

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

CONSOLIDATED FINANCIAL STATEMENTS

**DECEMBER 31, 2023
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR
ENDED DECEMBER 31, 2022**

**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, 2022**

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Independent Auditors' Report

To the Board of Directors of
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, 2023, 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, 2023, 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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

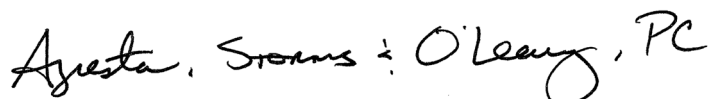
We have previously audited Community Action of Greater Indianapolis, Inc. and Subsidiaries, et al.'s December 31, 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 26, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 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 25 through 29 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 23, 2024 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 23, 2024

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**DECEMBER 31, 2023
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION FOR DECEMBER 31, 2022**

| | 2023 | 2022 |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 875,139 | \$ 1,406,847 |
| Accounts receivable | 692,673 | 795,877 |
| Other assets | 223,925 | 127,311 |
| Total current assets | <u>1,791,737</u> | <u>2,330,035</u> |
| Property and equipment: | | |
| Construction in progress | -0- | 13,000 |
| Land and land improvements | 6,118,529 | 6,118,529 |
| Property and equipment | 29,399,493 | 29,165,248 |
| | 35,518,022 | 35,296,777 |
| Accumulated depreciation | <u>(14,977,242)</u> | <u>(13,959,849)</u> |
| Net property and equipment | <u>20,540,780</u> | <u>21,336,928</u> |
| Other assets: | | |
| Restricted deposits and funded reserves | 1,412,010 | 1,472,704 |
| Other deposits | 11,400 | 11,400 |
| Notes receivable, net of current portion | 102,597 | 108,919 |
| Operating lease right-of-use asset | 1,324,017 | 921,424 |
| Deferred costs, net of accumulated amortization | 44,856 | 56,713 |
| Total other assets | <u>2,894,880</u> | <u>2,571,160</u> |
| Total assets | <u><u>\$25,227,397</u></u> | <u><u>\$26,238,123</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 155,156 | \$ 146,816 |
| Current portion of operating lease obligations | 269,397 | 304,341 |
| Accounts payable | 598,486 | 954,203 |
| Other current liabilities | 562,057 | 556,018 |
| Total current liabilities | <u>1,585,096</u> | <u>1,961,378</u> |
| Long-term liabilities: | | |
| Other long-term liabilities | 512,209 | 505,361 |
| Operating lease obligations, net of current portion | 1,095,840 | 673,551 |
| Long-term debt, net of current portion and debt issuance costs | 4,959,173 | 5,131,434 |
| Total long-term liabilities | <u>6,567,222</u> | <u>6,310,346</u> |
| Total liabilities | <u>8,152,318</u> | <u>8,271,724</u> |
| Net assets: | | |
| Without donor restrictions | (776,909) | (244,011) |
| With donor restrictions | 1,721,973 | 1,537,131 |
| Noncontrolling interests | 16,130,015 | 16,673,279 |
| Total net assets | <u>17,075,079</u> | <u>17,966,399</u> |
| Total liabilities and net assets | <u><u>\$25,227,397</u></u> | <u><u>\$26,238,123</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, 2023
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022**

| | Year Ended December 31, 2023 | | | Year Ended December 31, 2022 |
|--|----------------------------------|-------------------------------|---------------------|------------------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | |
| Revenues and other support: | | | | |
| Grant revenues | \$8,281,910 | \$1,134,933 | \$9,416,843 | \$ 11,715,746 |
| Other revenues | 480,005 | -0- | 480,005 | 244,487 |
| Rental income | 2,443,122 | -0- | 2,443,122 | 2,333,928 |
| Interest income | 33,621 | -0- | 33,621 | 10,287 |
| Total revenues and other support | 11,238,658 | 1,134,933 | 12,373,591 | 14,304,448 |
| Net assets released from restrictions | 950,091 | (950,091) | -0- | -0- |
| Total revenues and other support | 12,188,749 | 184,842 | 12,373,591 | 14,304,448 |
| Expenses: | | | | |
| Program services: | | | | |
| Energy and Weatherization | 3,750,832 | -0- | 3,750,832 | 2,079,824 |
| Children and Youth | 956,848 | -0- | 956,848 | 645,437 |
| Housing and Welfare | 4,081,624 | -0- | 4,081,624 | 7,362,372 |
| | 8,789,304 | -0- | 8,789,304 | 10,087,633 |
| Supporting services: | | | | |
| General and administrative | 1,043,734 | -0- | 1,043,734 | 774,880 |
| Fundraising | 43,619 | -0- | 43,619 | 24,714 |
| Total program and supporting services | 9,876,657 | -0- | 9,876,657 | 10,887,227 |
| Other multifamily housing expenses | 3,388,254 | -0- | 3,388,254 | 3,220,748 |
| Total expenses | 13,264,911 | -0- | 13,264,911 | 14,107,975 |
| Increase (decrease) in net assets before noncontrolling interests | (1,076,162) | 184,842 | (891,320) | 196,473 |
| Add back: Loss attributable to noncontrolling interests | 543,264 | -0- | 543,264 | 749,067 |
| Increase (decrease) in net assets | \$ (532,898) | \$ 184,842 | \$ (348,056) | \$ 945,540 |

