MID CITY REDEVELOPMENT ALLIANCE, INC.

Audited Financial Statements

December 31, 2019 and 2018

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

LaPorte, APAC
8555 United Plaza Blvd. | Suite 400
Baton Rouge, LA 70809
225.296.5150 | Fax 225.296.5151
LaPorte.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Mid City Redevelopment Alliance, Inc. (MCRA), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses 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.

Auditor's 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 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 auditor's 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 auditor considers 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mid City Redevelopment Alliance, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended are in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) is presented for the 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 information 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 a report dated July 29, 2020, on our consideration of MCRA's internal control over financial reporting and 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 MCRA's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MCRA's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MCRA's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Baton Rouge, LA
July 29, 2020

MID CITY REDEVELOPMENT ALLIANCE, INC.
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and Cash Equivalents	$ 622,901	$ 875,833
Contributions and Grants Receivable	115,640	-
Property Held-for-Sale	746,321	416,235
Prepaid Expense	24,116	28,309
Total Current Assets	1,508,978	1,320,377
Property and Equipment, Net	680,310	661,173
Total Assets	$ 2,189,288	$ 1,981,550
Liabilities and Net Assets		
Current Liabilities		
Trade Accounts Payable	$ 2,337	$ 18,445
Accrued Expenses	28,838	2,716
Current Portion of Long-Term Debt	61,762	11,468
Due to Related Party	57,356	-
Total Current Liabilities	150,293	32,629
Long-Term Debt	82,907	62,217
Line of Credit	150,000	150,000
Other Liabilities	6,373	1,680
Total Liabilities	389,573	246,526
Net Assets		
Without Donor Restrictions	1,526,965	1,473,024
With Donor Restrictions	272,750	262,000
Total Net Assets	1,799,715	1,735,024
Total Liabilities and Net Assets	$ 2,189,288	$ 1,981,550

The accompanying notes are an integral part of these financial statements.

MID CITY REDEVELOPMENT ALLIANCE, INC.
Statements of Activities
For the Years Ended December 31, 2019 and 2018

	2019	2018
Change in Net Assets Without Donor Restrictions		
Revenues Without Donor Restrictions		
Contributions	$ 92,423	$ 238,303
Grants	290,750	299,317
Sales of Property Held-for-Sale	-	112,410
Other Revenue	63,715	67,471
Total Revenues Without Donor Restrictions	446,888	717,501
Net Assets Released from Donor Restrictions	859,023	679,100
Total Revenues and Other Support Without Donor Restrictions	1,305,911	1,396,601
Expenses		
Salaries, Wages, and Benefits	644,806	367,169
Administrative Expenses	538,980	504,888
Cost of Sales of Property Held-for-Sale	-	171,093
Depreciation	42,621	34,605
Supplies	17,621	21,709
Interest Expense	6,420	3,185
Purchased Services	1,522	146,438
Total Expenses	1,251,970	1,249,087
Change in Net Assets Without Donor Restrictions	53,941	147,514
Change in Net Assets With Donor Restrictions		
Revenues With Donor Restrictions		
Contributions	127,250	50,700
Grants	742,523	612,724
Total Revenues With Donor Restrictions	869,773	663,424
Net Assets Released from Donor Restrictions	(859,023)	(679,100)
Total Revenues and Other Support With Donor Restrictions	10,750	(15,676)
Change in Net Assets With Donor Restrictions	10,750	(15,676)
Change in Net Assets	64,691	131,838
Net Assets, Beginning of Year	1,735,024	1,603,186
Net Assets, End of Year	$ 1,799,715	$ 1,735,024

The accompanying notes are an integral part of these financial statements.

