restrictions	Total		
Balance, January 1, 2020	\$ (483,280)	\$ 725,000	\$241,720	\$ 18,932,951	\$19,174,671
Increase in net assets	<u>119,754</u>	<u>-0-</u>	<u>119,754</u>	<u>(847,435)</u>	<u>(727,681)</u>
Balance, December 31, 2020	(363,526)	725,000	361,474	18,085,516	18,446,990
(Decrease) in net assets	<u>(13,894)</u>	<u>-0-</u>	<u>(13,894)</u>	<u>(663,170)</u>	<u>(677,064)</u>
Balance, December 31, 2021	<u><u>\$ (377,420)</u></u>	<u><u>\$ 725,000</u></u>	<u><u>\$347,580</u></u>	<u><u>\$ 17,422,346</u></u>	<u><u>\$17,769,926</u></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, 2021
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020**

	2021	2020
Cash flow from operating activities:		
Increase (decrease) in net assets	\$ (13,894)	\$ 119,754
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	983,395	1,145,855
Interest - debt issuance costs	24,854	24,857
Loan forgiveness	(42,262)	-0-
Paycheck Protection Program (PPP) loan forgiveness	-0-	(237,729)
Loss attributable to noncontrolling interests	(663,170)	(847,435)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	17,395	(261,519)
(Increase) decrease in other assets	(44,269)	46,190
Increase (decrease) in accounts payable	(47,121)	147,669
Increase (decrease) in other current liabilities	(35,079)	83,621
Increase (decrease) in other long-term liabilities	786,575	(83,584)
Net cash provided by operating activities	966,424	137,679
Cash flow from investing activities:		
Capital expenditures	(81,706)	(14,153)
Net cash used in investing activities	(81,706)	(14,153)
Cash flow from financing activities:		
Notes receivable	5,722	(120,655)
Net borrowings on line of credit	60,000	75,000
Net developer fee payments	(14,012)	(16,033)
Borrowing on PPP loan	-0-	237,729
Repayments on long-term debt	(135,058)	(126,417)
Net cash provided by (used in) financing activities	(83,348)	49,624
Net increase in cash, cash equivalents, and restricted cash	801,370	173,150
Cash, cash equivalents, and restricted cash, beginning of year	1,885,057	1,711,907
Cash, cash equivalents, and restricted cash, end of year	\$ 2,686,427	\$1,885,057
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 332,244	\$ 333,885

See Accompanying Notes to Consolidated Financial Statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**DECEMBER 31, 2021
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

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 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 4 and 5.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of CAGI, Housing, FSA, CAGI 21st Street, CAGI 21st Street II, CAGI Commons, CAGI Beech Grove, 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 Subsidiaries, et al.). All significant intercompany transactions and balances have been eliminated in consolidation.

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:

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, 2021 and 2020, the Organization had net assets (deficiency) without donor restrictions of (\$377,420) and (\$363,526), 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 both December 31, 2021 and 2020, the Organization had net assets with donor restrictions of \$725,000.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**DECEMBER 31, 2021
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

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 without 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, 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.

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, 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 to account for approximately 69% and 79% of the accounts receivable of CAGI at December 31, 2021 and 2020, respectively. 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 SUBSIDIARIES, ET AL.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**DECEMBER 31, 2021
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2021 and 2020.

NOTES RECEIVABLE

Notes receivable consists of amounts due from an unrelated party for the purchase of three homes that the Organization decided to sell as part of the transitional housing program. The homes were sold on contract and will be paid off over three years. At December 31, 2021 and 2020, amounts due on these notes were \$114,933 and \$120,655, respectively.

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

Property and equipment are recorded at cost and capitalized in accordance with generally accepted accounting principles. Estimated useful lives range from 5-40 years using the straight-line method.

Assets obtained with federal funds are considered to be owned by CAGI while used in the program. 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. The use of assets purchased with federal funds is limited to the purposes intended by the funding source.

Property and equipment received by CAGI without donor-imposed restrictions is classified as unrestricted net assets. Depreciation expense for CAGI for the years ended December 31, 2021 and 2020, was \$23,199 and \$17,199, respectively.

