

DUNDALK RENAISSANCE CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

DUNDALK RENAISSANCE CORPORATION

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For the Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITORS' 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, 2018 and 2017, and the related statements of activities, and functional expenses for the year ended December 31, 2018, and the related statements of cash flows for the years ended December 31, 2018 and 2017, 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.

Auditors' 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 auditors' 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 auditors consider 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

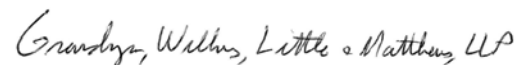
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dundalk Renaissance Corporation as of December 31, 2018 and 2017, and the changes in its net assets for the year ended December 31, 2018 and its cash flows for the years ended December 31, 2018 and 2017 in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Dundalk Renaissance Corporation's statements of activities and functional expenses for the year ended December 31, 2017, and we expressed an unmodified audit opinion on those audited statements of activities and functional expenses in our report dated October 10, 2018. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2017, 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 November 18, 2019 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
November 18, 2019

DUNDALK RENAISSANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION

December 31,	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 293,489	\$ 920,442
Grants Receivable	<u>250,000</u>	<u>3,880</u>
TOTAL CURRENT ASSETS	<u>543,489</u>	<u>924,322</u>
PROPERTY AND EQUIPMENT		
Office Building	580,266	232,880
Office Equipment	39,350	8,069
Computers	<u>21,182</u>	<u>11,960</u>
Total	640,798	252,909
Less: Accumulated Depreciation	<u>(49,154)</u>	<u>(40,520)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>591,644</u>	<u>212,389</u>
OTHER ASSETS		
Home Renovation and Purchase Incentive Loans	1,111,846	843,421
Prepaid Expenses	<u>-</u>	<u>11,669</u>
TOTAL OTHER ASSETS	<u>1,111,846</u>	<u>855,090</u>
TOTAL ASSETS	<u><u>\$ 2,246,979</u></u>	<u><u>\$ 1,991,801</u></u>

The independent auditors' report and accompanying notes are
an integral part of these financial statements.

DUNDALK RENAISSANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION

December 31,	2018	2017
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Mortgage Payable - Office Building	\$ 146,529	\$ 11,461
TOTAL CURRENT LIABILITIES	<u>146,529</u>	<u>11,461</u>
LONG-TERM LIABILITIES		
Mortgage Payable - Office Building	<u>-</u>	<u>144,916</u>
TOTAL LONG-TERM LIABILITIES	<u>-</u>	<u>144,916</u>
TOTAL LIABILITIES	<u>146,529</u>	<u>156,377</u>
NET ASSETS		
Without Donor Restrictions	1,685,016	1,518,744
With Donor Restrictions	<u>415,434</u>	<u>316,680</u>
TOTAL NET ASSETS	<u>2,100,450</u>	<u>1,835,424</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,246,979</u></u>	<u><u>\$ 1,991,801</u></u>

The independent auditors' report and accompanying notes are
an integral part of these financial statements.

DUNDALK RENAISSANCE CORPORATION
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018
(With Comparative Totals For Year Ended December 31, 2017)

	2018		Total	
	Without Donor Restrictions	With Donor Restrictions	2018	2017
SUPPORT AND REVENUE				
Contributions	\$ 79,500	\$ -	\$ 79,500	\$ 90,781
Fees and Grants from Government Agencies	848,055	98,754	946,809	798,330
Events Income	42,736	-	42,736	14,315
Interest Income	1,056	-	1,056	420,111
Merchandise Income	-	-	-	576
Other Income	-	-	-	74,075
TOTAL SUPPORT AND REVENUE	971,347	98,754	1,070,101	1,398,188
EXPENSES				
Program Expenses				
Housing Initiatives	238,624	-	238,624	110,820
Marketing Dundalk	297,138	-	297,138	399,085
Community Building and Engagement	217,089	-	217,089	174,814
Total Program Expenses	752,851	-	752,851	684,719
Management and General	40,014	-	40,014	39,232
Fundraising	12,210	-	12,210	12,207
TOTAL EXPENSES	805,075	-	805,075	736,158
CHANGE IN NET ASSETS	166,272	98,754	265,026	662,030
Net Assets - Beginning of Year	1,518,744	316,680	1,835,424	1,173,394
NET ASSETS - END OF YEAR	\$ 1,685,016	\$ 415,434	\$ 2,100,450	\$ 1,835,424

The independent auditors' report and accompanying notes are
an integral part of these financial statements.