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, 2023
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022**

| | Year Ended December 31, 2023 | | | | | | | Year Ended December 31, 2022 |
|-------------------------------|---------------------------------|--------------------------|---------------------------|-------------------------------|----------------------------------|-------------|-------------|------------------------------------|
| | Energy and Weatherization | Children and Youth | Housing and Welfare | Program Services Totals | General and Administrative | Fundraising | Total | |
| Benefit payments | \$ 3,225,621 | \$ 114,122 | \$2,871,893 | \$6,211,636 | \$ 6,512 | \$ -0- | \$6,218,148 | \$ 7,801,689 |
| Salaries and wages | 262,876 | 154,039 | 593,944 | 1,010,859 | 455,512 | -0- | 1,466,371 | 1,205,741 |
| Professional fees | 25,998 | 176,420 | 97,207 | 299,625 | 139,679 | 14,486 | 453,790 | 306,826 |
| Temporary help | -0- | 334,324 | 426 | 334,750 | -0- | -0- | 334,750 | 362,104 |
| Occupancy | 27,730 | 19,647 | 112,675 | 160,052 | 116,320 | -0- | 276,372 | 244,345 |
| Employee benefits | 18,045 | -0- | 136,625 | 154,670 | 103,113 | -0- | 257,783 | 185,520 |
| Payroll taxes | 25,092 | 14,112 | 57,315 | 96,519 | 39,245 | -0- | 135,764 | 114,201 |
| Supplies | 34,954 | 26,751 | 38,295 | 100,000 | 16,999 | 2,676 | 119,675 | 140,802 |
| Travel | 13,198 | 65,511 | 11,738 | 90,447 | 13,698 | -0- | 104,145 | 90,278 |
| Lease | 13,512 | 1,146 | 60,144 | 74,802 | 17,526 | 448 | 92,776 | 112,805 |
| Insurance | 18,732 | 953 | 22,939 | 42,624 | 35,040 | -0- | 77,664 | 84,646 |
| Depreciation and amortization | 60,255 | -0- | 14,079 | 74,334 | -0- | -0- | 74,334 | 47,518 |
| Utilities | 7,087 | 332 | 12,624 | 20,043 | 19,265 | -0- | 39,308 | 36,326 |
| Community relations | 418 | 1,108 | 535 | 2,061 | 11,833 | 24,678 | 38,572 | 8,356 |
| In-kind | -0- | 32,987 | -0- | 32,987 | -0- | -0- | 32,987 | 32,035 |
| Dues and subscriptions | 1,626 | -0- | 20,508 | 22,134 | 9,351 | -0- | 31,485 | 29,762 |
| Maintenance | 8,982 | -0- | 891 | 9,873 | 13,174 | -0- | 23,047 | 5,172 |
| Security | -0- | 8,745 | 13,885 | 22,630 | -0- | -0- | 22,630 | 5,028 |
| Employee training | 5,520 | 3,444 | 1,730 | 10,694 | 9,993 | -0- | 20,687 | 32,382 |
| Other expense | 382 | 827 | 798 | 2,007 | 11,907 | 1,331 | 15,245 | 4,320 |
| Advertising | -0- | 2,000 | 8,000 | 10,000 | 2,981 | -0- | 12,981 | 18,414 |
| Vehicle | -0- | -0- | -0- | -0- | 9,751 | -0- | 9,751 | -0- |
| Postage | 281 | 380 | 2,501 | 3,162 | 5,657 | -0- | 8,819 | 7,258 |
| Bank charges | 64 | -0- | 2,026 | 2,090 | 4,524 | -0- | 6,614 | 6,295 |
| Taxes and licenses | 300 | -0- | -0- | 300 | 1,366 | -0- | 1,666 | 830 |
| Interest | 159 | -0- | 846 | 1,005 | 288 | -0- | 1,293 | 4,574 |
| | \$ 3,750,832 | \$ 956,848 | \$4,081,624 | \$8,789,304 | \$ 1,043,734 | \$ 43,619 | \$9,876,657 | \$ 10,887,227 |

