

DUNDALK RENAISSANCE CORPORATION  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

# DUNDALK RENAISSANCE CORPORATION

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For the Years Ended December 31, 2020 and 2019

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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, 2020 and 2019, and the related statements of activities, and functional expenses for the year ended December 31, 2020, and the related statements of cash flows for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, and the changes in its net assets for the year ended December 31, 2020 and its cash flows for the years ended December 31, 2020 and 2019 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, 2019, and we expressed an unmodified audit opinion on those audited statements of activities and functional expenses in our report dated December 14, 2020. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2019 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 8, 2021 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  
November 8, 2021

DUNDALK RENAISSANCE CORPORATION  
STATEMENTS OF FINANCIAL POSITION

December 31,	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 279,441	\$ 558,044
Grants Receivable	<u>158,847</u>	<u>108,394</u>
<b>TOTAL CURRENT ASSETS</b>	<u>438,288</u>	<u>666,438</u>
<b>PROPERTY AND EQUIPMENT</b>		
Office Building	616,633	616,633
Office Equipment	39,350	39,350
Computers	<u>27,356</u>	<u>21,182</u>
Total	683,339	677,165
Less: Accumulated Depreciation	<u>(98,197)</u>	<u>(72,415)</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<u>585,142</u>	<u>604,750</u>
<b>OTHER ASSETS</b>		
Home Renovation and Purchase Incentive Loans	<u>934,034</u>	<u>1,028,130</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,957,464</u></u>	<u><u>\$ 2,299,318</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,	2020	2019
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 20,304	\$ 4,868
Refundable Advance	<u>50,477</u>	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>70,781</b>	<b>4,868</b>
<b>NET ASSETS</b>		
Without Donor Restrictions	1,480,648	1,899,319
With Donor Restrictions	<u>406,035</u>	<u>395,131</u>
<b>TOTAL NET ASSETS</b>	<b><u>1,886,683</u></b>	<b><u>2,294,450</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 1,957,464</u></u></b>	<b><u><u>\$ 2,299,318</u></u></b>

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, 2020  
(With Comparative Totals For Year Ended December 31, 2019)

	2020		Total	
	Without Donor Restrictions	With Donor Restrictions	2020	2019
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 21,130	\$ -	\$ 21,130	\$ 78,299
Fees and Grants from Government Agencies	616,078	20,419	636,497	732,297
Private Grants	156,500	-	156,500	173,950
Interest Income	157	-	157	488
Other Income	10,000	-	10,000	820
<b>TOTAL SUPPORT AND REVENUE</b>	<b>803,865</b>	<b>20,419</b>	<b>824,284</b>	<b>985,854</b>
Net Assets Released from Restrictions (Satisfaction of Program Restrictions)	9,515	(9,515)	-	-
<b>TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS</b>	<b>813,380</b>	<b>10,904</b>	<b>824,284</b>	<b>985,854</b>
<b>EXPENSES</b>				
Program Expenses				
Housing Initiatives	379,147	-	379,147	323,502
Marketing Dundalk	289,637	-	289,637	256,965
Main Street and Community Engagement	503,258	-	503,258	161,746
<b>Total Program Expenses</b>	<b>1,172,042</b>	<b>-</b>	<b>1,172,042</b>	<b>742,213</b>
Management and General	43,531	-	43,531	36,340
Fundraising	16,478	-	16,478	13,301
<b>TOTAL EXPENSES</b>	<b>1,232,051</b>	<b>-</b>	<b>1,232,051</b>	<b>791,854</b>
<b>CHANGE IN NET ASSETS</b>	<b>(418,671)</b>	<b>10,904</b>	<b>(407,767)</b>	<b>194,000</b>
Net Assets - Beginning of Year	1,899,319	395,131	2,294,450	2,100,450
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,480,648</b>	<b>\$ 406,035</b>	<b>\$ 1,886,683</b>	<b>\$ 2,294,450</b>

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, 2020  
(With Comparative Totals For Year Ended December 31, 2019)

	Housing Initiatives	Marketing Dundalk	Main Street and Community Engagement	Total Program Expenses	Management and General	Fundraising	Total	
							2020	2019
<b>FUNCTIONAL EXPENSES</b>								
Salaries	\$ 89,865	\$ 60,791	\$ 76,649	\$ 227,305	\$ 26,431	\$ 10,572	\$ 264,308	\$ 225,080
Payroll Taxes	6,713	4,541	5,726	16,980	1,974	790	19,744	16,721
Employee Benefits	4,692	3,174	4,002	11,868	1,379	552	13,799	8,261
Commercial Improvement Grants	-	-	73,335	73,335	-	-	73,335	-
Housing Rehabilitation Costs	245,574	-	-	245,574	-	-	245,574	207,559
Demolition of 16 Center Place	-	-	250,000	250,000	-	-	250,000	-
Forgiveness of Homebuyer Grant and Golden Key Loans	-	175,000	-	175,000	-	-	175,000	147,128
Main Street Events	-	-	50,204	50,204	-	-	50,204	58,774
Depreciation	8,766	5,930	7,477	22,173	2,578	1,031	25,782	23,261
Bank Service Charges	344	232	292	868	100	40	1,008	410
Capacity Building	-	-	3,045	3,045	3,808	761	7,614	1,155
Dues and Subscriptions	738	500	630	1,868	217	87	2,172	1,989
Hiring Expense	-	-	-	-	440	-	440	2,798
Marketing Events/Home Tours	-	24,278	-	24,278	-	-	24,278	36,751
Insurance	998	675	851	2,524	293	117	2,934	6,066
Interest	-	-	-	-	-	-	-	1,147
Office and Office Supplies	5,628	3,808	4,801	14,237	1,656	662	16,555	8,788
Printing and Postage	1,782	1,206	1,521	4,509	524	211	5,244	6,185
Professional	7,417	5,017	6,326	18,760	2,182	873	21,815	17,044
Property Taxes	141	95	120	356	41	17	414	545
Renovation	-	-	12,744	12,744	-	-	12,744	6,919
Technology	4,878	3,299	4,160	12,337	1,434	574	14,345	9,301
Employee Mileage and Travel	455	308	388	1,151	134	54	1,339	2,456
Volunteer Appreciation	-	-	-	-	-	-	-	-
Utilities	1,156	783	987	2,926	340	137	3,403	3,516
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 379,147</u>	<u>\$ 289,637</u>	<u>\$ 503,258</u>	<u>\$ 1,172,042</u>	<u>\$ 43,531</u>	<u>\$ 16,478</u>	<u>\$ 1,232,051</u>	<u>\$ 791,854</u>

