

BUILD FUND, LLC

FINANCIAL STATEMENTS

Together with Independent Auditors' Report

For the Years Ended December 31, 2018 and 2017



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Donovan CPAs

Independent Auditors' Report

The Board of Directors
King Park Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Build Fund, LLC, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

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Opinion

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

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2019 on our consideration of Build Fund, LLC'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Build Fund, LLC's internal control over financial reporting and compliance.

DONOVAN



Indianapolis, Indiana
June 12, 2019

BUILD FUND, LLC
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 1,297,781	\$ 933,839
Grants receivable	130,827	102,710
Related party note receivable - Edge Fund, LLC	205,000	-
Prepaid expenses	1,800	-
Notes receivable - corporate, net of allowance	2,517,437	2,053,415
Property and equipment, net	<u>22,824</u>	<u>18,944</u>
TOTAL ASSETS	<u>\$ 4,175,669</u>	<u>\$ 3,108,908</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Line of credit	\$ 325,884	\$ 396,330
Accounts payable	11,024	112,860
Refundable advances	<u>241,003</u>	<u>50,375</u>
<i>Total liabilities</i>	<u>577,911</u>	<u>559,565</u>
NET ASSETS		
Without donor restrictions	3,565,859	2,493,148
With donor restrictions	<u>31,899</u>	<u>56,195</u>
<i>Total net assets</i>	<u>3,597,758</u>	<u>2,549,343</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,175,669</u>	<u>\$ 3,108,908</u>

See independent auditors' report and accompanying notes to the financial statements

BUILD FUND, LLC
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Years Ended December 31, 2018 and 2017

	2018			2017		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT						
Federal awards	\$ 1,290,134	\$ 52,500	\$ 1,342,634	\$ 1,582,235	\$ -	\$ 1,582,235
State and local grants	-	10,000	10,000	-	60,000	60,000
Service fees	11,405	-	11,405	14,843	-	14,843
Contributions	-	-	-	5,000	-	5,000
Interest income from notes receivable	96,776	-	96,776	112,705	-	112,705
Other income	17,400	-	17,400	4,722	-	4,722
Net assets released from restrictions	86,796	(86,796)	-	100,414	(100,414)	-
<i>Total revenues and support</i>	<u>1,502,511</u>	<u>(24,296)</u>	<u>1,478,215</u>	<u>1,819,919</u>	<u>(40,414)</u>	<u>1,779,505</u>
FUNCTIONAL EXPENSES						
Program services	423,800	-	423,800	465,529	-	465,529
Management and general	6,000	-	6,000	86,807	-	86,807
<i>Total expenses</i>	<u>429,800</u>	<u>-</u>	<u>429,800</u>	<u>552,336</u>	<u>-</u>	<u>552,336</u>
TOTAL CHANGE IN NET ASSETS	1,072,711	(24,296)	1,048,415	1,267,583	(40,414)	1,227,169
NET ASSETS						
Beginning of year	<u>2,493,148</u>	<u>56,195</u>	<u>2,549,343</u>	<u>1,225,565</u>	<u>96,609</u>	<u>1,322,174</u>
End of year	<u>\$ 3,565,859</u>	<u>\$ 31,899</u>	<u>\$ 3,597,758</u>	<u>\$ 2,493,148</u>	<u>\$ 56,195</u>	<u>\$ 2,549,343</u>

See independent auditors' report and accompanying notes to the financial statements

