MID CITY REDEVELOPMENT ALLIANCE, INC.

BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED

DECEMBER 31, 2023

ERICKSEN KRENTEL LLP

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
Mid City Redevelopment Alliance, Inc.
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mid City Redevelopment Alliance, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mid City Redevelopment Alliance, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mid City Redevelopment Alliance Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requ,irements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mid City Redevelopment Alliance, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Mid City Redevelopment Alliance, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mid City Redevelopment Alliance, Inc.'s ability to continue as a going concern for a reasonable period of time.

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To the Board of Directors and Management of
Mid City Redevelopment Alliance, Inc.
July 31, 2024

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head on Schedule 1 is presented to comply with the requirements issued by the State of Louisiana is presented for purposes of additional analysis 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 1 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 July 31, 2024, on our consideration of Mid City Redevelopment Alliance, Inc.'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 Mid City Redevelopment Alliance, Inc.'s 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 Mid City Redevelopment Alliance, Inc.'s internal control over financial reporting and compliance.

July 31, 2024
Baton Rouge, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

Statement A

MID CITY REDEVELOPMENT ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS:		
Current Assets		
Cash and cash equivalents	$	1,005,271
Contributions and grants receivable		180,576
Property held-for-sale		265,756
Prepaid expenses		3,575
Total current assets		1,455,178
Property and Equipment		
Land		137,275
Buildings		616,520
Leasehold improvements		273,510
Equipment		88,230
		1,115,535
Less: Accumulated depreciation		(375,877)
Net property and equipment		739,658
Total assets	$	2,194,836
LIABILITIES AND NET ASSETS:		
Current Liabilities		
Accrued expenses	$	39,998
Current portion of long-term debt		2,111
Due to related party		120,842
Total current liabilities		162,951
Long-Term Liabilities		
Long-term debt		147,889
Other liabilities		4,443
Total long-term liabilities		152,332
Total liabilities		315,283
Net Assets		
Without donor restrictions		1,780,553
With donor restrictions		99,000
Total net assets		1,879,553
Total liabilities and net assets	$	2,194,836

The accompanying notes are an integral part of this statement

MID CITY REDEVELOPMENT ALLIANCE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	$ 14,000	$ 73,493	$ 87,493
Grants	306,976	199,073	506,049
Other revenue	115,140	-	115,140
Net assets released from donor restrictions	272,566	(272,566)	-
Total support and revenue	708,682	-	708,682
EXPENSES:			
Program services	820,652	-	820,652
Supporting services:			
Management and general	210,549	-	210,549
Fundraising	4,782	-	4,782
Total expenses	1,035,983	-	1,035,983
OTHER INCOME (EXPENSES):			
Gain/(loss) on sale of property held-for-sale	(19,800)	-	(19,800)
Change in net assets	(347,101)	-	(347,101)
Net assets - beginning of year, as restated	2,127,654	99,000	2,226,654
Net assets - end of year	$ 1,780,553	$ 99,000	$ 1,879,553

The accompanying notes are an integral part of this statement

Statement C

MID CITY REDEVELOPMENT ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services					Support Services		
	Home Ownership Promotion	Community Building and Engagement	Real Estate Development/ Asset Management	Home Ownership Preservation	Total Program Services	Management and General	Fundraising	Total
Administrative expenses	$ 123,133	$ 113,555	$ 19,154	$ 17,786	$ 273,628	$ 58,642	$ 1,975	$ 334,245
Depreciation	-	-	-	-	-	37,738	-	37,738
Interest expense	-	-	-	-	-	30,798	-	30,798
Purchased services	14,730	13,585	2,291	2,128	32,734	12,475	420	45,629
Salaries, wages, and benefits	217,909	200,960	33,897	31,476	484,242	63,352	2,133	549,727
Supplies	13,522	12,470	2,103	1,953	30,048	7,544	254	37,846
Total functional expenses	$ 369,294	$ 340,570	$ 57,445	$ 53,343	$ 820,652	$ 210,549	$ 4,782	$ 1,035,983