MID CITY REDEVELOPMENT ALLIANCE, INC.
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in Net Assets	$ 64,691	$ 131,838
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Economic Development Credit Applied Against Long-Term Debt	-	(8,000)
Depreciation and Amortization	42,621	34,605
Loss on Disposal of Property, Plant, and Equipment	11,096	-
(Increase) Decrease in Operating Assets		
Contributions and Grants Receivable	(115,640)	830
Property Held-for-Sale	-	159,909
Prepaid Expense	4,193	(7,943)
Increase (Decrease) in Operating Liabilities		
Accounts Payable and Accrued Expenses	10,014	(13,660)
Due to Related Party	57,356	-
Other Liabilities	4,693	-
Net Cash Provided by Operating Activities	79,024	297,579
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(188,264)	-
Purchases and Improvements of Property Held-for-Sale	(330,086)	(224,023)
Proceeds from Disposal of Property and Equipment	115,410	-
Net Cash Used in Investing Activities	(402,940)	(224,023)
Cash Flows from Financing Activities		
Proceeds from Long-Term Debt	150,000	150,000
Payments on Long-Term Debt	(79,016)	(48,890)
Net Cash Provided by Financing Activities	70,984	101,110
Net (Decrease) Increase in Cash and Cash Equivalents	(252,932)	174,666
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	875,833	701,167
Cash, Cash Equivalents, and Restricted Cash, End of Year	$ 622,901	$ 875,833
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	$ 6,420	$ 3,185

The accompanying notes are an integral part of these financial statements.

MID CITY REDEVELOPMENT ALLIANCE, INC.
Schedule of Functional Expenses
For the Year Ended December 31, 2019

	Program Services							
	Home Ownership Promotion	Community Building and Engagement	Real Estate Development/ Asset Management	Home Ownership Preservation	Total	Management and General	Fundraising	Total
Salaries, Wages, and Benefits	$ 76,270	$ 325,763	$ 91,616	$ 27,445	$ 521,094	$ 123,712	$ -	$ 644,806
Administrative Expenses	55,775	56,195	104,766	152,575	369,311	169,669	-	538,980
Depreciation	-	-	-	-	-	42,621	-	42,621
Supplies	-	-	-	-	-	17,621	-	17,621
Interest Expense	-	-	-	-	-	6,420	-	6,420
Purchased Services	-	-	-	-	-	-	1,522	1,522
Total	$ 132,045	$ 381,958	$ 196,382	$ 180,020	$ 890,405	$ 360,043	$ 1,522	$ 1,251,970

The accompanying notes are an integral part of these financial statements.

MID CITY REDEVELOPMENT ALLIANCE, INC.
Schedule of Functional Expenses
For the Year Ended December 31, 2018

	Program Services							
	Home Ownership Promotion	Community Building and Engagement	Real Estate Development/ Asset Management	Home Ownership Preservation	Total	Management and General	Fundraising	Total
Salaries, Wages, and Benefits	$ 120,784	$ 155,765	$ 24,230	$ 24,230	$ 325,009	$ 42,160	$ -	$ 367,169
Administrative Expenses	140,427	115,024	65,667	61,990	383,108	121,780	-	504,888
Purchased Services	5,554	8,600	3,957	4,593	22,704	123,734	-	146,438
Cost of Sales of Property Held-for-Sale	-	-	171,093	-	171,093	-	-	171,093
Depreciation	-	-	-	-	-	34,605	-	34,605
Supplies	-	-	-	-	-	19,729	1,980	21,709
Interest Expense	-	-	-	-	-	3,185	-	3,185
Total	$ 266,765	$ 279,389	$ 264,947	$ 90,813	$ 901,914	$ 345,193	$ 1,980	$ 1,249,087

The accompanying notes are an integral part of these financial statements.

Note 1. Nature of Activities

The accompanying financial statements include the assets, liabilities, net assets, and financial activities of the programs administered by the Mid City Redevelopment Alliance (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.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

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.

Use of 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.

Contributions and Grants Receivable

MCRA recognizes contributions when cash, securities or other assets; and unconditional promise 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 $115,640 and $-0- at December 31, 2019 and 2018, respectively. There were no conditional promises to give at December 31, 2019 and 2018.

