

**DUNDALK RENAISSANCE CORPORATION**  
Dundalk, Maryland

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS**

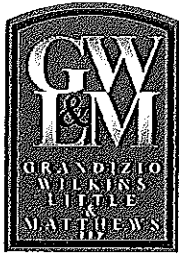
**DECEMBER 31, 2014 AND 2013**

DUNDALK RENAISSANCE CORPORATION  
Dundalk, Maryland

December 31, 2014 and 2013

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Certified Public Accountant

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Dundalk Renaissance Corporation  
Dundalk, Maryland

### Report on the Financial Statements

We have audited the accompanying financial statements of Dundalk Renaissance Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, and functional expenses for the year ended December 31, 2014, and the related statements of cash flows for the years ended December 31, 2014 and 2013, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

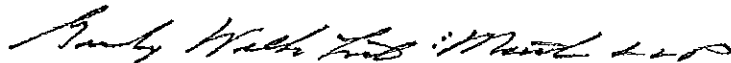
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dundalk Renaissance Corporation as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited the Dundalk Renaissance Corporation's statements of activities and functional expenses for the year ended December 31, 2013, and we expressed an unmodified audit opinion on those audited statements of activities and functional expenses in our report dated July 23, 2014. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2013, is consistent, in all material respects, with the audited statements of activities and functional expenses from which it has been derived.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015 on our consideration of Dundalk Renaissance Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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 Dundalk Renaissance Corporation's internal control over financial reporting and compliance.



Grandizio, Wilkins, Little & Matthews, LLP

June 29, 2015  
Millersville, Maryland

**DUNDALK RENAISSANCE CORPORATION**  
Dundalk, Maryland

**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2014 AND 2013**

	<b>ASSETS</b>	
	<u>2014</u>	<u>2013</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 180,749	\$ 323,919
Grants Receivable	95,003	18,833
	<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>	<b>275,752</b>	<b>342,752</b>
	<hr/>	<hr/>
<b>PROPERTY AND EQUIPMENT</b>		
Office Building	200,000	-
Leasehold Improvements	-	56,556
Office Equipment	8,750	8,750
Computers	20,663	20,663
Less: Accumulated Depreciation and Amortization	(30,268)	(28,543)
	<hr/>	<hr/>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>199,145</b>	<b>57,426</b>
	<hr/>	<hr/>
<b>OTHER ASSETS</b>		
Property Development Costs	350,003	204,804
Loan Receivable from Portside Development, LLC	1,061,455	1,061,455
Prepaid Expenses	11,669	-
Security Deposits	-	4,000
	<hr/>	<hr/>
<b>TOTAL OTHER ASSETS</b>	<b>1,423,127</b>	<b>1,270,259</b>
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 1,898,024</b>	<b>\$ 1,670,437</b>
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accompanying notes to financial statements  
are an integral part of this statement

**DUNDALK RENAISSANCE CORPORATION**  
**Dundalk, Maryland**

**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2014 AND 2013**

	<b>LIABILITIES</b>	
	<u>2014</u>	<u>2013</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 20,608	\$ 2,013
Grants Payable	20,005	20,005
Mortgage Payable - Office Building	9,335	-
Other Accrued Liabilities	-	6,063
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	<b>49,948</b>	<b>28,081</b>
	<hr/>	<hr/>
<b>LONG TERM LIABILITIES</b>		
Mortgage Payable - Office Building	179,665	-
Loan Payable to State of Maryland	1,061,455	1,061,455
	<hr/>	<hr/>
<b>TOTAL LONG TERM LIABILITIES</b>	<b>1,241,120</b>	<b>1,061,455</b>
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>1,291,068</b>	<b>1,089,536</b>
	<hr/>	<hr/>
<b>NET ASSETS</b>		
<b>TEMPORARILY RESTRICTED</b>	350,003	204,804
<b>UNRESTRICTED</b>	256,953	376,097
	<hr/>	<hr/>
<b>TOTAL NET ASSETS</b>	<b>606,956</b>	<b>580,901</b>
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,898,024</b>	<b>\$ 1,670,437</b>
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The accompanying notes to financial statements  
are an integral part of this statement