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 \$946,396 and \$1,114,206 for the years ended December 31, 2021 and 2020, respectively, and is recorded in other multifamily housing expenses on the consolidated statement of activities. Repair and maintenance costs are expensed as incurred.

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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.

GRANTS AND OTHER REVENUE

Grants- 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. Grants that are not cost-reimbursement are recognized when earned.

Contributions- unrestricted contributions are recognized as revenue in the period received or at the time a claim for the actual cost of providing services is determined and reported in the statements of activities.

Development fees- revenue for services provided in the development of low-income housing tax credit projects are deferred until collected.

RENTAL INCOME

Rental income 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 2018. 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, 2021, 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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CAGI 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, 2021 and 2020.

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. Significant estimates used in preparation of these financial statements include depreciation, amortization, and allocation of functional expenses.

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 \$50,145 and \$10,792 during the years ended December 31, 2021 and 2020, respectively, and are recorded in general and administrative expenses, program services expense, and in other multifamily housing expenses on the consolidated statement of activities.

ACCOUNTING STANDARD NOT YET ADOPTED

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new standard, which the Organization is not required to adopt until their year ending 2022, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their balance sheet the assets and liabilities for the rights and obligations created by those leases and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's balance sheet.

The Organization is presently evaluating the effect that this ASU will have on the future financial statements, including related disclosures.

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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
- Tax escrows to fund future property tax expense.
- Insurance escrows to fund future insurance expense for liability, MIP, or other insurance as needed.

The Corporation's financial assets available for general expenditures within one year of the statement of financial position date include the following at December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents	\$ 1,244,781	\$ 473,758
Accounts receivable	450,532	467,927
Restricted deposits and funded reserves	1,441,646	1,411,299
Total financial assets	3,136,959	2,352,984
Less amounts unavailable for general expenditures within one year due to:		
Restricted for certain uses	(1,441,646)	(1,411,299)
Rental assistance program delivery funds	(750,000)	-0-
Total financial assets available to management for general expenditures within one year	\$ 945,313	\$ 941,685

3. RESTRICTED CASH

Under various agreements related to the subsidiaries, certain cash accounts are restricted in their use as defined below and are included in restricted deposits and funded reserves on the consolidated statement of financial position:

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TENANT SECURITY DEPOSITS

The Subsidiaries maintain separate security deposit cash accounts for holding tenant deposits and refunding tenants at move out. At December 31, 2021 and 2020, the security deposit cash balance was \$60,657 and \$59,249, respectively.

REPLACEMENT RESERVES

The Subsidiaries maintain separate replacement reserve accounts that have monthly funding requirements. Disbursements from such funds may be made only for the purpose of effecting replacement of structural elements and mechanical equipment of the Subsidiaries after receiving prior written consent of HUD or the lender holding the reserve. At December 31, 2021 and 2020, these funds amounted to \$520,708 and \$489,506, respectively.

OTHER RESERVES

The Subsidiaries maintain separate other reserve accounts that have been funded from the owners and require approval for withdrawals based on purpose and timing. At December 31, 2021 and 2020, these funds amounted to \$671,876 and \$622,927, respectively.

ESCROWS

The Subsidiaries maintain separate escrow accounts that require monthly funding related to insurance and taxes. Withdrawals from these accounts are used for insurance premiums and property taxes. At December 31, 2021 and 2020, these funds amounted to \$188,405 and \$239,617, respectively.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet that sum to the total of the same such amount shown in the statement of cash flows:

<u>Balance at December 31,</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,244,781	\$ 473,758
Restricted deposits and funded reserves	<u>1,441,646</u>	<u>1,411,299</u>
Total cash, cash equivalents, and restricted cash shown on the statement of cash flows	<u>\$ 2,686,427</u>	<u>\$ 1,885,057</u>

4. SUBSIDIARIES

WHOLLY OWNED SUBSIDIARIES

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 and limited partner of FSA. Housing facilitated in 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 2021.

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FSA was formed in 2001 for the purpose of constructing 48 housing units in Indianapolis, Indiana, known as Franklin School Apartments. 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.

5. RELATED PARTIES

OPERATING ADVANCES

CAGI makes periodic advances to certain subsidiaries to cover operating expenses. During the years ended December 31, 2021 and 2020, 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 financial position.