Note 2. Summary of Significant Accounting Policies (Continued)

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, 2019 and 2018, MCRA held $746,321 and $416,235, respectively. At December 31, 2019 and 2018, $90,000 of property held-for-resale was purchased with a grant from NeighborWorks®America. The funds were considered restricted until used for this purpose.

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 restrictions 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.

Donated Goods and Services

Donated marketable securities and other non-cash donations are recorded as contributions at their fair values at the date of donation. There were no goods recognized in the accompanying statement of financial activities and changes in net assets as contributions for the years ended December 31, 2019 and 2018.

Donated services are recorded at their fair value that create or enhance non-financial assets or require specialized skills, are performed by people possessing those skills, and would have been purchased by MCRA if they had not been donated. No amounts have been reflected in the financial statements for donated services. MCRA generally pays for services requiring specific expertise.

Note 2. Summary of Significant Accounting Policies (Continued)

Income Taxes
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 $56,705 and $44,659, of unrelated business income related to the lease discussed in Note 11 for the years ended December 31, 2019 and 2018, respectively.

Advertising Cost
Advertising costs, which are included in general and administrative expenses, are expensed as incurred and totaled $8,361 and $4,667, respectively, for the years ended December 31, 2019 and 2018.

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:

Buildings	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 in income.

Functional Allocation of Expense
The costs of providing various program and supporting activities have been summarized on a functional basis in the financial statements. Certain categories of expenses that 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.

Concentration of Credit and Market Risk
Financial instruments that potentially expose MCRA to concentrations of credit and market risk consist 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, 2019 and 2018, MCRA had $327,486 and $607,833, respectively, in excess of the FDIC insured limit. MCRA has not experienced any losses on its cash equivalents.

Note 2. 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

In June 2018, the FASB issued ASU 2018-08., *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. During the year ended December 31, 2019, MCRA adopted ASU 2018-08. This ASU has been applied retrospectively to all periods presented which did not have a material effect on the financial statement balances for the years ended December 31, 2019 and 2018.

Recent Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* to supersede nearly all existing revenue recognition under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities* which provided a limited deferral of the effective dates of ASU 2014-09 for certain entities that have not yet issued their financial statements. Therefore, ASU 2014-09 is effective for MCRA's annual reporting period ending December 31, 2020, and for its interim reporting periods beginning January 1, 2021. MCRA may use one of two methods for applying ASU 2014-09: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within the scope of ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined within ASU 2014-09. MCRA currently anticipates adopting the standard using the retrospective method with the cumulative effect of initially applying ASU 2014-09 recognized as a change in beginning net assets at the date of initial application.

Note 2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements Not Yet Adopted (Continued)
MCRA is utilizing a comprehensive approach to assess the impact of the guidance on each of its operating segments' revenue streams, including assessment of our performance obligations, principal versus agent considerations and variable considerations. Additionally, MCRA is evaluating the impact of the new guidance on disclosures, as well as the impact on controls to support the recognition. Based on the foregoing, MCRA does not currently anticipate this standard having a material impact on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities* which provided a limited deferral of the effective dates of ASU 2014-09 for certain entities in the "all other category". Therefore ASU 2016-02 will be effective for MCRA beginning in the year ending December 31, 2022. Management is currently evaluating the impact ASU 2016-02 will have on the financial statements.

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

Note 3. Liquidity and Availability

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

		2019		2018
Cash and Cash Equivalents	**$**	**350,151**	$	613,833
Contributions and Grants Receivable		**10,000**		-
Total	**$**	**360,151**	$	613,833

As part of the MCRA's liquidity management plan, MCRA maintains balances in excess of daily requirements in cash and cash equivalents.

Note 4. Related Party

MCRA received contributions from a related party in the amount of $25,000 for the years ended December 31, 2019 and 2018.