BUILD FUND, LLC
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>			<u>2017</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Payroll and related taxes	\$ 123,234	\$ -	\$ 123,234	\$ 140,605	\$ 35,151	\$ 175,756
Bad debt expense	118,897	-	118,897	175,713	-	175,713
Professional fees	70,932	6,000	76,932	30,798	38,034	68,832
Insurance	30,033	-	30,033	34,273	-	34,273
Interest expense	17,170	-	17,170	30,451	-	30,451
Office expenses	15,851	-	15,851	22,271	5,568	27,839
Depreciation	7,370	-	7,370	4,396	1,099	5,495
Retirement plan expenses	6,175	-	6,175	6,842	1,710	8,552
Development and training	4,761	-	4,761	239	60	299
Equipment rental	2,799	-	2,799	4,957	1,239	6,196
Dues and subscriptions	2,484	-	2,484	-	-	-
Repairs and maintenance	1,790	-	1,790	2,738	685	3,423
Telephone	1,208	-	1,208	788	197	985
Postage	201	-	201	306	76	382
Licenses and fees	27	-	27	25	6	31
Advertising	-	-	-	-	199	199
Other	20,868	-	20,868	11,127	2,783	13,910
<i>Total functional expenses</i>	<u>\$ 423,800</u>	<u>\$ 6,000</u>	<u>\$ 429,800</u>	<u>\$ 465,529</u>	<u>\$ 86,807</u>	<u>\$ 552,336</u>

See independent auditors' report and accompanying notes to the financial statements

BUILD FUND, LLC
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 1,048,415	\$ 1,227,169
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,370	5,495
Changes in certain assets and liabilities:		
Grants receivable	(28,117)	22,290
Related party receivable - Edge Fund, LLC	(205,000)	-
Prepaid expenses	(1,800)	2,917
Notes receivable, corporate - net of allowance	(464,022)	(522,976)
Accounts payable	(101,836)	46,496
Refundable advances	190,628	(549,742)
Retainage payable	-	(40,044)
	445,638	191,605
 <i>Net cash provided by operating activities</i>		
INVESTING ACTIVITIES		
Purchases of property and equipment	(11,250)	-
FINANCING ACTIVITIES		
Net borrowings on (repayments of) line of credit	(70,446)	148,830
Repayments of note payable	-	(502,897)
	(70,446)	(354,067)
 <i>Net cash used in financing activities</i>		
NET INCREASE (DECREASE) IN CASH	363,942	(162,462)
CASH, BEGINNING OF YEAR	933,839	1,096,301
CASH, END OF YEAR	\$ 1,297,781	\$ 933,839
 SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	\$ 17,170	\$ 30,451

See independent auditors' report and accompanying notes to the financial statements

BUILD FUND, LLC
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Build Fund, LLC (“Build Fund”) is a not-for-profit entity established for the purpose of lending to businesses in Indianapolis designed to foster economic development.

Financial Statement Presentation – Effective with the December 31, 2018 year end, Build Fund adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires changes to the financial reporting model for not-for-profit entities, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. ASU 2016-14 must be applied on a retrospective basis, therefore the net assets as of and for the year ended December 31, 2017 have been restated to comply with ASU 2016-14.

Basis of Accounting and Use of Estimates – The financial statements of Build Fund have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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 and disclosures. Actual results could differ from those estimates.

Revenue Recognition – Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets during the year in which they are awarded. Build Fund reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

Revenues from cost reimbursement grants are recognized in an amount equal to costs and expenses during the year in which they are incurred. Revenues from sales of real estate are recognized at the date of sale, under the provision that all conditions of the sale are complete.

Cash and Cash Equivalents – For the purposes of the statements of cash flows, Build Fund considers all short-term highly-liquid assets with a maturity of three months or less to be cash equivalents. Build Fund had no cash equivalents at December 31, 2018 and 2017.

Grants Receivable – Grants receivable relate primarily to grant funding due from governmental agencies. Build Fund believes all claims are within the terms of the grant agreements. As such, no allowance for doubtful accounts has been made in connection with grant programs.

Related Party Note Receivable - Edge Fund, LLC – Build Fund assisted in financing certain early-stage operations of Edge Fund, LLC, a related entity. This balance is unsecured. Management expects repayment in full from Edge Fund, LLC as soon as economically feasible. The note is non-interest bearing.

BUILD FUND, LLC
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Notes Receivable – Notes receivable represent loans provided by Build Fund to businesses in fulfillment of its purpose. Build Fund regularly reviews notes receivable for collectability and records an allowance for doubtful accounts when balances are deemed potentially uncollectible. Notes receivable known to be uncollectible are written off directly.