NOTES RECEIVABLE AND INTEREST INCOME

At December 31, 2021 and 2020, CAGI had advanced notes receivable to FSA with the following long-term obligations:

- 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.

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During both of the years ended December 31, 2021 and 2020, CAGI earned interest income in the amounts of \$35,723, related to notes receivable from FSA. At December 31, 2021 and 2020, total interest due on these related-party notes receivable was \$647,830 and \$612,107, 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, 2021 and 2020, as these amounts have been offset by an allowance for the same amount or eliminated from the consolidated financial statements.

DEVELOPER FEES

CAGI receives periodic payments from related parties for developer fees. During the years ended December 31, 2021 and 2020, \$15,397 and \$16,035 were received from related parties. All payments for developer fees have been eliminated in the consolidated statement of activities.

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, 2021 and 2020. There was no amount due from CAAP Housing, Inc. at December 31, 2021 and 2020.

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6. PROPERTY AND EQUIPMENT

As of December 31, 2021 and 2020, property and equipment for FSA, 21st Street Seniors, 21st Street Seniors II, Commons at Spring Mill, and Beech Grove Senior consist of the following:

	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	Consolidating Entries	Consolidated
2021								
Land and land improvements	\$ -0-	\$ 50,000	\$1,767,555	\$1,389,208	\$2,816,100	\$ 95,666	\$ -0-	\$ 6,118,529
Property and equipment	130,993	3,054,626	5,427,406	7,075,021	6,193,366	8,399,619	(1,469,081)	28,811,950
	130,993	3,104,626	7,194,961	8,464,229	9,009,466	8,495,285	(1,469,081)	34,930,479
Accumulated depreciation	(54,729)	(1,582,322)	(3,633,899)	(2,743,266)	(2,608,533)	(2,357,996)	-0-	(12,980,745)
	\$ 76,264	\$ 1,522,304	\$3,561,062	\$5,720,963	\$6,400,933	\$6,137,289	\$(1,469,081)	\$21,949,734
2020								
Land and land improvements	\$ -0-	\$ 50,000	\$1,767,555	\$1,389,208	\$2,816,100	\$ 95,666	\$ -0-	\$ 6,118,529
Property and equipment	85,993	3,054,626	5,427,406	7,075,021	6,179,126	8,377,154	(1,469,081)	28,730,245
	85,993	3,104,626	7,194,961	8,464,229	8,995,226	8,472,820	(1,469,081)	34,848,774
Accumulated depreciation	(31,531)	(1,518,542)	(3,437,904)	(2,571,426)	(2,335,044)	(2,116,704)	-0-	(12,011,151)
	\$ 54,462	\$ 1,586,084	\$3,757,057	\$5,892,803	\$6,660,182	\$6,356,116	\$(1,469,081)	\$22,837,623

7. RENTAL ASSISTANCE PROGRAM DELIVERY

During the year ended December 31, 2021 CAGI has been contracted to provide certain services in connection with COVID-19 Rental Assistance Program funds in which John H. Boner Community Center (Center) was a sub-recipient. As part of the initial programming, CAGI received \$750,000 from the Center to be used during administration of the program in 2022. As of December 31, 2021, no activity has occurred within the program and the funds are included in other current liabilities on the statement of financial position.

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8. LONG-TERM DEBT

	2021	2020
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.	774,785	790,141
Mortgage 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.	845,271	859,103
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.	1,078,267	1,100,298
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.	211,313	253,575
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.	1,137,359	1,172,306
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.	640,874	666,324
Mortgage payable, bank, interest at 5.65% per annum, due June 2032, secured by mortgage on certain Beech Grove Senior real estate.	654,347	664,613
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.	361,421	369,763
Note payable, Corporation for National and Community Service, due in quarterly installments of \$1,208. No interest charged if all payments are timely, otherwise interest will accrue at 1% per annum. Due December 2021.	1,208	6,042
	5,704,845	5,882,165
Less current portion	(140,050)	(136,709)
Less unamortized debt issuance costs	(269,394)	(294,248)
Long-term portion	<u>\$5,295,401</u>	<u>\$5,451,208</u>

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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>	
2022	140,050
2023	146,816
2024	155,152
2025	164,474
2026	174,264
Thereafter	<u>4,924,089</u>
	<u><u>\$ 5,704,845</u></u>

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 \$24,857 for each the years ended December 31, 2021 and 2020, and is recorded in other multifamily housing expenses on the consolidated statement of activities.