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% with all outstanding principal due on September 5, 2021. The line of credit had a balance of $150,000 at December 31, 2019 and 2018.

Note 5. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31, 2019 and 2018:

		2019		2018
Subject to Expenditure for a Specified Purpose:				
GNO Fair Housing Action Center	**$**	**130,000**	$	150,000
Firehouse Project		**51,250**		64,500
FIXUP! Home Repair Projects		**40,000**		-
Mobile Community Maker		**24,000**		-
Home Matters Expo		**15,000**		-
NeighborWorks®America		**10,000**		10,000
Housing First Alliance		**2,500**		37,500
Total Net Assets With Donor Restrictions	**$**	**272,750**	$	262,000

Note 6. 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 years ended December 31, 2019 and 2018, as follows:

	2019	2018
Net Assets Released from Donor Restrictions		
Home Development	$ 333,640	$ 30,575
Corporation for National Community Service	164,584	89,041
FIXUP! Home Repair Projects	140,313	-
Firehouse Project	88,250	135,500
Home Ownership Center	46,750	156,183
LA Disaster Recovery Alliance	37,500	-
Home Ownership Counseling	25,241	-
Housing First Alliance	20,000	22,500
Home Matters Expo	1,500	49,700
Republic Services	1,000	-
LanTech Training	245	-
City of Baton Rouge	-	49,310
NeighborWorks®America	-	40,000
Enterprise Community Partners	-	35,000
Financial Capability	-	20,000
VISTA	-	15,120
White Light Nights	-	11,000
RDA	-	8,000
LA Housing Counsel	-	7,495
Capital One IDA	-	5,000
Bank on BR	-	4,676
Total Net Assets Released from Donor Restriction	$ 859,023	$ 679,100

Note 7. Property, Plant, and Equipment

Property, plant, and equipment and accumulated depreciation at December 31, 2019 and December 31, 2018, are as follows:

	2019	2018
Land	$ 137,275	$ 137,275
Buildings	448,470	623,115
Leasehold Improvements	273,510	108,011
Equipment	88,230	88,230
Total	947,485	956,631
Accumulated Depreciation	(267,175)	(295,458)
Property and Equipment, Net	$ 680,310	$ 661,173

Depreciation expense was $42,621 and $34,605 for the years ended December 31, 2019 and 2018, respectively.

Note 8. Property Held-for-Sale

Land and buildings classified as property held-for-sale are included in current assets in the amount of $746,321 and $416,235 at December 31, 2019 and 2018, respectively. MCRA evaluated these assets under FASB ASC 360, *Property, Plant, and Equipment*, for impairment at December 31, 2019 and 2018. No impairment losses were recognized for the years ended December 31, 2019 and 2018.

Note 9. Long-Term Debt

Long-term debt consists of the following:

	2019	2018
Note payable of $150,000 with Red River Bank bearing interest at 5.75%, 36 monthly principal and includes paymens of $4,552 with final payment due May 2022, secured by real estate.	$ 122,860	$ -
Effective October 27, 2008, MCRA entered into an agreement with the City of Baton Rouge (the City), in conjunction with funds from the HOME Investment Partnership Act at title II of the Cranston-Gonzalez National Affordable Housing Act. The City agreed to lend up to $250,000 to MCRA, to be used for development of single-family rental housing. Disbursements under this agreement are reimbursement only. The loan will be re-paid based on the promissory note with 3% interest, due in monthly principal and interest payments of $1,124 beginning March 1, 2014 until maturity date of February 1, 2034, secured by mortgage.	21,809	73,685
	144,669	73,685
Less: Current Portion of Long-Term Debt	(61,762)	(11,468)
Total	$ 82,907	$ 62,217

Contractual maturities on long-term debt are as follows:

Year Ending December 31,	Amount
2019	$ 61,762
2020	60,479
2021	22,428
Total	$ 144,669

Interest expense on long-term debt incurred for the years ended December 31, 2019 and 2018, totaled $6,420 and $3,185, respectively.