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, 2023
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022**

| | Controlling Interest | | | Noncontrolling Interest | Total |
|-----------------------------------|----------------------------------|-------------------------------|--------------------------|-----------------------------|----------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | | |
| Balance, January 1, 2022 | \$ (377,420) | \$ 725,000 | \$ 347,580 | \$ 17,422,346 | \$17,769,926 |
| Increase (decrease) in net assets | <u>133,409</u> | <u>812,131</u> | <u>945,540</u> | <u>(749,067)</u> | <u>196,473</u> |
| Balance, December 31, 2022 | (244,011) | 1,537,131 | 1,293,120 | 16,673,279 | 17,966,399 |
| Increase (decrease) in net assets | <u>(532,898)</u> | <u>184,842</u> | <u>(348,056)</u> | <u>(543,264)</u> | <u>(891,320)</u> |
| Balance, December 31, 2023 | <u><u>\$ (776,909)</u></u> | <u><u>\$1,721,973</u></u> | <u><u>\$ 945,064</u></u> | <u><u>\$ 16,130,015</u></u> | <u><u>\$17,075,079</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, 2023
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022**

| | <u>2023</u> | <u>2022</u> |
|--|---------------------------|---------------------------|
| Cash flow from operating activities: | | |
| Increase (decrease) in net assets | \$ (348,056) | \$ 945,540 |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 1,029,250 | 990,960 |
| Interest - debt issuance costs | 24,854 | 24,854 |
| Loan forgiveness | (42,262) | (42,262) |
| Loss attributable to noncontrolling interests | (543,264) | (749,067) |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | 103,204 | (345,345) |
| Increase in right of use asset | (402,593) | (921,424) |
| Increase in other assets | (96,614) | (40,043) |
| Increase (decrease) in accounts payable | (355,717) | 655,095 |
| Increase in other current liabilities | 6,039 | 75,102 |
| Increase in operating lease obligations | 394,488 | 941,563 |
| Increase (decrease) in other long-term liabilities | 6,848 | (743,101) |
| Net cash provided by (used in) operating activities | <u>(223,823)</u> | <u>791,872</u> |
| Cash flow from investing activities: | | |
| Capital expenditures | <u>(221,245)</u> | <u>(326,058)</u> |
| Net cash used in investing activities | <u>(221,245)</u> | <u>(326,058)</u> |
| Cash flow from financing activities: | | |
| Notes receivable | 6,322 | 6,014 |
| Repayments on line of credit | -0- | (135,000) |
| Repayments on long-term debt | (146,513) | (139,793) |
| Repayments on finance lease obligations | <u>(7,143)</u> | <u>(3,911)</u> |
| Net cash used in financing activities | <u>(147,334)</u> | <u>(272,690)</u> |
| Net increase (decrease) in cash and cash equivalents, and restricted cash | (592,402) | 193,124 |
| Cash, cash equivalents, and restricted cash, beginning of year | <u>2,879,551</u> | <u>2,686,427</u> |
| Cash, cash equivalents, and restricted cash, end of year | <u><u>\$2,287,149</u></u> | <u><u>\$2,879,551</u></u> |
| Noncash investing and financing activities: | | |
| Property and equipment acquired through finance lease | <u>\$ -0-</u> | <u>\$ 40,240</u> |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the year for interest | <u><u>\$ 312,664</u></u> | <u><u>\$ 320,795</u></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, 2023
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2023 and 2022, the Organization had net assets (deficiency) without donor restrictions of (\$776,909) and (\$244,011), 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, 2023 and 2022, the Organization had net assets with donor restrictions of \$1,721,973 and \$1,537,131, respectively.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**DECEMBER 31, 2023
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022**

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 AND ALLOWANCE FOR CREDIT LOSSES

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 83% and 97% of the accounts receivable of CAGI at December 31, 2023 and 2022, respectively. The allowance for credit losses is determined by management based upon historical losses, specific circumstances and general economic conditions. At December 31, 2023 and 2022, management estimated that no allowance was necessary.

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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, 2023 and 2022.

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, 2023 and 2022, amounts due on these notes were \$102,597 and \$108,919, 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, 2023 and 2022, was \$74,334 and \$47,518, 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 \$943,059 and \$931,586 for the years ended December 31, 2023 and 2022, 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. No impairment loss has been recognized during the years ended December 31, 2023 and 2022.

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 is 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 2020. 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, 2023, 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, 2023 and 2022.

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 \$31,930 and \$36,583 during the years ended December 31, 2023 and 2022, 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 \$400,000, which it could draw upon in the event of an unanticipated liquidity need. The line of credit agreement was renewed in July 2024.