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

<u>Year ending December 31,</u>	
2022	24,854
2023	24,854
2024	24,854
2025	24,854
2026	21,982
Thereafter	<u>147,978</u>
	<u><u>\$ 269,376</u></u>

9. 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.

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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, 2021 and 2020, 88% 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.

10. LINE OF CREDIT

CAGI obtained a line of credit with a bank with maximum availability in the amount of \$250,000. Interest is payable at prime plus .25%. The line of credit agreement expired in September 2022 and was automatically renewed for one year. The line is secured by substantially all assets of CAGI. The line of credit had outstanding borrowings of \$135,000 and \$75,000 at December 31, 2021 and 2020, respectively.

11. LEASE COMMITMENT

CAGI leases office space at a building in Marion County as 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 through October 31 were \$15,776 and \$17,041 beginning November 1st. CAGI also leases office space in a surrounding county. This lease requires monthly payments of \$1,500 and was renewed subsequent to year-end. CAGI leases office equipment with monthly payments ranging from \$144 to \$6,842, which expire at various dates through January 2024. Lease and occupancy expense related to the above leases totaled \$308,184 and \$303,756 for the years ended December 31, 2021 and 2020, respectively.

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

<u>Year ending December 31,</u>	
2022	\$ 291,371
2023	299,166
2024	233,199
2025	235,652
2026	<u>202,975</u>
	<u>\$ 1,262,363</u>

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12. 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, 2021 and 2020 totaled \$13,800 and \$14,450, respectively.

The following represents deferred costs and related accumulated amortization as of December 31, 2021 and 2020:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Low-income housing tax credit monitoring costs	\$ 216,740	\$ 216,740
Accumulated amortization	<u>(148,171)</u>	<u>(134,371)</u>
Total deferred costs, net	<u>\$ 68,569</u>	<u>\$ 82,369</u>

13. 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, 2021 and 2020 were received from the following:

	<u>2021</u>	<u>2020</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>

14. 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.

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15. CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. The operations and business results of the Organization could be materially adversely affected. The extent to which the coronavirus (or any other disease or epidemic) may impact the Organization will depend on future developments. These future developments are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

As a result of the pandemic, the Organization received a Paycheck Protection Program (PPP) loan of \$237,729. The Organization met all the required obligations during the PPP forgiveness period, and the loan was forgiven under the CARES ACT. The income was included in other revenues on the consolidated statement of activities for the year ended December 31, 2020.

16. SUBSEQUENT EVENTS

In accordance with FASB ASC Topic 855, *Subsequent Events*, the Organization has evaluated subsequent events through September 27, 2022, which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2021

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	\$ 2,833,376
Low Income Home Energy Assistance - Weatherization	93.568	534,654
American Rescue Plan Act of 2021	93.568	<u>71,710</u>
Total Department of Health and Human Services		3,439,740
Department of Energy:		
Passed through Indiana Housing and Community Development Authority:		
Weatherization Assistance for Low-income Persons	81.042	368,710
Department of Housing and Urban Development:		
Passed through Indiana Housing and Community Development Authority:		
Section 8 Housing Choice Vouchers	14.871	1,812,304
Corporation for National and Community Service:		
Direct Program:		
Foster Grandparents Program	94.011	<u>256,186</u>
Total federal awards expended		<u><u>\$ 5,876,940</u></u>

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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2021

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, 2021.

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

Property and equipment are recorded at cost and capitalized in accordance with generally accepted accounting principles. Estimated useful lives range from 5-40 years using the straight-line method.

Assets obtained with federal funds are considered to be owned by CAGI while used in the program. 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. The use of assets purchased with federal funds is limited to the purposes intended by the funding source.

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.

DE MINIMIS COST RATE

CAGI does not utilize the 10% de minimis cost rate because the guidance under Part 200.414 *Indirect Costs* does not apply.