**DUNDALK RENAISSANCE CORPORATION**  
Dundalk, Maryland

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2013)**

	2014		Total	
	Unrestricted	Temporarily Restricted	2014	2013
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 24,296	\$ -	\$ 24,296	\$ 19,007
Grants	479,037	145,199	624,236	345,994
Events Income	52,150	-	52,150	21,020
Interest Income	254	-	254	185
Merchandise Income	537	-	537	83
Real Estate Sales - Net Gain	-	-	-	229,533
Other Income	7,358	-	7,358	840
	<b>563,632</b>	<b>145,199</b>	<b>708,831</b>	<b>616,662</b>
<b>TOTAL SUPPORT AND REVENUE</b>				
<b>EXPENSES</b>				
Program Expenses				
Housing Program	234,662	-	234,662	189,765
Community Building and Engagement	257,243	-	257,243	129,812
Watershed Improvement	44,838	-	44,838	73,797
Total Program Expenses	536,743	-	536,743	393,374
Management and General	124,345	-	124,345	67,112
Fundraising	21,688	-	21,688	26,693
	<b>682,776</b>	<b>-</b>	<b>682,776</b>	<b>487,179</b>
<b>TOTAL EXPENSES</b>				
<b>CHANGE IN NET ASSETS</b>	<b>(119,144)</b>	<b>145,199</b>	<b>26,055</b>	<b>129,483</b>
Net Assets - Beginning of Year	376,097	204,804	580,901	451,418
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 256,953</b>	<b>\$ 350,003</b>	<b>\$ 606,956</b>	<b>\$ 580,901</b>

The accompanying notes to financial statements  
are an integral part of this statement

DUNDALK RENAISSANCE CORPORATION  
Dundalk, Maryland

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2013)

	Housing Program	Community Building and Engagement	Watershed Improvement	Total Program Expenses	Management and		Total	
					General	Fundraising	2014	2013
Salaries and Wages	\$ 72,493	\$ 81,845	\$ 32,698	\$ 187,036	\$ 19,350	\$ 8,599	\$ 214,985	\$ 196,216
Payroll Taxes	6,885	7,810	3,813	18,508	1,915	851	21,274	18,348
Employee Benefits	-	9,846	-	9,846	-	-	9,846	4,552
Advertising	-	1,428	-	1,428	-	-	1,428	310
Amortization and Depreciation	1,310	1,541	231	3,082	3,854	771	7,707	4,318
Bank Service Charges	-	278	-	278	35	556	869	691
Branding Expense	-	15,393	-	15,393	641	-	16,034	-
Capacity Building	-	7,085	-	7,085	1,981	396	9,462	18,164
Community Projects	-	6,662	-	6,662	-	-	6,662	8,152
Community Relations	-	2,277	-	2,277	-	-	2,277	1,427
Dues and Subscriptions	-	2,310	-	2,310	28	479	2,817	2,201
Food	-	-	-	-	97	-	97	849
Funder Relationship	-	-	-	-	723	-	723	-
Annual Event	-	-	-	-	-	8,127	8,127	12,263
Greening	-	-	6,530	6,530	-	-	6,530	8,760
Housing Grants	136,489	-	-	136,489	-	-	136,489	103,297
Hiring Expense	-	-	-	-	2,026	-	2,026	889
Marketing Events	-	37,270	-	37,270	-	-	37,270	-
Housekeeping	-	-	-	-	20	-	20	583
Housing Planning	6,965	-	-	6,965	-	-	6,965	-
Insurance	1,374	1,562	94	3,030	3,216	-	6,246	3,884
Interest Expense	7,588	-	-	7,588	-	-	7,588	650
Internet/Website Costs	-	1,574	-	1,574	143	377	2,094	1,318
Loss on Property and Equipment Disposal	-	-	-	-	50,575	-	50,575	-
Main Street Program	-	46,860	-	46,860	-	-	46,860	20,884
Marketing Program Area	-	10,794	-	10,794	-	-	10,794	8,483
Member Relations	-	-	-	-	-	-	-	1,208
Miscellaneous	-	998	-	998	-	-	998	1,148
Office Supplies	1,151	877	164	2,192	2,630	658	5,480	5,766
Printing and Postage	-	4,342	-	4,342	1,086	-	5,428	1,502
Professional Fees	-	-	-	-	21,129	-	21,129	15,393
Property Tax	-	-	-	-	6,227	-	6,227	-
Rent	407	81	54	542	677	136	1,355	12,100
Repairs	-	388	-	388	3,490	-	3,878	3,537
Settlement Charges	-	-	-	-	862	-	862	-
Stipend	-	-	-	-	-	-	-	7,750
Telephone	-	1,161	-	1,161	1,452	290	2,903	2,891
Travel and Entertainment	-	1,254	1,254	2,508	-	-	2,508	4,293
Volunteer Appreciation	-	743	-	743	-	-	743	1,798
Utilities	-	1,790	-	1,790	2,238	448	4,476	3,554
Website	-	11,074	-	11,074	(50)	-	11,024	10,000
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 234,662</b>	<b>\$ 257,243</b>	<b>\$ 44,838</b>	<b>\$ 536,743</b>	<b>\$ 124,345</b>	<b>\$ 21,688</b>	<b>\$ 682,776</b>	<b>\$ 487,179</b>