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

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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, 2023 and 2022:

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Cash and cash equivalents | \$ 875,139 | \$ 1,406,847 |
| Accounts receivable | 692,673 | 795,877 |
| Restricted deposits and funded reserves | <u>1,412,010</u> | <u>1,472,704</u> |
| Total financial assets | 2,979,822 | 3,675,428 |
| Less amounts unavailable for general expenditures within one year due to: | | |
| Restricted by time or donor-imposed purpose | (996,973) | (812,131) |
| Restricted deposits and funded reserves | (1,412,010) | (1,472,704) |
| Rental assistance program delivery funds | <u>-0-</u> | <u>(504,349)</u> |
| Total financial assets available to management for general expenditures within one year | <u>\$ 570,839</u> | <u>\$ 886,244</u> |

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:

TENANT SECURITY DEPOSITS

The Subsidiaries maintain separate security deposit cash accounts for holding tenant deposits and refunding tenants at move out. At December 31, 2023 and 2022, the security deposit cash balance was \$59,749 and \$53,808, 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, 2023 and 2022, these funds amounted to \$456,060 and \$524,729, 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, 2023 and 2022, these funds amounted to \$684,995 and \$673,126, respectively.

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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, 2023 and 2022, these funds amounted to \$211,206 and \$221,405, 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>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 875,139 | \$ 1,406,847 |
| Restricted deposits and funded reserves | <u>1,412,010</u> | <u>1,472,704</u> |
| Total cash, cash equivalents, and restricted cash shown on the statement of cash flows | <u>\$ 2,287,149</u> | <u>\$ 2,879,551</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 2023.

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. In April of 2024, the Project was sold to an unrelated party (See Note 15).

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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, 2023 and 2022, 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, 2023 and 2022, 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. In April of 2024, FSA was sold to an unrelated party and this note was repaid with proceeds from the sale of the Project.
- 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. This note was repaid with proceeds from the sale of the Project in 2024.

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At and during the year ended December 31, 2022, no amounts related to interest earned or due on these related party notes receivable were included in the consolidated statement of financial position or consolidated statement of activities, as these amounts had been offset by an allowance for the same amount or eliminated via consolidating FSA into the consolidated financial statements. As a result of the sale of the project in April 2024 (see Note 4), amounts due to CAGI from FSA for interest on these related party notes receivable and the related allowances were written off during the year ended December 31, 2023. This write-off however, had no effect on the consolidated statement of financial position or consolidated statement of activities at or during the year ended December 31, 2023, as these amounts had been eliminated during consolidation of the financial statements.

DEVELOPER FEES

CAGI receives periodic payments from related parties for developer fees. During the years ended December 31, 2023 and 2022, no amounts 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. During the years ended December 31, 2023 and 2022, expenses related to these activities were \$30,205 and \$-0-, respectively. At December 31, 2023 and 2022, \$30,205 and \$-0- was due from CAAP Housing, Inc, respectively.

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6. PROPERTY AND EQUIPMENT

As of December 31, 2023 and 2022, 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 | Eliminating Entries | Consolidated |
|----------------------------|--|---|------------------------------------|---------------------------------------|--------------------------------------|-------------------------------|------------------------|----------------------|
| 2023 | | | | | | | | |
| 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 | 376,002 | 3,156,294 | 5,427,406 | 7,075,021 | 6,363,640 | 8,470,211 | (1,469,081) | 29,399,493 |
| | 376,002 | 3,206,294 | 7,194,961 | 8,464,229 | 9,179,740 | 8,565,877 | (1,469,081) | 35,518,022 |
| Accumulated depreciation | (176,581) | (1,704,445) | (4,024,014) | (3,084,819) | (3,127,186) | (2,860,197) | -0- | (14,977,242) |
| | <u>\$ 199,421</u> | <u>\$ 1,501,849</u> | <u>\$ 3,170,947</u> | <u>\$ 5,379,410</u> | <u>\$ 6,052,554</u> | <u>\$ 5,705,680</u> | <u>\$ (1,469,081)</u> | <u>\$ 20,540,780</u> |
| 2022 | | | | | | | | |
| 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 | 362,993 | 3,054,626 | 5,427,406 | 7,075,021 | 6,272,207 | 8,442,076 | (1,469,081) | 29,165,248 |
| | 362,993 | 3,104,626 | 7,194,961 | 8,464,229 | 9,088,307 | 8,537,742 | (1,469,081) | 35,283,777 |
| Accumulated depreciation | (102,247) | (1,643,137) | (3,829,076) | (2,914,682) | (2,866,480) | (2,604,227) | -0- | (13,959,849) |
| | <u>\$ 260,746</u> | <u>\$ 1,461,489</u> | <u>\$ 3,365,885</u> | <u>\$ 5,549,547</u> | <u>\$ 6,221,827</u> | <u>\$ 5,933,515</u> | <u>\$ (1,469,081)</u> | <u>\$ 21,323,928</u> |

7. RENTAL ASSISTANCE PROGRAM DELIVERY

During the year ended December 31, 2021 CAGI was contracted to provide certain services in connection with COVID-19 Rental Assistance Program funds in which the John H. Boner Community Center (Center) was a sub-recipient. During the years ended December 31, 2023 and 2022, the Organization received \$-0- and \$3,800,932, respectively. During the years ended December 31, 2023 and 2022 the Organization disbursed \$-0- and \$4,003,164, respectively. The Organization received funds in excess of the award and was required to repay the Center. During the years ended December 31, 2023 and 2022, \$471,451 and \$76,317 was repaid, respectively. As of December 31, 2023 and 2022, the Organization had an outstanding balance due to the Center of \$-0- and \$471,451, respectively. This program was discontinued during the year ended December 31, 2022.