DUNDALK RENAISSANCE CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018
(With Comparative Totals For Year Ended December 31, 2017)

	Housing Initiatives	Marketing Dundalk	Main Street and Community Engagement	Total Program Expenses	Management and General	Fundraising	Total	
							2018	2017
FUNCTIONAL EXPENSES								
Salaries	\$ 72,809	\$ 49,253	\$ 62,101	\$ 184,163	\$ 21,414	\$ 8,566	\$ 214,143	\$ 205,072
Payroll Taxes	6,301	4,263	5,375	15,939	1,853	741	18,533	17,172
Employee Benefits	224	152	191	567	66	26	659	2,347
Advertising	3,619	2,448	3,087	9,154	1,065	426	10,645	5,569
Depreciation	2,936	1,986	2,504	7,426	863	345	8,634	6,101
Bank Service Charges	1,025	693	873	2,591	301	120	3,012	1,207
Branding Expense	-	9,096	-	9,096	379	-	9,475	8,422
Capacity Building	-	-	139	139	175	35	349	198
Commercial Improvement Grants	-	-	80,677	80,677	-	-	80,677	53,238
Community Relations	-	-	2,757	2,757	-	-	2,757	6,494
Dues and Subscriptions	1,090	737	929	2,756	320	128	3,204	3,516
Food	-	-	-	-	520	-	520	374
Senior Home Repair Grants	127,259	-	-	127,259	-	-	127,259	-
Homeowner Incentive Grants	-	205,000	-	205,000	-	-	205,000	285,000
Energy Retrofit Grants	-	-	-	-	602	-	602	-
Hiring Expense	-	-	-	-	228	-	228	1,101
Marketing Events/Home Tours	-	13,034	-	13,034	-	-	13,034	35,912
Insurance	2,515	1,702	2,145	6,362	740	296	7,398	9,155
Interest Expense	7,881	-	-	7,881	-	-	7,881	7,217
Internet/Website	196	132	167	495	58	23	576	1,103
Main Street Events	-	-	27,106	27,106	-	-	27,106	25,959
Office and Office Supplies	5,396	3,651	4,603	13,650	1,587	635	15,872	16,590
Greening	-	-	-	-	-	-	-	(1,122)
Printing and Postage	1,910	1,293	1,630	4,833	562	225	5,620	4,249
Professional	2,029	1,373	1,731	5,133	597	239	5,969	18,470
Property Taxes	124	85	107	316	37	15	368	458
Renovation	-	-	15,276	15,276	-	-	15,276	-
Repairs	-	-	853	853	7,673	-	8,526	7,608
Technology Expense	153	104	131	388	45	18	451	2,783
Telephone	-	-	-	-	-	-	-	1,486
Employee Mileage and Travel	890	602	759	2,251	262	105	2,618	4,337
Volunteer Appreciation	-	-	2,014	2,014	-	-	2,014	1,036
Utilities	2,267	1,534	1,934	5,735	667	267	6,669	5,106
TOTAL FUNCTIONAL EXPENSES	\$ 238,624	\$ 297,138	\$ 217,089	\$ 752,851	\$ 40,014	\$ 12,210	\$ 805,075	\$ 736,158

The independent auditors' report and accompanying notes are
an integral part of these financial statements.