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 SUBSIDIARIES, ET AL.**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

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	\$ 1,073,176	\$ -0-	\$ (2,887)	\$ 4,905	\$ 62,798	\$ 96,226	\$ 10,563	\$ -0-	\$ 1,244,781
Accounts receivable	435,861	-0-	3,802	1,265	1,053	8,463	88	-0-	450,532
Current portion of notes receivable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Other assets	-0-	171	12,138	21,774	43,666	8,453	1,237	(171)	87,268
Total current assets	1,509,037	171	13,053	27,944	107,517	113,142	11,888	(171)	1,782,581
Property and equipment:									
Land and land improvements	-0-	-0-	50,000	1,767,555	1,389,208	2,816,100	95,666	-0-	6,118,529
Property and equipment	130,993	-0-	3,054,626	5,427,406	7,075,021	6,193,366	8,399,619	(1,469,081)	28,811,950
Accumulated depreciation	130,993 (54,729)	-0- -0-	3,104,626 (1,582,322)	7,194,961 (3,633,899)	8,464,229 (2,743,266)	9,009,466 (2,608,533)	8,495,285 (2,357,996)	(1,469,081) -0-	34,930,479 (12,980,745)
Net property and equipment	76,264	-0-	1,522,304	3,561,062	5,720,963	6,400,933	6,137,289	(1,469,081)	21,949,734
Other assets:									
Notes receivable, related party	725,000	-0-	-0-	-0-	-0-	-0-	-0-	(725,000)	-0-
Other receivable, related party	799,524	-0-	-0-	-0-	-0-	-0-	-0-	(799,524)	-0-
Restricted deposits and funded reserves	-0-	-0-	125,331	226,075	336,631	443,958	309,651	-0-	1,441,646
Other deposits	11,400	-0-	-0-	-0-	-0-	-0-	-0-	-0-	11,400
Notes receivable, net of current portion	114,933	-0-	-0-	-0-	-0-	-0-	-0-	-0-	114,933
Deferred cost, net of accumulated amortization	-0-	-0-	-0-	-0-	12,831	19,616	36,122	-0-	68,569
Total other assets	1,650,857	-0-	125,331	226,075	349,462	463,574	345,773	(1,524,524)	1,636,548
Total assets	\$ 3,236,158	\$ 171	\$ 1,660,688	\$ 3,815,081	\$ 6,177,942	\$ 6,977,649	\$ 6,494,950	\$ (2,993,776)	\$ 25,368,863

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	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
LIABILITIES AND NET ASSETS									
Current liabilities:									
Current portion of long-term debt	\$ 1,208	\$ -0-	\$ 15,886	\$ 37,654	\$ 15,201	\$ 49,429	\$ 20,672	\$ -0-	\$ 140,050
Line of credit	135,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	135,000
Accounts payable	139,031	-0-	83,197	27,357	34,300	9,802	5,421	-0-	299,108
Other current liabilities	57,797	-0-	323,869	102,911	71,235	120,637	130,632	(326,165)	480,916
Total current liabilities	333,036	-0-	422,952	167,922	120,736	179,868	156,725	(326,165)	1,055,074
Long-term liabilities:									
Other long-term liabilities	1,412,936	-0-	1,847,830	341,468	452,549	-0-	28,969	(2,835,290)	1,248,462
Long-term debt, net of current portion	-0-	-0-	700,362	1,085,362	995,975	1,655,630	858,072	-0-	5,295,401
Total long-term liabilities	1,412,936	-0-	2,548,192	1,426,830	1,448,524	1,655,630	887,041	(2,835,290)	6,543,863
Total liabilities	1,745,972	-0-	2,971,144	1,594,752	1,569,260	1,835,498	1,043,766	(3,161,455)	7,598,937
Net assets and partners' equity:									
Without donor restrictions	765,186	-0-	-0-	-0-	-0-	-0-	-0-	(1,142,606)	(377,420)
With donor restrictions	725,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	725,000
Noncontrolling interest	-0-	-0-	-0-	-0-	-0-	-0-	-0-	17,422,346	17,422,346
Common stock	-0-	171	-0-	-0-	-0-	-0-	-0-	(171)	-0-
Partners' equity	-0-	-0-	(1,310,456)	2,220,329	4,608,682	5,142,151	5,451,184	(16,111,890)	-0-
Total net assets and partners' equity	1,490,186	171	(1,310,456)	2,220,329	4,608,682	5,142,151	5,451,184	167,679	17,769,926
Total liabilities and net assets	\$ 3,236,158	\$ 171	\$ 1,660,688	\$ 3,815,081	\$ 6,177,942	\$ 6,977,649	\$ 6,494,950	\$ (2,993,776)	\$ 25,368,863