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8. LONG-TERM DEBT

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| 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. | \$ 742,465 | \$ 758,899 |
| 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. | 813,363 | 830,070 |
| 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. | 1,029,629 | 1,054,744 |
| 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. | 126,789 | 169,051 |
| 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. | 1,059,136 | 1,099,705 |
| 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. | 588,913 | 615,071 |
| Mortgage payable, bank, interest at 5.65% per annum, due June 2032, secured by mortgage on certain Beech Grove Senior real estate. | 629,998 | 642,505 |
| 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. | <u>343,722</u> | <u>352,745</u> |
| | 5,334,015 | 5,522,790 |
| Less current portion | (155,156) | (146,816) |
| Less unamortized debt issuance costs | <u>(219,686)</u> | <u>(244,540)</u> |
| Long-term portion | <u>\$ 4,959,173</u> | <u>\$ 5,131,434</u> |

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

Year ending December 31,

| | |
|------------|----------------------------|
| 2024 | \$ 155,156 |
| 2025 | 164,474 |
| 2026 | 174,263 |
| 2027 | 184,752 |
| 2028 | 648,587 |
| Thereafter | <u>4,006,783</u> |
| | <u><u>\$ 5,334,015</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 \$24,854 for each the years ended December 31, 2023 and 2022, and is recorded in other multifamily housing expenses on the consolidated statement of activities.

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

Year ending December 31,

| | |
|------------|--------------------------|
| 2024 | \$ 24,854 |
| 2025 | 24,854 |
| 2026 | 21,982 |
| 2027 | 21,411 |
| 2028 | 19,680 |
| Thereafter | <u>106,905</u> |
| | <u><u>\$ 219,686</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, 2023 and 2022, 85% and 57%, 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 \$400,000. Interest is payable at prime plus .25%. The line is secured by substantially all assets of CAGI. The line of credit agreement was renewed in July 2024 using the same terms. There were no outstanding borrowings on the line of credit at both December 31, 2023 and 2022.

11. LEASE COMMITMENTS (TOPIC 842)

CAGI's operating leases are for office space at a building in Marion County used as their primary location and office equipment with unrelated parties. The building lease was originally set to expire in October 2026, but was amended during the year ended December 31, 2023 and expires July 2028. The equipment lease expired January 2024. CAGI's operating lease costs for the years ended December 31, 2023 and 2022 were \$398,357 and \$304,944, respectively.

Commons at Spring Mill has a finance lease for water use monitoring equipment from an unrelated third party. The lease expires May 2027. The cost of the equipment under the finance lease is \$40,240 and is included in furniture and equipment on the statement of financial position with related accumulated depreciation of \$4,248 and \$1,565 as of December 31, 2023 and 2022, respectively.

The components of CAGI's lease costs for the years ended December 31, 2023 and 2022 were as follows:

| | 2023 | 2022 |
|---------------------------|-------------------|-------------------|
| Operating lease cost | \$ 398,357 | \$ 304,944 |
| Short term lease cost | 3,324 | 19,674 |
| Finance lease cost: | | |
| Amortization of ROU asset | 2,683 | 1,565 |
| Interest expense | 2,648 | 984 |
| Total lease cost | <u>\$ 407,012</u> | <u>\$ 327,167</u> |

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Following is a summary of the minimum future lease payments due under operating and finance leases with terms of more than one year at December 31, 2023, together with the net present value of minimum payments:

| <u>Year ending December 31,</u> | Operating Leases | Finance Lease | Total |
|---|---------------------|------------------|---------------------|
| 2024 | \$ 303,854 | \$ 9,791 | \$ 313,645 |
| 2025 | 309,323 | 9,791 | 319,114 |
| 2026 | 321,614 | 9,791 | 331,405 |
| 2027 | 333,906 | 4,079 | 337,985 |
| 2028 | 200,753 | -0- | 200,753 |
| Total future minimum lease payments | 1,469,450 | 33,452 | 1,502,902 |
| Amount representing interest | (133,399) | (4,266) | (137,665) |
| Present value of net minimum lease payments | 1,336,051 | 29,186 | 1,365,237 |
| Current portion of lease obligations | (261,661) | (7,736) | (269,397) |
| Long-term lease obligations | <u>\$ 1,074,390</u> | <u>\$ 21,450</u> | <u>\$ 1,095,840</u> |

