

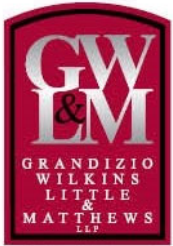
DUNDALK RENAISSANCE CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

DUNDALK RENAISSANCE CORPORATION

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For the Years Ended December 31, 2019 and 2018

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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, 2019 and 2018, and the related statements of activities, and functional expenses for the year ended December 31, 2019, and the related statements of cash flows for the years ended December 31, 2019 and 2018, 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

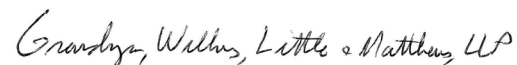
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dundalk Renaissance Corporation as of December 31, 2019 and 2018, and the changes in its net assets for the year ended December 31, 2019 and its cash flows for the years ended December 31, 2019 and 2018 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, 2018, and we expressed an unmodified audit opinion on those audited statements of activities and functional expenses in our report dated November 18, 2019. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2018, 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 December 14, 2020 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 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 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
December 14, 2020

DUNDALK RENAISSANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION

December 31,	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 558,044	\$ 293,489
Grants Receivable	108,394	250,000
	<u>666,438</u>	<u>543,489</u>
TOTAL CURRENT ASSETS		
PROPERTY AND EQUIPMENT		
Office Building	616,633	580,266
Office Equipment	39,350	39,350
Computers	21,182	21,182
	<u>677,165</u>	<u>640,798</u>
Total	677,165	640,798
Less: Accumulated Depreciation	<u>(72,415)</u>	<u>(49,154)</u>
TOTAL PROPERTY AND EQUIPMENT		
	<u>604,750</u>	<u>591,644</u>
OTHER ASSETS		
Home Renovation and Purchase Incentive Loans	<u>1,028,130</u>	<u>1,111,846</u>
TOTAL ASSETS		
	<u>\$ 2,299,318</u>	<u>\$ 2,246,979</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,	2019	2018
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 4,868	\$ -
Mortgage Payable - Office Building	<u>-</u>	<u>11,461</u>
TOTAL CURRENT LIABILITIES	4,868	11,461
LONG-TERM LIABILITIES		
Mortgage Payable - Office Building	<u>-</u>	<u>135,068</u>
TOTAL LIABILITIES	<u>4,868</u>	<u>146,529</u>
NET ASSETS		
Without Donor Restrictions	1,899,319	1,685,016
With Donor Restrictions	<u>395,131</u>	<u>415,434</u>
TOTAL NET ASSETS	<u>2,294,450</u>	<u>2,100,450</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,299,318</u>	<u>\$ 2,246,979</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, 2019
(With Comparative Totals For Year Ended December 31, 2018)

	2019		Total	
	Without Donor Restrictions	With Donor Restrictions	2019	2018
SUPPORT AND REVENUE				
Contributions	\$ 78,299	\$ -	\$ 78,299	\$ 79,500
Fees and Grants from Government Agencies	712,297	20,000	732,297	946,809
Private Grants	173,950	-	173,950	-
Events Income	-	-	-	42,736
Interest Income	488	-	488	1,056
Other Income	820	-	820	-
TOTAL SUPPORT AND REVENUE	965,854	20,000	985,854	1,070,101
Net Assests Released from Restrictions (Satisfaction of Program Restrictions)	40,303	(40,303)	-	-
TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS	1,006,157	(20,303)	985,854	1,070,101
EXPENSES				
Program Expenses				
Housing Initiatives	323,502	-	323,502	238,624
Marketing Dundalk	256,965	-	256,965	297,138
Community Building and Engagement	161,746	-	161,746	217,089
Total Program Expenses	742,213	-	742,213	752,851
Management and General	36,340	-	36,340	40,014
Fundraising	13,301	-	13,301	12,210
TOTAL EXPENSES	791,854	-	791,854	805,075
CHANGE IN NET ASSETS	214,303	(20,303)	194,000	265,026
Net Assets - Beginning of Year	1,685,016	415,434	2,100,450	1,835,424
NET ASSETS - END OF YEAR	\$ 1,899,319	\$ 395,131	\$ 2,294,450	\$ 2,100,450

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, 2019
(With Comparative Totals For Year Ended December 31, 2018)