DUNDALK RENAISSANCE CORPORATION
STATEMENTS OF CASH FLOWS

For the Years Ended December 31,	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 265,026	\$ 662,030
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation Expense	8,634	6,101
(Increase) Decrease in Operating Assets:		
Grants Receivable	(246,120)	168,271
Prepaid Expenses	11,669	-
Increase (Decrease) in Current Liabilities:		
Grants Payable	-	(20,005)
Loan Fees Payable	-	(3,365)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>39,209</u>	<u>813,032</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Home Renovation and Purchase Incentive Loans	(268,425)	(195,825)
Purchase of Property and Equipment	<u>(387,889)</u>	<u>(32,880)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(656,314)</u>	<u>(228,705)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(9,848)	(1,073,262)
Proceeds from Loan Receivable from Portside Development, LLC	<u>-</u>	<u>1,061,455</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(9,848)</u>	<u>(11,807)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(626,953)	572,520
Cash and Cash Equivalents - Beginning of Year	<u>920,442</u>	<u>347,922</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 293,489</u></u>	<u><u>\$ 920,442</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for Interest	<u><u>\$ 7,881</u></u>	<u><u>\$ 7,217</u></u>

The independent auditors' report and accompanying notes are
an integral part of these financial statements.

DUNDALK RENAISSANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

Note 1: Organization and Summary of Significant Accounting Policies

Nature of the Organization

Dundalk Renaissance Corporation (DRC) (Organization) is a nonprofit 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 Presentation

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

Estimates

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

Cash and Cash Equivalents

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

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. Property and equipment consists principally of buildings, improvements, furniture and equipment, and is recorded at cost. Depreciation is recorded on a straight-line basis over estimated useful lives of the respective assets ranging from three (3) to forty (40) years.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statements of activities and in the statements 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.

Donated Services and In-Kind Revenue

A portion of the Organization's functions related to organizing community programs are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition under FASB ASC No. 958-605.

DUNDALK RENAISSANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Program Descriptions

Housing Initiative - The DRC spurs investments by current homeowners through a renovation loan program, curb appeal façade grants, and an energy retrofit grant program. The DRC renovates houses for sale to new homeowners and partners with small developers to incentivize them to renovate more homes for homeownership, boosting the supply of renovations buyers want, boosting appraised values by enabling renovations to serve as comparable for each other, and boosting home values.

Marketing Dundalk - The DRC works to attract Dundalk's next generation through a series of events that show off the community's twenty-four (24) unique neighborhoods and their variety of housing types and price points. Home purchase incentive grants attract buyer's attention, and our wide range of partners including lenders, real estate professionals, and housing counseling agencies assist an economically, racially, and ethnically diverse group of home buyers in choosing Dundalk.

Main Street and Community Engagement - The DRC engages local leaders to work together to improve their streets and neighborhoods and to identify needs for new programs. DRC's Main Street improvement activities include a commercial improvement grant program, business incubation activities including pop-up shops and mentoring, and hosting and/or promoting community building events including Family Fall Festival, Holiday Hoopla, and the Makers Market that bring people to the main street to shop and reconnect with one another.

Restricted and Unrestricted Revenue

The Organization reports grants and contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the time period or manner of use of the grant or contribution. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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 statements. 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, 2018, revealed no uncertain tax positions that would have a material impact on the financial statements.

The 2015 through 2017 tax years remain subject to examination by the IRS. The Organization 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, 2018 and 2017 amounted \$10,645 and \$5,569, respectively.

DUNDALK RENAISSANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets

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 Organization's reported earnings, financial condition or cash flows.

Grants and Other Receivables

Grants and other receivables are carried at their estimated collectible amounts. Grant receivables consist of uncollected funds for which the Organization has been awarded during the year. Other receivables consist of amounts advanced by the Organization. The other receivables do not have repayment terms and are not interest bearing. The Organization considers the grant and other receivables to be collectible in the future; therefore, no allowance has been created.

Comparative Financial Information

The statements of activities include certain prior-year summarized comparative information in total but not by net asset class. The statements of functional expenses include certain prior-year summarized comparative information in total but not by program. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Recent Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), which is effective for fiscal years beginning after December 15, 2017, with early application of the amendments in the update permitted. The main provisions of the update require: a) the presentation of two (2) classes of net assets, rather than three (3), b) enhanced disclosures about board designations, composition of net assets with donor restrictions and how the restrictions affect the use of resources, qualitative information about how the Organization manages its liquid resources, quantitative information that communicates the availability of financial assets at the date of the statements of financial position, information about the amount of expenses by both their natural and functional classification, and c) report investment return, net of expenses.