Following is a summary of the minimum future lease payments due under operating and finance leases with terms of more than one year at December 31, 2022, together with the net present value of minimum payments:

| <u>Year ending December 31,</u> | Operating Leases | Finance Lease | Total |
|---|---------------------|------------------|-------------------|
| 2023 | \$ 297,198 | \$ 9,791 | \$ 306,989 |
| 2024 | 231,451 | 9,791 | 241,242 |
| 2025 | 233,924 | 9,791 | 243,715 |
| 2026 | 201,392 | 9,791 | 211,183 |
| 2027 | -0- | 4,079 | 4,079 |
| Total future minimum lease payments | 963,965 | 43,243 | 1,007,208 |
| Amount representing interest | (22,402) | (6,914) | (29,316) |
| Present value of net minimum lease payments | 941,563 | 36,329 | 977,892 |
| Current portion of lease obligations | (297,198) | (7,143) | (304,341) |
| Long-term lease obligations | <u>\$ 644,365</u> | <u>\$ 29,186</u> | <u>\$ 673,551</u> |

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**DECEMBER 31, 2023
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022**

The weighted average remaining lease term and discount rate for the Company's operating lease obligations at December 31, 2023 and 2022 are 4.44 and 3.66 years, respectively. The weighted average discount rate for the Company's operating lease obligations at December 31, 2023 and 2022 was 4.44% and 1.29%, respectively.

The weighted average remaining lease term for the Company's finance lease obligations at December 31, 2023 and 2022 are 3.42 years and 4.42 years, respectively. The weighted average discount rate for the Company's finance lease obligations at both December 31, 2023 and 2022 are 8%.

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, 2023 and 2022 totaled \$11,857 and \$11,856, respectively.

The following represents deferred costs and related accumulated amortization as of December 31, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|--|------------------|------------------|
| <u>Description</u> | | |
| Low-income housing tax credit monitoring costs | \$ 216,740 | \$ 216,740 |
| Accumulated amortization | <u>(171,884)</u> | <u>(160,027)</u> |
| Total deferred costs, net | <u>\$ 44,856</u> | <u>\$ 56,713</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, 2023 and 2022 were received from the following:

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| HOME Investment Partnership Program Funds | \$ 700,000 | \$ 700,000 |
| Community Development Block Grant Funds | 25,000 | 25,000 |
| Private grant funds | <u>996,973</u> | <u>812,131</u> |
| | <u>\$ 1,721,973</u> | <u>\$ 1,537,131</u> |

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**DECEMBER 31, 2023
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022**

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.

15. SUBSEQUENT EVENTS

In accordance with FASB ASC Topic 855, *Subsequent Events*, the Organization has evaluated subsequent events through September 23, 2024, 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 except for the following:

On December 9, 2023, the partners of Franklin School Apartments, L.P. entered into an agreement for the sale of all assets of the Project, including all assets of the Partnership, for a total of \$1,650,000. The agreement closed in April 2024. See Note 4.

SUPPLEMENTARY INFORMATION

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2023

| Federal Grantor/Pass-through Grantor/Program Title | Assistance Listing Number | Grant Expenditures |
|---|---------------------------------|----------------------------|
| Department of Health and Human Services: | | |
| Direct Program: | | |
| Consolidated Appropriations Act | 93.493 | \$ 59,000 |
| Community Funded Projects | 93.493 | <u>75,000</u> |
| Passed through Indiana Housing and Community Development Authority: | | |
| Community Services Block Grant | 93.569 | 1,566,411 |
| Low Income Home Energy Assistance - Weatherization | 93.568 | <u>2,030,947</u> |
| Total Department of Health and Human Services | | 3,731,358 |
| Department of Energy: | | |
| Passed through Indiana Housing and Community Development Authority: | | |
| Weatherization Assistance for Low-income Persons | 81.042 | 1,623,660 |
| Department of Housing and Urban Development: | | |
| Passed through Indiana Housing and Community Development Authority: | | |
| Section 8 Housing Choice Vouchers | 14.871 | 2,311,550 |
| Corporation for National and Community Service: | | |
| Direct Program: | | |
| Foster Grandparents Program | 94.011 | <u>307,794</u> |
| Total federal awards expended | | <u><u>\$ 7,974,362</u></u> |

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2023

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, 2023.