	Housing Initiatives	Marketing Dundalk	Main Street and Community Engagement	Total Program Expenses	Management and General	Fundraising	Total	
							2019	2018
FUNCTIONAL EXPENSES								
Salaries	\$ 76,528	\$ 51,768	\$ 65,273	\$ 193,569	\$ 22,508	\$ 9,003	\$ 225,080	\$ 214,143
Payroll Taxes	5,685	3,846	4,849	14,380	1,672	669	16,721	18,533
Employee Benefits	2,809	1,900	2,396	7,105	826	330	8,261	659
Commercial Improvement Grants	-	-	-	-	-	-	-	80,677
Program Expenses	210,285	26,861	-	237,146	-	-	237,146	332,259
Forgiveness of Homebuyer Grant and Golden Key Loans	-	147,128	-	147,128	-	-	147,128	-
Main Street Events	-	-	58,774	58,774	-	-	58,774	27,106
Energy Retrofit Grants	-	-	-	-	-	-	-	602
Advertising	-	-	-	-	-	-	-	10,645
Depreciation	7,909	5,350	6,746	20,005	2,326	930	23,261	8,634
Bank Service Charges	140	94	119	353	41	16	410	3,012
Branding Expense	-	-	-	-	-	-	-	9,475
Capacity Building	-	-	461	461	578	116	1,155	349
Community Relations	-	-	-	-	-	-	-	2,757
Dues and Subscriptions	676	457	577	1,710	199	80	1,989	3,204
Food	-	-	-	-	-	-	-	520
Hiring Expense	-	-	-	-	2,798	-	2,798	228
Marketing Events/Home Tours	-	7,164	-	7,164	-	-	7,164	13,034
Insurance	2,062	1,395	1,759	5,216	607	243	6,066	7,398
Interest	1,147	-	-	1,147	-	-	1,147	7,881
Internet/Website	-	-	-	-	-	-	-	576
Office and Office Supplies	2,987	2,021	2,549	7,557	879	352	8,788	15,872
Printing and Postage	2,102	1,423	1,794	5,319	619	247	6,185	5,620
Professional	5,795	3,920	4,943	14,658	1,704	682	17,044	5,969
Property Taxes	185	125	158	468	55	22	545	368
Renovation	-	-	6,919	6,919	-	-	6,919	15,276
Repairs	-	-	-	-	-	-	-	8,526
Technology	3,163	2,139	2,697	7,999	930	372	9,301	451
Employee Mileage and Travel	835	565	712	2,112	246	98	2,456	2,618
Volunteer Appreciation	-	-	-	-	-	-	-	2,014
Utilities	1,194	809	1,020	3,023	352	141	3,516	6,669
TOTAL FUNCTIONAL EXPENSES	\$ 323,502	\$ 256,965	\$ 161,746	\$ 742,213	\$ 36,340	\$ 13,301	\$ 791,854	\$ 805,075

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,	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 194,000	\$ 265,026
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation Expense	23,261	8,634
Forgiveness of Homebuyer Grant and Golden Key Loans	147,128	-
(Increase) Decrease in Operating Assets:		
Grants Receivable	141,606	(246,120)
Prepaid Expenses	-	11,669
Increase (Decrease) in Current Liabilities:		
Accounts Payable	4,868	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	510,863	39,209
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances of Home Renovation and Purchase Incentive Loans	(100,000)	(268,425)
Repayment of Home Renovation and Purchase Incentive Loans	36,588	-
Purchase of Property and Equipment	(36,367)	(387,889)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(99,779)	(656,314)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(146,529)	(9,848)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(146,529)	(9,848)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	264,555	(626,953)
Cash and Cash Equivalents - Beginning of Year	293,489	920,442
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 558,044	\$ 293,489
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for Interest	\$ 1,147	\$ 7,217

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

DUNDALK RENAISSANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

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.

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.

DUNDALK RENAISSANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

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

Program Descriptions (Continued)

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.

Revenue Recognition

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, 2019, revealed no uncertain tax positions that would have a material impact on the financial statements.

The 2016 through 2018 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, 2019 and 2018 amounted \$-0- and \$10,645, respectively.

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.

DUNDALK RENAISSANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

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

Grants and Other Assets

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 assets consist of amounts advanced by the Organization. The other assets do not have repayment terms and are not interest bearing. The Organization considers the grant and other assets 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, 2018, from which the summarized information was derived.