The accompanying notes to financial statements are an integral part of this statement



**DUNDALK RENAISSANCE CORPORATION**  
Dundalk, Maryland

**STATEMENTS OF CASH FLOWS**  
**FOR YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 26,055	\$ 129,483
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Amortization and Depreciation Expense	7,707	4,318
Loss on Property and Equipment Disposal	50,574	-
(Increase) Decrease in Operating Assets:		
Grants Receivable	(76,170)	(731)
Property Development Costs	(145,199)	155,471
Prepaid Expenses	(11,669)	-
Security Deposits	4,000	(1,000)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	18,595	(1,907)
Other Accrued Liabilities	(6,063)	103
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>(132,170)</u>	<u>285,737</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(2,000)	-
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>(2,000)</u>	<u>-</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Note Payable Borrowings/(Repayment), Net	(9,000)	-
Line of Credit Borrowings/(Repayment), Net	-	(50,000)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<u>(9,000)</u>	<u>(50,000)</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(143,170)</b>	<b>235,737</b>
Cash and Cash Equivalents - Beginning of Year	<u>323,919</u>	<u>88,182</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ <u>180,749</u></b>	<b>\$ <u>323,919</u></b>
 <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	<u>7,588</u>	<u>650</u>
 <b>NON-CASH INVESTING AND FINANCING TRANSACTION</b>		
Acquisition of Building, Property and Equipment	\$ 198,000	\$ -
Note Payable	(198,000)	-
	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to financial statements  
are an integral part of this statement

**DUNDALK RENAISSANCE CORPORATION**  
Dundalk, Maryland

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

**Note 1 – Organization and Summary of Significant Accounting Policies**

**Nature of the Organization**

Dundalk Renaissance Corporation (DRC) (Organization) is a non-profit corporation, organized under the laws of the State of Maryland on April 2, 2001, to partake in various planning and development activities in the Dundalk community located in Baltimore County, Maryland.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958-205. Under FASB ASC No. 958-205, the Organization is required to report information regarding its financial position and activities according to three (3) classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, Dundalk Renaissance Corporation considers all short-term investments with an initial maturity of three (3) months or less to be cash equivalents.

**DUNDALK RENAISSANCE CORPORATION**  
**Dundalk, Maryland**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014 and 2013**

**Note 1 – Organization and Summary of Significant Accounting Policies - continued**

**Property and Equipment**

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 40 years. Fixed asset purchases in excess of \$250 are generally capitalized. Leasehold improvements are amortized on a straight-line basis.