The accompanying notes are an integral part of this statement

Statement D

MID CITY REDEVELOPMENT ALLIANCE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (347,101)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation expense	37,738
(Gain)/loss on sale of property held-for-sale	19,800
Decrease (increase) in:	
Grants receivable	278,086
Prepaid expense	444
Increase (decrease) in:	
Accounts payable	(18,472)
Accrued payroll and related taxes	23,786
Affiliate payable	(667)
Net cash (used for) operating activities	(6,386)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of property held-for-sale	300,518
Cash paid for purchase of property held-for-sale	(112,786)
Net cash from investing activities	187,732
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings on long term debt	100
Payments on line of credit	(527,000)
Net cash (used for) financing activities	(526,900)
Net decrease in cash and cash equivalents	(345,554)
Cash and cash equivalents, beginning of year	1,350,825
Cash and cash equivalents, end of year	$ 1,005,271

The accompanying notes are an integral part of this statement

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The accompanying financial statements include the assets, liabilities, net assets, and financial activities of the programs administered by Mid City Redevelopment Alliance, Inc. (MCRA), a nonprofit corporation located in Baton Rouge, Louisiana. MCRA was organized to serve as a catalyst, facilitator, and coordinator to encourage the growth and renewal of the Mid-City region of Baton Rouge by attracting new and retaining current residents and businesses. Programs include home ownership promotion, community building and engagement, real estate development and asset management, and home ownership preservation services.

Basis of Accounting and Financial Reporting Framework

MCRA prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

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 and disclosures. MCRA estimates the fair value of property held-for-sale based on the market conditions and negotiations with potential buyers. The amount that MCRA will ultimately realize could differ materially from the amount recorded in the financial statements.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, MCRA considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents. MCRA maintains cash and cash equivalent balances with financial institutions that are federally insured.

Property Held-for-Sale

Property held-for-sale is comprised of buildings and land owned by MCRA. These properties are intended to be resold as a part of MCRA's overall mission in the community. These assets were recorded at cost at the time of purchase and are presented on the financial statements at the lower of cost or fair market value. Upon sale of these assets, gross proceeds are recorded as sales revenue and the related capitalized costs and closing costs are recorded as cost of sales on the statements of activities. At December 31, 2023, total property held-for-sale by MCRA was $265,756.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Support

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, MCRA reports information regarding its financial position and activities according to two classes of net assets: without- donor restriction and with donor restrictions. Net assets without donor restrictions include those net assets available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are those net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

MCRA recognizes contributions when cash, securities or other assets, unconditional promises to give, or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions and grants receivable consist of unconditional promises to give to MCRA. Unconditional promises to give are recognized at their net realizable value. Contributions and grants receivable totaled $180,576 at December 31, 2023. There were no conditional promises to give as of December 31, 2023.

A portion of MCRA's revenue is derived from cost-reimbursable city, state, and federal grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when MCRA has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

When MCRA determines that an exchange transaction exists, revenue is recognized in accordance with ASC Top 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when or as performance obligations are satisfied.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Nature of Products and Services

MCRA recognizes revenue from a federal grant that is considered an exchange transaction without an implied contribution. Under this grant, MCRA recruits and develops members to add to the capacity to services across Baton Rouge that tackle key issues such as disaster services, economic opportunity, education, and healthy futures as well as offering administrative support such as onboarding, payroll, and travel services. MCRA recognizes revenue related to this grant over time based on direct labor and program costs incurred.

Transaction Price

The transaction price is the amount of consideration to which MCRA expects to be entitled in exchange for the recruiting, supervision, and administrative services provided under the grant. Revenues under this grant are recorded based on the transaction price, which includes fixed consideration only.

Contract Balances

The timing of revenue recognition may not align with the right to invoice the customer. MCRA records contracts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized.

As of December 31, 2023, there is no balance of contract assets.

Income Tax

MCRA has been granted exemption by the Internal Revenue Service (IRS) from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is required to report unrelated business income under applicable state laws and to the IRS. MCRA had $31,403 of unrelated business income, related to the leases discussed in Note 12, for the year ended December 31, 2023.