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 non-sponsored 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, 2023

| | 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 |
|---|--|--|---|------------------------------------|---------------------------------------|------------------------------------|------------------------------|------------------------|----------------------|
| ASSETS | | | | | | | | | |
| Current assets: | | | | | | | | | |
| Cash and cash equivalents | \$ 625,193 | \$ -0- | \$ 2,856 | \$ 16,734 | \$ 65,520 | \$ 115,550 | \$ 49,286 | \$ -0- | \$ 875,139 |
| Accounts receivable | 677,210 | -0- | 8,263 | 2,452 | 471 | 4,277 | -0- | -0- | 692,673 |
| Other assets | 117,298 | 171 | 15,901 | 26,668 | 53,652 | 9,206 | 1,200 | (171) | 223,925 |
| Total current assets | 1,419,701 | 171 | 27,020 | 45,854 | 119,643 | 129,033 | 50,486 | (171) | 1,791,737 |
| 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 | 376,002 | -0- | 3,156,294 | 5,427,406 | 7,075,021 | 6,363,640 | 8,470,211 | (1,469,081) | 29,399,493 |
| | 376,002 | -0- | 3,206,294 | 7,194,961 | 8,464,229 | 9,179,740 | 8,565,877 | (1,469,081) | 35,518,022 |
| Accumulated depreciation | (176,581) | -0- | (1,704,445) | (4,024,014) | (3,084,819) | (3,127,186) | (2,860,197) | -0- | (14,977,242) |
| Net property and equipment | 199,421 | -0- | 1,501,849 | 3,170,947 | 5,379,410 | 6,052,554 | 5,705,680 | (1,469,081) | 20,540,780 |
| Other assets: | | | | | | | | | |
| Notes receivable, related party | 725,000 | -0- | -0- | -0- | -0- | -0- | -0- | (725,000) | -0- |
| Other receivable, related party | 333,687 | -0- | -0- | -0- | -0- | -0- | -0- | (333,687) | -0- |
| Restricted deposits and funded reserves | -0- | -0- | 87,494 | 217,067 | 357,485 | 416,572 | 333,392 | -0- | 1,412,010 |
| Other deposits | 11,400 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 11,400 |
| Notes receivable, net of current portion | 102,597 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 102,597 |
| Operating lease right-of-use asset | 1,324,017 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 1,324,017 |
| Deferred cost, net of accumulated amortization | -0- | -0- | -0- | -0- | 4,279 | 12,482 | 28,095 | -0- | 44,856 |
| Total other assets | 2,496,701 | -0- | 87,494 | 217,067 | 361,764 | 429,054 | 361,487 | (1,058,687) | 2,894,880 |
| Total assets | \$4,115,823 | \$ 171 | \$1,616,363 | \$3,433,868 | \$5,860,817 | \$6,610,641 | \$6,117,653 | \$ (2,527,939) | \$ 25,227,397 |

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

| | 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 | \$ -0- | \$ -0- | \$ 17,002 | \$ 43,710 | \$ 18,361 | \$ 53,265 | \$ 22,818 | \$ -0- | \$ 155,156 |
| Current portion of operating lease obligations | 261,662 | -0- | -0- | -0- | -0- | 7,735 | -0- | -0- | 269,397 |
| Accounts payable | 436,864 | -0- | 57,206 | 16,787 | 57,416 | 23,628 | 6,585 | -0- | 598,486 |
| Other current liabilities | 84,598 | -0- | 624,734 | 108,795 | 76,573 | 138,044 | 163,686 | (634,373) | 562,057 |
| Total current liabilities | 783,124 | -0- | 698,942 | 169,292 | 152,350 | 222,672 | 193,089 | (634,373) | 1,585,096 |
| Long-term liabilities: | | | | | | | | | |
| Other long-term liabilities | 197,100 | -0- | 1,919,276 | 341,468 | 475,459 | -0- | 28,969 | (2,450,063) | 512,209 |
| Operating lease obligations, net of current portion | 1,074,390 | -0- | -0- | -0- | -0- | 21,450 | -0- | -0- | 1,095,840 |
| Long-term debt, net of current portion | -0- | -0- | 670,958 | 1,007,969 | 888,101 | 1,555,713 | 836,432 | -0- | 4,959,173 |
| Total long-term liabilities | 1,271,490 | -0- | 2,590,234 | 1,349,437 | 1,363,560 | 1,577,163 | 865,401 | (2,450,063) | 6,567,222 |
| Total liabilities | 2,054,614 | -0- | 3,289,176 | 1,518,729 | 1,515,910 | 1,799,835 | 1,058,490 | (3,084,436) | 8,152,318 |
| Net assets and partners' equity: | | | | | | | | | |
| Without donor restrictions | 339,236 | -0- | -0- | -0- | -0- | -0- | -0- | (1,116,145) | (776,909) |
| With donor restrictions | 1,721,973 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 1,721,973 |
| Noncontrolling interest | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 16,130,015 | 16,130,015 |
| Common stock | -0- | 171 | -0- | -0- | -0- | -0- | -0- | (171) | -0- |
| Partners' equity (deficit) | -0- | -0- | (1,672,813) | 1,915,139 | 4,344,907 | 4,810,806 | 5,059,163 | (14,457,202) | -0- |
| Total net assets and partners' equity (deficit) | 2,061,209 | 171 | (1,672,813) | 1,915,139 | 4,344,907 | 4,810,806 | 5,059,163 | 556,497 | 17,075,079 |
| Total liabilities and net assets | \$4,115,823 | \$ 171 | \$1,616,363 | \$3,433,868 | \$5,860,817 | \$6,610,641 | \$6,117,653 | \$ (2,527,939) | \$ 25,227,397 |