Property and Equipment – Purchases of capital assets and expenditures that materially increase the value or extend the useful lives are capitalized and are included in the accounts at cost. Donated assets are recorded at fair market value at the date received. Routine maintenance and repairs and minor replacement costs are charged to expense as incurred. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The only property and equipment held by Build Fund were software and technology equipment with useful lives of three to five years.

Taxes on Income – Build Fund has received a determination from the Internal Revenue Service stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, it would be subject to tax on income unrelated to its exempt purpose. For the years ended December 31, 2018 and 2017, no accounting for federal or state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require Build Fund to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. Build Fund has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The tax years ended after December 31, 2016 are open to audit for both federal and state purposes.

Subsequent Events – Build Fund evaluated subsequent events through June 12, 2019, the date these financial statements were available to be issued. Any events occurring through this date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 - NOTES RECEIVABLE

Notes receivable represent balances owed to Build Fund from local businesses. At December 31, 2018, ten notes receivable were outstanding with balances ranging from approximately \$35,000 to approximately \$524,000 with interest between 4% and 6.5% and maturities between August 2020 and December 2030. At December 31, 2017, ten notes receivable were outstanding with balances ranging from approximately \$52,000 to approximately \$415,000 with interest between 4% and 6.5% and maturities between April 2020 and December 2030.

BUILD FUND, LLC
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

NOTE 2 - NOTES RECEIVABLE, Continued

Build Fund recorded bad debt expense of approximately \$116,000 and \$176,000 pertaining, respectively, to a defaulted equipment corporate note receivable during the year ended December 31, 2018, and a defaulted working capital corporate note receivable during the year ended December 31, 2017. The equipment corporate note receivable of approximately \$116,000 has an allowance for doubtful accounts recorded against it as the Company is actively pursuing collection through legal measures. The working capital corporate note receivable was written off directly to bad debt expense.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Software and technology equipment	\$ 38,725	\$ 27,475
Less: accumulated depreciation	<u>(15,901)</u>	<u>(8,531)</u>
	<u>\$ 22,824</u>	<u>\$ 18,944</u>

NOTE 4 - REFUNDABLE ADVANCES

Build Fund was awarded grants to provide loans to businesses in Indianapolis designed to foster economic development. The grants are considered exchange transactions. Accordingly, revenue is recognized as grant requirements are fulfilled. Build Fund had refundable advances of \$241,003 and \$50,375 as of December 31, 2018 and 2017, respectively, representing grant receipts in excess of loans made.

NOTE 5 - LINE OF CREDIT

Build Fund has a \$1,200,000 revolving line of credit with a commercial bank maturing April 2022. Drawings against the line of credit bear interest at the 30-day LIBOR rate plus 3% (a total of 5.5% at December 31, 2018) and are secured by the underlying notes receivable Build Fund issues to other organizations with the funds obtained from this line of credit. The balance outstanding under the line of credit was \$325,884 and \$396,330 as of December 31, 2018 and 2017, respectively.

BUILD FUND, LLC
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

NOTE 6 - GRANT FUNDING

Grant funding was received from the following sources for the years ended December 31:

	<u>2018</u>	<u>2017</u>
FEDERAL PASS-THROUGH AWARDS		
City of Indianapolis	\$ 646,823	\$ 928,711
FEDERAL DIRECT AWARDS		
Department of Health and Human Services	586,439	653,524
Department of Treasury	<u>109,372</u>	<u>-</u>
	1,342,634	1,582,235
STATE AND LOCAL GRANTS		
Merchants Bank	10,000	-
Indianapolis Foundation	<u>-</u>	<u>60,000</u>
	<u>\$ 1,352,634</u>	<u>\$ 1,642,235</u>

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purpose as of December 31:

	<u>2018</u>	<u>2017</u>
Technical assistance	\$ -	\$ 52,033
Wages and other administrative expenses	-	4,162
Financial assistance (loan fund)	<u>31,899</u>	<u>-</u>
<i>Total net assets with donor restrictions</i>	<u>\$ 31,899</u>	<u>\$ 56,195</u>

NOTE 8 - RISKS AND UNCERTAINTIES

Build Fund is engaged in the business of lending to corporate entities and is subject to the risk of loss due to defaulted loans.