The major classifications of property and equipment as of December 31, 2014 and 2013 are as follows:

	<u>Useful Life</u>	<u>2014</u>	<u>2013</u>
Office Building	39 Years	\$ 200,000	\$ -
Leasehold Improvements	39 Years	-	56,556
Office Equipment	5 to 7 Years	8,750	8,750
Computers	5 Years	20,663	20,663
Total Property and Equipment		<u>85,969</u>	<u>85,969</u>
Less: Accumulated Depreciation and Amortization		<u>(30,268)</u>	<u>(28,543)</u>
		<u>\$ 199,145</u>	<u>\$ 57,426</u>

Depreciation and amortization expenses amounted to \$7,707 and \$4,318 for the years ended December 31, 2014 and 2013, respectively.

**DUNDALK RENAISSANCE CORPORATION**  
Dundalk, Maryland

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

**Note 1 – Organization and Summary of Significant Accounting Policies - continued**

**Donated Services and In-Kind Revenue**

The Organization receives a substantial amount of services donated by citizens interested in the Organization's Programs. The kinds of services provided generally involved the contribution of time to organize community programs. Because of the difficulty in assigning values for such services, these items are generally not reflected in accompanying financial statements. However, when the value of donated services is ascertainable, the amounts thereof are reflected in the financial statements as revenue and expenses. No amount for donated services is recorded for the years ended December 31, 2014 and 2013, since the value for such services is not readily determinable.

**Expense Allocation**

The cost of providing various programs and other activities has been summarized on a functional basis in the statements of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Program Descriptions**

**Housing Program** – The DRC seeks to build on the strength of Dundalk's historic district to attract new residents with a mix of incomes. We renovate and sell houses for homeownership, provide grants and loans to homeowners to boost home values, encourage reinvestment, and build wealth.

**Community Building and Engagement** – The DRC empowers local residents and leaders to work together to improve their streets and neighborhoods. Main Street improvement activities include beautification and marketing. Events include our Family Fall Festival, Holiday Hoopla & Cookie Tour, and Super Saturdays at the Farmers' Market.

**Watershed Improvement** – Improving our watershed has both environmental and community development benefits in beautifying our neighborhoods, raising awareness, and boosting home values.

**DUNDALK RENAISSANCE CORPORATION**  
Dundalk, Maryland

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

**Note 1 - Summary Of Significant Accounting Policies - continued**

**Recognition of Donor Restrictions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net unrestricted assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restricting ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Receivables are written off when deemed uncollectible by the Organization.

**Income Tax and Uncertainties**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes is reflected in the financial statement. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an Organization that is not a private foundation under Section 509(a)(2).

The Organization's evaluation on December 31, 2014 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2011 through 2013 tax years remain subject to examination by the IRS. Dundalk Renaissance Corporation does not believe that any reasonably possible changes will occur within the next twelve (12) months that will have a material impact on the financial statements.

**Advertising**

Advertising costs are charged to expenses when incurred. Advertising expense for the years ended December 31, 2014 and 2013 amounted \$1,428 and \$310, respectively.

**FASB ASC No. 360**

Financial Accounting Standards Board Accounting Codification (FASB ASC) No. 360 requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Application of FASB ASC No. 360 has not materially affected the Company's reported earnings, financial condition or cash flows.

DUNDALK RENAISSANCE CORPORATION  
Dundalk, Maryland

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013

Note 1 - Summary Of Significant Accounting Policies - continued

Date of Management Review

The Organization evaluated events and transactions that occurred during the period from the date of the financial statements through June 29, 2015, the date the financial statements were available to be issued. There were no events or transactions that occurred during the period that materially impacted the amounts or disclosures in the Organization's financial statements.