Recent Accounting Pronouncements

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is effective for fiscal years beginning after December 15, 2018, with early application of the amendments in the update permitted. The objective of this standard is to assist entities in a) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal) transactions subject to other guidance and b) determining whether a contribution is conditional.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs were adopted by the Organization on a retrospective basis. The majority of the Organization's revenue is derived from contributions and grants. Therefore, adoption of this revenue recognition guidance had no significant impact on the recognition of revenues. The modifications were applied to all of the Organization's contracts with customers. No practical expedients were applied. Adoption of this new guidance had no impact on revenue during the period or the opening balance of net assets. The Organization has elected to early adopt such ASUs for the year ended December 31, 2019. We do not expect the adoption of this guidance to have a material effect on our results of operations in future periods.

Reclassifications

Certain amounts presented in the 2018 financial statements have been reclassified to conform to the 2019 presentation.

Date of Management Review

The Organization evaluated events and transactions that occurred during the period from the date of the financial statements through December 14, 2020, the date the Organization's financial statements were available to be issued. There were no events or transactions, except as disclosed in Note 10, 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, 2019 and 2018

Note 2: Fees and Grants from Government Agencies

A significant portion of the Organization's revenue is derived from government agencies. A portion of these funds is subject to various restrictions imposed by the specific program through which funds are obtained. The following summarizes contribution revenue provided by government agencies for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
MARYLAND STATE GOVERNMENT		
DHCD Division of Neighborhood Revitalization	\$ 658,082	\$ 885,016
BALTIMORE COUNTY		
Department of Planning	<u>74,215</u>	<u>61,793</u>
 TOTAL FEES AND GRANTS FROM GOVERNMENT AGENCIES	 <u>\$ 732,297</u>	 <u>\$ 946,809</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 five and three-quarters percent (5.75%). The line-of-credit matures on October 12, 2021. The balance at December 31, 2019 and 2018 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. The mortgage was paid in its entirety during April 2019.

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>2019</u>	<u>2018</u>
Subject to specified purpose:		
Vibrant Neighborhood Program	<u>\$ 395,131</u>	<u>\$ 415,434</u>
 TOTAL NET ASSETS WITH DONOR RESTRICTIONS	 <u>\$ 395,131</u>	 <u>\$ 415,434</u>

DUNDALK RENAISSANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

Note 6: Net Assets Released from Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by grantors. The following amounts were released from restrictions for the year ended December 31:

	2019	2018
Vibrant Neighborhood Program	\$ 40,303	\$ -
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	\$ 40,303	\$ -

Note 7: 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, 2019 and 2018, the Organization advanced deferred payment loans of \$20,000 and \$63,425, respectively. At December 31, 2019 and 2018, the balance was \$395,130 and \$415,433, 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 seventy percent (70%) of the loan balance after four (4) years and one hundred percent (100%) of the loan balance after the fifth year. For the years ended December 31, 2019 and 2018, the Organization advanced deferred payment loans of \$80,000 and \$205,000, respectively. At December 31, 2019 and 2018, the balance was \$633,000 and \$696,413, respectively, and is included in Home Renovation Loans on the statements of financial position. For the years ended December 31, 2019 and 2018, The Organization forgave loans of \$147,128 and \$-0-, respectively.

Note 8: Concentration of Risk

The Organization maintains its cash in bank deposit accounts which, as of December 31, 2019, 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, 2019 and 2018

Note 9: 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.

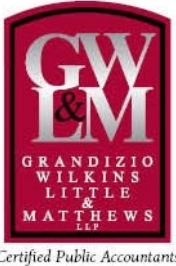
For the Year Ended December 31,	2019	2018
Financial Assets at Year-End	\$ 666,438	\$ 543,489
Less Those Unavailable to General Expenditures Within One (1) Year, Due to:		
Donor-Restricted for Vibrant Neighborhood Program	(395,131)	(415,434)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One (1) Year	\$ 271,307	\$ 128,055

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

Note 10: Subsequent Events

The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

On April 15, 2020, the Organization was granted a loan (the "Loan") from M&T Bank in the aggregate amount of \$50,477, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan is unsecured and bears an interest rate of one percent (1%) with a maturity date of April 15, 2022. The Loan may be prepaid at any time prior to the maturity date with no prepayment penalties. The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.



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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 statements of Dundalk Renaissance Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 December 14, 2020.

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 (internal control) as a basis for designing 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 financial statement. 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 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
December 14, 2020