Build Fund is also reliant on funding and resources from government sponsored programs. Changes in such programs and/or levels of funding could significantly affect Build Fund's operations. In addition, Build Fund is subject to monitoring by local, state, and federal agencies. Those examinations could result in additional liability to be imposed.

BUILD FUND, LLC
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

NOTE 9 - LIQUIDITY

Build Fund's financial assets include cash, grants receivable, and notes receivable. Related party receivables are not considered to be financial assets. Following is a schedule of financial assets available for general use within one year as of December 31, 2018:

Financial assets	\$ 3,946,045
Less: donor restrictions for specific purposes	(31,899)
Less: notes receivable unlikely to be available for general expenditures within one year	<u>(2,517,437)</u>
<i>Available for general use within one year</i>	\$ <u>1,396,709</u>

Build Fund operates in conjunction with two related entities, King Park Development Corporation and Edge Fund, LLC. Liquidity is transferrable between entities at the discretion of management and approval of the Board of Directors. The three entities have a combined approximately \$2,178,000 in financial assets available for general use within one year, which represents approximately 660 days cash on hand considering combined total expenses incurred during the year ended December 31, 2018. In addition, Build Fund has a \$1,200,000 line of credit, of which approximately \$874,000 of borrowing capacity existed as of December 31, 2018.

Donor restrictions are tracked in separate funds, with adequate cash available to cover restrictions. Build Fund has no Board-designated net assets.

NOTE 10 - FUNCTIONAL EXPENSE REPORTING

The costs of providing the community services have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain expenses have been allocated between programs services and management and general expenses.

THE BUILD FUND, LLC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

<u>Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Awards Expended</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Services Block Grants/Entitlement Grants			
Pass-Through City of Indianapolis			
Economic Development	14.218	POI1300003214	\$ 186,298
Economic Development	14.218	POI1300003480	<u>460,525</u>
<i>Total for federal grantor agency</i>			646,823
U.S. DEPARTMENT OF TREASURY			
Community Development Financial Institutions Programs	21.020	171FA021707	77,473
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Community Development Block Grants/Discretionary Awards			
Community Economic Development and Rural Community Facilities Program	93.570	99EE1175-01-01	<u>586,439</u>
<i>Total federal awards expended</i>			<u>\$ 1,310,735</u>

See independent auditors' report and accompanying notes to this schedule

BUILD FUND, LLC
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Build Fund, LLC under programs of the federal government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Build Fund, LLC, it is not intended to and does not present the financial position, change in net assets, or cash flows of Build Fund, LLC.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 - INDIRECT COST RATE

Build Fund has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



Donovan CPAs

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
King Park Development Corporation

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 Build Fund, LLC, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and change in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Build Fund, LLC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Build Fund, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of Build Fund, LLC'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 Build Fund, LLC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Build Fund, LLC's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Build Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The signature is written in a cursive style with a large initial "D".

Indianapolis, Indiana
June 12, 2019



Donovan CPAs

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*

The Board of Directors
King Park Development Corporation

Report on Compliance for Each Major Federal Program

We have audited Build Fund, LLC's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Build Fund, LLC's major federal programs for the year ended December 31, 2018. Build Fund, LLC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Build Fund, LLC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Build Fund, LLC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Build Fund, LLC's compliance.

Opinion on Each Major Federal Program

In our opinion, Build Fund, LLC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

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Report on Internal Control Over Compliance

Management of Build Fund, LLC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Build Fund, LLC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Build Fund, LLC's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The signature is written in a cursive style with a large, prominent "D" at the beginning.

Indianapolis, Indiana
June 12, 2019

BUILD FUND, LLC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year ended December 31, 2018

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness identified?	No
Significant deficiency identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/ Entitlement Grants
Dollar threshold use to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

II. Financial Statement Findings

No matters are reportable.

III. Federal Award Findings and Questioned Costs

No matters are reportable.