Note 2 - Fees and Grants from Government Agencies

A significant portion of the Organization's revenue is derived from government agencies. The expendability of these funds is subject to various restrictions imposed by the specific program through which funds are obtained. The following summarizes revenue provided by government agencies for the years ended December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
<u>Maryland State Government</u>		
DHCD Division of Neighborhood Revitalization	\$ 350,408	\$ 85,147
	<u>350,408</u>	<u>85,147</u>
<u>Baltimore County</u>		
Department of Environmental Protection	30,000	37,500
Department of Human Resources	-	3,735
Department of Planning	146,667	89,833
	<u>176,667</u>	<u>131,068</u>
	<u>\$ 527,075</u>	<u>\$ 216,215</u>

Note 3 - Line of Credit

The Organization has a line of credit with a local financial institution in the amount of \$50,000. The line is secured by business assets and the rate of interest is 4.25 percent. The line of credit matures on October 12, 2021. The balance at December 31, 2014 and 2013 was \$-0-.

**DUNDALK RENAISSANCE CORPORATION**  
Dundalk, Maryland

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

**Note 4 – Property Development Costs**

The Organization capitalizes its costs for the rehabilitation of properties. For the years ended December 31, 2014 and 2013, total costs capitalized amounted to \$350,003 and \$204,804 respectively.

During 2013 year, the Organization sold two properties, recognizing a gain of \$229,533. These include soft second mortgage grants to the buyers of \$100,000.

There were no property sales during 2014 year.

Property development costs, net of related loans, are considered temporarily restricted net assets.

**Note 5 – Commitments and Contingencies**

**Lease of Office Space**

The Organization leased its office space under an operating lease. The lease was automatically renewed for one year on September 1, 2012 with a renewal option for each of the next two years. In January, 2014, the Organization purchased the building they were leasing, terminating the leasing agreement.

Rent expense for the years ended December 31, 2014 and 2013 was \$1,355 and \$12,100, respectively.

**Note 6 – Mortgage Payable – Office Building**

On January 9, 2014, the Organization purchased the building they were then leasing for \$200,000. The seller took back a note at 4% for \$198,000. Payments are \$1,465 monthly with a balloon payment due after sixty months. Principal debt obligation on this mortgage for the next five years is as follows:

2015	\$	9,335
2016		10,581
2017		11,012
2018		11,460
2019		146,612

**DUNDALK RENAISSANCE CORPORATION**  
Dundalk, Maryland

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

**Note 6 - Loan Payable and Receivable – Portside Development**

The Organization acts as a fiscal agent for and joint venture partner with Portside Development, LLC. Loan funds were passed through the Organization to Portside Development, LLC to provide low income housing tax credit for 150 units. The renovations are complete and the apartments are fully leased. Both the asset and liability will be eliminated when restrictions expire in 2046.

**Note 7 – Temporarily Restricted Net Assets**

For the years ended December 31, 2014 and 2013, temporarily restricted net assets consist of capitalized property development costs totaling \$350,003 and \$204,804, respectively.





Certified Public Accountant

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## INDEPENDENT AUDITOR'S 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

The Board of Directors  
Dundalk Renaissance Corporation  
Dundalk, Maryland

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 financial statements of Dundalk Renaissance Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, and functional expenses for the year ended December 31, 2014, and the related statements of cash flows for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2015.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dundalk Renaissance Corporation'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 Dundalk Renaissance Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Dundalk Renaissance Corporation'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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. 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

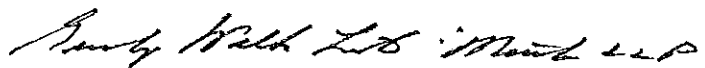
As part of obtaining reasonable assurance about whether Dundalk Renaissance Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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*.

## Report on Summarized Comparative Information

We have previously audited the Dundalk Renaissance Corporation's statements of activities and functional expenses for the year ended December 31, 2013, and we expressed an unmodified audit opinion on those audited statements of activities and functional expenses in our report dated July 23, 2014. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2013, is consistent, in all material respects, with the audited statements of activities and functional expenses from which it has been derived.

## 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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Grandizio, Wilkins, Little & Matthews, LLP

June 29, 2015  
Millersville, Maryland