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

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	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	\$ 6,392,734	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 6,392,734
Other revenues	49,291	-0-	16,440	3,004	44,867	32,898	11,256	(15,397)	142,359
Rental income	-0-	-0-	242,715	459,388	449,027	575,363	522,650	-0-	2,249,143
Interest income	5,950	-0-	222	9	4	23	25	-0-	6,233
Total unrestricted revenues and other support	6,447,975	-0-	259,377	462,401	493,898	608,284	533,931	(15,397)	8,790,469
Expenses:									
Program services:									
Energy and Weatherization	1,153,289	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,153,289
Children and Youth	223,033	-0-	-0-	-0-	-0-	-0-	-0-	-0-	223,033
Housing and Welfare	4,059,812	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,059,812
	5,436,134	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,436,134
Supporting services:									
General and administrative	941,612	-0-	-0-	-0-	-0-	-0-	-0-	-0-	941,612
Fundraising	8,470	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,470
Total program and supporting services	6,386,216	-0-	-0-	-0-	-0-	-0-	-0-	-0-	6,386,216
Other multifamily housing expenses	-0-	-0-	362,037	634,870	634,563	763,225	729,026	(42,404)	3,081,317
Total expenses	6,386,216	-0-	362,037	634,870	634,563	763,225	729,026	(42,404)	9,467,533
Increase (decrease) in unrestricted net assets before noncontrolling interests	61,759	-0-	(102,660)	(172,469)	(140,665)	(154,941)	(195,095)	27,007	(677,064)
Loss attributable to noncontrolling interests	-0-	-0-	-0-	-0-	-0-	-0-	-0-	663,170	663,170
Increase (decrease) in unrestricted net assets	\$ 61,759	\$ -0-	\$ (102,660)	\$ (172,469)	\$ (140,665)	\$ (154,941)	\$ (195,095)	\$ 690,177	\$ (13,894)



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, et al. which comprise the consolidated statement of financial position as of December 31, 2021, 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 September 27, 2022. The financial statements of 21st Street Seniors, L.P., 21st Street Seniors II, L.P., Commons at Spring Mill, L.P. and Beech Grove Senior, LLC were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these entities.

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. and Subsidiaries, et al.'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.

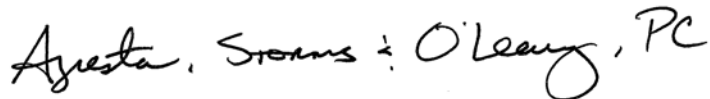
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies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

A handwritten signature in black ink that reads "Ayesta, Spoons & O'Leary, PC". The signature is written in a cursive, flowing style.

Indianapolis, Indiana
September 27, 2022



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

Opinion on 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, 2021. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 auditors' results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), 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)*. Our responsibilities under those standards and Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Action of Greater Indianapolis, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Community Action of Greater Indianapolis, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community Action of Greater Indianapolis, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on Community Action of Greater Indianapolis, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that for resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Community Action of Greater Indianapolis, Inc.'s compliance with the requirements of the government program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Community Action of Greater Indianapolis, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of Community Action of Greater Indianapolis Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Community Action of Greater Indianapolis, Inc.'s internal control. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

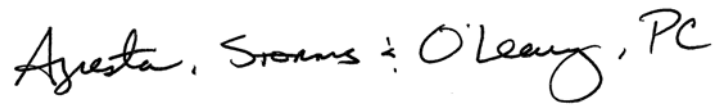
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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 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 “Auditors’ Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of 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.

A handwritten signature in black ink that reads "Ayesta, Stearns & O'Leary, PC". The signature is written in a cursive, flowing style.

Indianapolis, Indiana
September 27, 2022

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2021

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>
14.871	Department of Housing and Urban Development	Section 8 Housing Choice Vouchers

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2021

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, 2021

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