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,	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (407,767)	\$ 194,000
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation Expense	25,782	23,261
Forgiveness of Homebuyer Grant and Golden Key Loans	175,000	147,128
(Increase) Decrease in Operating Assets:		
Grants Receivable	(50,453)	141,606
Increase (Decrease) in Current Liabilities:		
Accounts Payable	15,436	4,868
Refundable Advance	50,477	-
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>(191,525)</u>	<u>510,863</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Advances of Home Renovation and Purchase Incentive Loans	(90,419)	(100,000)
Repayment of Home Renovation and Purchase Incentive Loans	9,515	36,588
Purchase of Property and Equipment	(6,174)	(36,367)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>(87,078)</u>	<u>(99,779)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Long-Term Debt	-	(146,529)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<u>-</u>	<u>(146,529)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(278,603)	264,555
Cash and Cash Equivalents - Beginning of Year	558,044	293,489
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 279,441</u>	<u>\$ 558,044</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash Paid for Interest	<u>\$ -</u>	<u>\$ 1,147</u>

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

# DUNDALK RENAISSANCE CORPORATION

## NOTES TO FINANCIAL STATEMENTS

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December 31, 2020 and 2019

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### **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 has 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 statement 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.

#### **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

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December 31, 2020 and 2019

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### **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, 2020, revealed no uncertain tax positions that would have a material impact on the financial statements.

The 2017 through 2019 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.

#### **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, 2020 and 2019

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

**Grants and Receivable**

Grants and receivable are carried at their estimated collectible amounts and consist of uncollected funds for which the Organization has been awarded during the year. The Organization considers the grant and receivable to be collectible in the future; therefore, no allowance has been created.

**Comparative Financial Information**

The statement 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, 2019, from which the summarized information was derived.

**Reclassifications**

Certain amounts presented in the 2019 financial statements have been reclassified to conform to the 2020 presentation.

**Date of Management Review**

The Organization evaluated events and transactions that occurred during the period from the date of the financial statements through November 8, 2021, 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.

**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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
MARYLAND STATE GOVERNMENT		
DHCD Division of Neighborhood Revitalization	\$ 547,713	\$ 658,082
BALTIMORE COUNTY		
Department of Planning	<u>88,784</u>	<u>74,215</u>
TOTAL FEES AND GRANTS FROM GOVERNMENT AGENCIES	<u>\$ 636,497</u>	<u>\$ 732,297</u>

DUNDALK RENAISSANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

**Note 3: Refundable Advance**

The Organization was granted a \$50,477 loan under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved lender. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to one hundred percent (100%) of the loan, upon meeting certain requirements. The Organization has initially recorded the loan as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived.

**Note 4: 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>2020</u>	<u>2019</u>
Subject to Specified Purpose:		
Vibrant Neighborhood Program	<u>\$ 406,035</u>	<u>\$ 395,131</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u><u>\$ 406,035</u></u>	<u><u>\$ 395,131</u></u>

**Note 5: 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:

	<u>2020</u>	<u>2019</u>
Vibrant Neighborhood Program	<u>\$ 9,515</u>	<u>\$ 40,303</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u><u>\$ 9,515</u></u>	<u><u>\$ 40,303</u></u>

DUNDALK RENAISSANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

**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, 2020 and 2019, the Organization advanced deferred payment loans of \$20,419 and \$20,000, respectively. At December 31, 2020 and 2019, the balance was \$406,034 and \$395,131, 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, 2020 and 2019, the Organization advanced deferred payment loans of \$70,000 and \$80,000, respectively. At December 31, 2020 and 2019, the balance was \$528,000 and \$633,000, respectively, and is included in Home Renovation Loans on the statements of financial position. For the years ended December 31, 2020 and 2019, the Organization forgave loans of \$175,000 and \$147,128, respectively.

**Note 7: Concentration of Risk**

The Organization maintains its cash in bank deposit accounts which, as of December 31, 2020, 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.

**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>2020</u>	<u>2019</u>
Financial Assets at Year-End	\$ 438,288	\$ 666,438
Less: Those Unavailable to General Expenditures Within One (1) Year, Due to:		
Donor-Restricted for Vibrant Neighborhood Program	<u>(406,035)</u>	<u>(395,131)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One (1) Year	<u>\$ 32,253</u>	<u>\$ 271,307</u>

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

DUNDALK RENAISSANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS

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December 31, 2020 and 2019

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**Note 9: Other Matter**

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.

**Note 10: Subsequent Event**

During February 2021, the Organization was granted forgiveness of one hundred percent (100%) of the refundable advance. As part of the COVID-19 relief bill, the Organization applied for and received a second PPP Loan in the amount of \$62,052 during March 2021. The terms and conditions of the second PPP Loan are similar to the original PPP Loan pursuant to 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, 2020, 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 8, 2021.

### **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 audits, 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  
November 8, 2021