Advertising Cost

Advertising costs, which are included in general and administrative expenses, are expensed as incurred and totaled $17,684 for the year ended December 31, 2023.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Equipment, and Depreciation

Property and equipment are recorded at cost. Depreciation is computed over the estimated useful lives of the assets using the straight-line method over the following useful lives:

Building	10-35 Years
Improvements	5-20 Years
Furniture, Fixtures, and Equipment	5-7 Years

Maintenance, repairs, and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains and losses on dispositions of property are included as other revenue on the statements of activities.

Operating Leases

MCRA leases primarily buildings to various lessees. These leases may contain extension and termination options that are predominantly at the sole discretion of the lessee, provided certain conditions are satisfied.

Functional Allocation of Expense

The costs of providing various program and supporting activities have been summarized on a functional basis in the statements of functional expenses. Salaries, wages, and benefits and administrative expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. These expenses are allocated on the basis of estimates of time and effort. All other expenses categories are specifically identified to a program or supporting function.

Concentrations

Financial instruments that potentially expose MCRA to concentrations of credit and market risk consists primarily of cash equivalents. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. At December 31, 2023, MCRA had $253,994, respectively, in excess of the FDIC insured limit. MCRA has not experienced any losses on its cash equivalents.

For the year ended December 31, 2023, one funder made up 57% of contributions and 0% of contributions and grants receivable, and three funders made up 74% of grants and 0% of contributions and grants receivable.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Commitments and Contingencies

In the normal course of operations, MCRA participates in a number of federal and state assisted grant-programs. These programs are subject to audit by the grantors or their representatives. Such audits could lead to request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Presently, MCRA has no such request pending, and in the opinion of management, any such amounts would not be considered material.

Recent Accounting Pronouncements Adopted

The Organization has adopted the Current Expected Credit Losses (CECL) accounting standard, as per Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses* (Topic 326). The standard introduces a new model for estimating credit losses on financial instruments. After a thorough evaluation, management has determined that the impact of adopting the CECL standard on the financial statements is immaterial. The Organization has considered factors such as historical loss experience, current economic conditions, and other relevant factors in its credit loss estimation process.

As a result, the adoption of the CECL standard has not had a material impact on the Organization's financial position, results of operations, or cash flows. The Organization will continue to monitor developments related to the CECL standard and will provide updates as necessary in future financial statement disclosures.

Reclassifications

Certain reclassifications have been made to prior year balances in order to comply with current year presentation.

(2) LIQUIDITY AND AVAILABLITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

Cash and cash equivalents	$	1,005,271
Contributions and grants receivable		180,576
Total	$	1,185,847
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
GNO Fair Housing Action Center		(96,500)
Housing First Alliance		(2,500)
	$	1,086,847

(3) RELATED PARTY

MCRA received contributions from related party board members in the amount of $3,500 for the year ended December 31, 2023.

In September 2018, MCRA entered into a revolving line of credit with a related party with an available balance of $150,000 at an interest rate of 0%. The line of credit had a balance of $0 at December 31, 2023.

(4) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2023:

Subject to Expenditure for a Specified Purpose		
GNO Fair Housing Action Center	$	96,500
Housing First Alliance		2,500
Total Net Assets With Donor Restrictions	$	99,000

(5) NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the expiration of time during the year ended December 31, 2023, as follows:

Net assets Released from donor restrictions		
Mt. Pleasant/City of Monroe	$	22,272
FIXUP! Home Repair Projects		40,000
Louisiana Housing Corp		84,504
Huey and Angelina Wilson Foundation		100,000
Keep Louisiana Beautiful		1,790
Southern University		24,000
Total net assests released from donor restrictions	$	272,566

(6) PROPERTY AND EQUIPMENT

Property and equipment, net at December 31, 2023, is as follows:

Land	$ 137,275
Buildings	309,725
Leasehold Improvements	273,510
Equipment	88,230
Total	808,740
Accumulated Depreciation	(358,347)
Property and Equipment, Net	$ 450,393

Property and equipment under lease, net at December 31, 2023, is as follows:

Buildings	$ 306,795
Total	306,795
Accumulated Depreciation	(17,530)
Property and Equipment Under Lease, Net	$ 289,265

Depreciation expense was $37,738 for the year ended December 31, 2023.