A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. The Organization has adopted ASU 2016-14 for the year ended December 31, 2018. Such adoption is applied retrospectively for all periods presented.

Date of Management Review

The Organization evaluated events and transactions that occurred during the period from the date of the financial statements through November 18, 2019, the date the Organization's 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.

DUNDALK RENAISSANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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, 2018 and 2017:

	2018	2017
MARYLAND STATE GOVERNMENT		
DHCD Division of Neighborhood Revitalization	\$ 885,016	\$ 740,060
BALTIMORE COUNTY		
Department of Planning	61,793	58,270
TOTAL FEES AND GRANTS FROM GOVERNMENT AGENCIES	\$ 946,809	\$ 798,330

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 four and one-quarter percent (4.25%). The line-of-credit matures on October 12, 2021. The balance at December 31, 2018 and 2017 was \$-0-.

Note 4: 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 four percent (4%) for \$198,000. Payments are \$1,465 monthly with a balloon payment due after sixty (60) months. Principal debt obligation on this mortgage for the next year is as follows:

For the Year Ending December 31, 2019	\$ 146,529
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DUNDALK RENAISSANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

Note 5: Net Assets With Donor Restrictions

The Organization has net assets with donor restrictions for the following purposes:

Net Assets with Donor Restrictions, for the year ended December 31,	<u>2018</u>	<u>2017</u>
Subject to specified purpose:		
Vibrant Neighborhood Program	<u>\$ 415,434</u>	<u>\$ 316,680</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u><u>\$ 415,434</u></u>	<u><u>\$ 316,680</u></u>

Note 6: Home Renovation and Purchase Incentive Loans

The Organization provided for deferred payment loans under their Vibrant Neighborhood Program, bearing zero percent (0%) interest, to local homeowners to encourage improvements to their properties. The loans do not require repayment until the home is sold or refinanced. For the years ended December 31, 2018 and 2017, the Organization advanced deferred payment loans of \$63,425 and \$74,539, respectively. At December 31, 2018 and 2017, the balance was \$415,433 and \$352,008, respectively, and is included in Home Renovation Loans on the statements of financial position.

The Organization provided for deferred payment loans under their Home Buyer Grant and Golden Key Grant Programs, accruing interest at five percent (5%) per annum in the first year, to local homeowners to encourage improvements to their properties. The loans are forgiven at thirty percent (30%) of the loan balance after three (3) years and one hundred percent (100%) of the loan balance after the fifth year. For the years ended December 31, 2018 and 2017, the Organization advanced deferred payment loans of \$205,000 and \$121,286, respectively. At December 31, 2018 and 2017, the balance was \$696,413 and \$491,413, respectively, and is included in Home Renovation Loans on the statements of financial position.

Note 7: Concentration of Risk

The Organization maintains its cash in bank deposit accounts which, as of December 31, 2018, exceeded FDIC of \$250,000. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk due to cash and cash equivalents.

DUNDALK RENAISSANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

Note 8: Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the date of the statements of financial position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one (1) year of the date of the statements of financial position.

For the Year Ended December 31,	<u>2018</u>	<u>2017</u>
Financial Assets at Year-End	\$ 543,489	\$ 924,322
Less Those Unavailable to General Expenditures Within One (1) Year, Due to:		
Donor-Restricted for Vibrant Neighborhood Program	<u>(415,434)</u>	<u>(316,680)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One (1) Year	<u>\$ 128,055</u>	<u>\$ 607,642</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.



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Certified Public Accountants

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

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 statement of Dundalk Renaissance Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dundalk Renaissance Corporation's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Dundalk Renaissance Corporation's internal control over financial reporting.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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*.

Purpose of This Report

The purpose of this report is solely 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 effectiveness of the entity's internal control over financial reporting 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 over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.



Grandizio, Wilkins, Little & Matthews, LLP
November 18, 2019