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

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

| | 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 net assets without donor restriction: | | | | | | | | | |
| Revenues and other support: | | | | | | | | | |
| Grant revenues | \$ 8,281,910 | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ 8,281,910 |
| Other revenues | 362,988 | -0- | 12,528 | 9,720 | 42,827 | 43,024 | 8,918 | -0- | 480,005 |
| Rental income | -0- | -0- | 212,159 | 507,063 | 501,477 | 632,767 | 589,656 | -0- | 2,443,122 |
| Interest income | 10,024 | -0- | 1,236 | 8,195 | 737 | 7,019 | 6,410 | -0- | 33,621 |
| Total unrestricted revenues and other support | 8,654,922 | -0- | 225,923 | 524,978 | 545,041 | 682,810 | 604,984 | -0- | 11,238,658 |
| Net assets released from restrictions | 950,091 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 950,091 |
| Total unrestricted revenues and support and reclassifications | 9,605,013 | -0- | 225,923 | 524,978 | 545,041 | 682,810 | 604,984 | -0- | 12,188,749 |
| Expenses: | | | | | | | | | |
| Program services: | | | | | | | | | |
| Energy and Weatherization | 3,750,832 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 3,750,832 |
| Children and Youth | 956,848 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 956,848 |
| Housing and Welfare | 4,081,624 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 4,081,624 |
| | 8,789,304 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 8,789,304 |
| Supporting services: | | | | | | | | | |
| General and administrative | 1,351,511 | -0- | -0- | -0- | -0- | -0- | -0- | (307,777) | 1,043,734 |
| Fundraising | 43,619 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 43,619 |
| Total program and supporting services | 10,184,434 | -0- | -0- | -0- | -0- | -0- | -0- | (307,777) | 9,876,657 |
| Other multifamily housing expenses | -0- | -0- | 509,625 | 643,184 | 673,522 | 798,126 | 786,245 | (22,448) | 3,388,254 |
| Total expenses | 10,184,434 | -0- | 509,625 | 643,184 | 673,522 | 798,126 | 786,245 | (330,225) | 13,264,911 |
| Decrease in unrestricted net assets before noncontrolling interests | (579,421) | -0- | (283,702) | (118,206) | (128,481) | (115,316) | (181,261) | 330,225 | (1,076,162) |
| Loss attributable to noncontrolling interests | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 543,264 | 543,264 |
| Decrease in net assets without donor restriction | \$ (579,421) | \$ -0- | \$ (283,702) | \$ (118,206) | \$ (128,481) | \$ (115,316) | \$ (181,261) | \$ 873,489 | \$ (532,898) |
| Changes in net assets with donor restrictions: | | | | | | | | | |
| Grant revenue | \$ 1,134,933 | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ 1,134,933 |
| Net assets released from restrictions | (950,091) | -0- | -0- | -0- | -0- | -0- | -0- | -0- | (950,091) |
| Increase (decrease) in net assets with donor restrictions | \$ 184,842 | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ 184,842 |
| Change in net assets | \$ (394,579) | \$ -0- | \$ (283,702) | \$ (118,206) | \$ (128,481) | \$ (115,316) | \$ (181,261) | \$ 873,489 | \$ (348,056) |



**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, 2023, 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 23, 2024. 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.

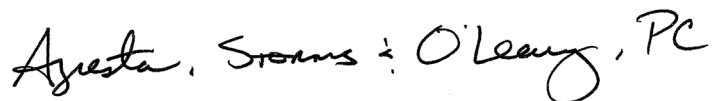
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies 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 "Aresta, Spoons & O'Leary, PC". The signature is written in a cursive, flowing style.

Indianapolis, Indiana
September 23, 2024



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 of
Community Action of Greater Indianapolis, Inc.
and Subsidiaries
(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, 2023. 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, 2023.

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

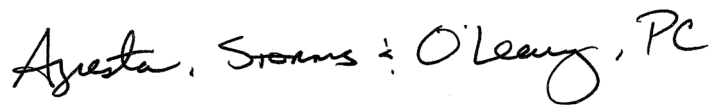
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a 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, Spoons & O'Leary, PC". The signature is written in a cursive, flowing style.

Indianapolis, Indiana
September 23, 2024

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2023

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 |

COMMUNITY ACTION OF GREATER INDIANAPOLIS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2023

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, 2023

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