(7) PROPERTY HELD-FOR-SALE

Land and buildings classified as property held-for-sale are included in current assets in the amount of $265,756 at December 31, 2023. MCRA evaluated these assets under FASB ASC 360, *Property, Plant, and Equipment* for impairment at December 31, 2023. No impairment losses were recognized for the year ended December 31, 2023.

MID CITY REDEVELOPMENT ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(8) LONG-TERM DEBT

Long-term debt consists of the following:

Note payable of $150,000 with Small Business Administration bearing interest at 2.75%, 360 monthly principal and interest payments of $641 with final payment due June 2050, secured by accounts receivables.	$ 150,000
Less: Current Portion of Long-Term Debt	(2,111)
Total	$ 147,889

Contractual maturities on long-term debt are as follows:

Year Ending December 31,	Amount
2024	2,111
2025	3,679
2026	3,782
2027	3,882
2028	3,995
Thereafter	132,551
Total	$ 150,000

Interest expense on long-term debt incurred for the year ended December 31, 2023 totaled $7,692.

(9) LINES OF CREDIT

As mentioned in Note 3, MCRA had entered into a revolving line of credit with a related party with an available balance of $150,000 with an interest rate of 0%. The line of credit had a balance of $0 at December 31, 2023, and is no longer in effect.

MCRA has entered into a revolving line of credit with a bank with an available balance of $500,000 at a variable interest rate of the prime rate of the lender plus 2.350% with a 6.00% floor with all outstanding principal due on March 13, 2024. The line of credit had a balance of $0 at December 31, 2023, and is no longer in effect.

Interest expense on lines of credit incurred for the year ended December 31, 2023, totals $16,255.

(10) NEIGHBORWORKS®AMERICA

In 2018, MCRA was the recipient of grant funds from NeighborWorks®America. Grant funds received from NeighborWorks®America made up 27% of total revenue received by MCRA for the year ended December 31, 2023. In accordance with grant terms, MCRA is required to disclose certain information relating to those grants.

The following grants were received during year ended December 31, 2023:

Without Donor Restrictions	
Program Activites	$ 177,000
Operations Staff	7,000
Training and Development	4,500
NeighborWorks Week	1,000
Community Leadership Institute Action Plan	4,000
Total	$ 193,500

(11) OPERATING LEASES

MCRA is the lessor under various operating lease agreements to receive monthly rent payments that range from $850 to $1,100. The leases are for various terms expiring through April 2026.

Future undiscounted cash flows as of December 31, 2023, are as follows:

Year Ending December 31,	Amount
2024	$ 25,650
2025	13,200
2026	3,300
Total	$ 42,150

For the year ended December 31, 2023, rental revenue totaled $31,403.

(12) UNCERTAIN TAX POSITIONS

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. MCRA believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in operating expenses.

(13) PRIOR PERIOD ADJUSTMENT

Prior period adjustments were made to the net assets without donor restrictions balance to correct for error due to not recognizing a receivable and related revenue from a cost reimbursement grant that was earned in the prior year.

Net assets without donor restrictions at December 31, 2022, as originally stated	$	1,906,799
Correction of revenue not recognized in prior year		220,855
Net assets without donor restrictions at December 31, 2022, as restated	$	2,127,654

MID CITY REDEVELOPMENT ALLIANCE, INC.
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED DECEMBER 31, 2023

	Executive Director Kismet Gray	Executive Director Shervis Sullivan
Time served	01/01/23 through 07/31/23	08/01/23 through 12/31/23
Salary	$ 56,230	$ 68,009
Benefits - retirement	-	2,378
Benefits - insurance	11,613	12,086
Cell phone	450	650
Bonus	-	8,000
Travel	2,410	-
Per diem	792	2,663
Continuing professional education fees	3,193	1,250
Membership	800	378
License	-	738
Total compensation, benefits, and other payments to agency head	$ 75,488.85	$ 96,151.31

(See Independent Auditors' Report)

ERICKSEN KRENTEL LLP
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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*

To the Board of Directors of
Mid City Redevelopment Alliance, Inc.
Baton Rouge, Louisiana

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 Mid City Redevelopment Alliance, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statement 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 July 31, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Mid City Redevelopment Alliance, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 the Mid City Redevelopment Alliance, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Mid City Redevelopment Alliance, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item *2023-001* that we consider to be a material weakness.

ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of
Mid City Redevelopment Alliance, Inc.
July 31, 2024

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mid City Redevelopment Alliance, Inc.'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 statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as item *2023-002*.

Mid City Redevelopment Alliance, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Mid City Redevelopment Alliance, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Mid City Redevelopment Alliance, Inc.'s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 organization'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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. Accordingly, this communication is not suitable for any other purpose.

July 31, 2024
Baton Rouge, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

MID CITY REDEVELOPMENT ALLIANCE, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

I. SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Mid City Redevelopment Alliance, Inc.

2. No significant deficiencies but one material weaknesses in internal control related to the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.

3. One instance of noncompliance was reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

4. A management letter was not issued for the year ended December 31, 2023.

II. FINDINGS - FINANCIAL STATEMENT AUDIT

Material Weakness

Finding 2023-001 Accounting for Accounts Receivable and Accrued Payables

Criteria: During our testing of subsequent receipts and disbursements, we noted current year revenues and expenses, along with their corresponding receivables and payables, were not recorded in the proper period.

Condition: Generally accepted accounting principles require that revenues and expenses be recognized in the period in which they are incurred, and the corresponding receivables or payables be established.

Effect: Revenues, expenses, and related receivable and accrued liability were incorrectly stated.

Cause: The failure to record revenues and expenditures was due to inadequate procedures and controls over the financial closing process. Specifically, there was no established process to identify and record liabilities at year-end. There was also no process to ensure recognition of revenue for expenditures incurred in compliance with specific grant provisions.

Recommendation: Management should develop a checklist of month-end and year-end closing procedures and establish a process to monitor current balances to prior period balances to evaluate reasonableness and investigate any instances outside of management's expectations, and ensure that all invoices are evaluated as to the period of occurrence, and that all expenditures for cost reimbursable contracts are tracked to facilitate billings.

II. FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)

Material Weakness (Continued)

Finding 2023-001 Accounting for Accounts Receivable and Accrued Payables (Continued)

Views of Responsible Officials: Due to Mid City Redevelopment Alliance not having an internal accounting department, all of our accounting was outsourced to Baton Rouge General on a contractual basis with our responsibility of delivering all day-to-day revenues and expenditures. Moving forward, we have corrected our accounting practices since our transition from Baton Rouge General and have adapted to internal office accounting using QuickBooks and have outsourced accounting measured using Faulk & Winkler accounting firm.

Noncompliance

Finding 2023-002 Noncompliance with Louisiana Audit Law Reporting Requirements

Criteria: Mid City Redevelopment Alliance, Inc. is required to provide an annual financial report to the Louisiana Legislative Auditor no later than six months after its year end in accordance with Louisiana Revised Statutes 24:513 and 24:514.

Condition: Mid City Redevelopment Alliance, Inc. did not comply with these laws, submitting the required report after the required deadline.

Effect: Mid City Redevelopment Alliance, Inc. is not in compliance with Louisiana Revised Statutes 24:513 and 24:514.

Cause: Mid City Redevelopment Alliance, Inc. experienced turnover within the agency in which the agency had two Executive Directors within the year. The turnover caused significant disruption to operations and a reduction in operating capacity during the audit engagement period.

Recommendation: The Alliance should put additional policies and procedures in place to ensure that required annual reports are filed in a timely manner.

Views of Responsible Officials: Mid City Redevelopment Alliance will work on implementing a new policy and procedure by involving the Board President, Vice President, and Treasure along with the Executive Director of ensuring that all annual reports are filed in a timely manner.

MID CTY REDEVELOPMENT ALLIANCE, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

I. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended December 31, 2022.

II. MANAGEMENT LETTER

There was no management letter for the year ended December 31, 2022.