Note 10. NeighborWorks®America

In 2018, MCRA was the recipient of grant funds from NeighborWorks®America. Grant funds received from NeighborWorks®America made up 23% and 30% of total grant funds received by MCRA for the years ended December 31, 2019 and 2018, respectively. In accordance with grant terms, MCRA is required to disclose certain information relating to those grants. The following grants were received during years ended December 31, 2019 and 2018:

	2019	2018
Without Donor Restrictions		
Program Activities	$ 135,000	$ 125,000
Community Leadership Institute Action Plan	30,000	2,000
Disaster Relief	30,000	50,000
GNOFN Roundtable	10,000	-
Health and Housing Strategies	10,000	-
Travel	9,250	4,077
Dorothy Richardson Award	5,000	-
Resident Leadership Action Plan	4,000	-
Peer to Peer	2,000	2,000
NeighborWorks Week	500	-
Strategic Investment Fund	-	75,000
Real Estate Capacity	-	35,000
Training	-	3,240
Community Impact Measurement Project	-	3,000
Total Without Donor Restrictions	235,750	299,317
Restricted Until First Use		
Real Estate Development	-	50,000
Total Restricted Until First Use	-	50,000
Total	$ 235,750	$ 349,317

Note 11. Operating Leases

MCRA as Lessor

MCRA is the lessor under various operating lease agreements to receive monthly rent payments that range from $840 to $4,443. The leases are for various terms expiring through December 31, 2022. Two of these leases are lease purchase programs. However, the probability of these leases converting to purchases is uncertain. Therefore, these leases are treated as operating leases.

Future rental revenue on these lease agreements as of December 31, 2019, is as follows:

Year Ending December 31,	Amount
2020	$ 63,452
2021	63,756
2022	24,086
Total	$ 151,294

For the years ended December 31, 2019 and 2018, rental revenue totaled $56,705 and $44,659, respectively.

Note 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.

Note 13. Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which MCRA operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the company, to date, MCRA is experiencing some reduction in revenue as events have been canceled because social distancing measures will prevent alternative arrangements. Also, MCRA is experiencing some slower than expected revenue projections to become realized and has subsequently reviewed the budget to identify expenses that must be realized to offset. MCRA’s real estate projects are sitting longer on market as prospective buyers have encountered employment impact and/or lenders have tightened lending and thus delayed closings to move forward. MCRA anticipates this will return to some degree of normalcy as soon as businesses return to some if not full operations. MCRA will see reduced revenues as carrying costs for completed for sale projects require longer maintenance and insurance expenditures which come directly from any realized sales proceeds. MCRA’s concentrations due to accessing customers, teaching classes, building and selling homes, and make it reasonably possible that MCRA is vulnerable to the risk of a near-term severe impact.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including impairment losses related to other long-lived assets.

On May 18, 2020, MCRA received a Paycheck Protection Program loan in the amount of $96,200. This loan is potentially forgivable if MCRA meets certain criteria. The loan has an interest rate of 1% and is due two years from the date of origination. There is no collateral or personal guarantees associated with this loan. MCRA is awaiting ratification of recently passed changes to the terms of the loan and expect that those alterations will ensure MCRA meets the eligibility for the loan to be forgiven in full.

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 29, 2020, and determined that no other events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

LaPorte
CPAs & BUSINESS ADVISORS

LaPorte, APAC
8555 United Plaza Blvd. | Suite 400
Baton Rouge, LA 70809
225.296.5150 | Fax 225.296.5151
LaPorte.com

Independent Auditor's Report on Supplementary Information

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

We have audited the financial statements of Mid City Redevelopment Alliance, Inc. (MCRA) as of December 31, 2019 and have issued our report thereon, dated July 29, 2020, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming and opinion on the financial statements as a whole.

The accompanying supplementary information is presented for the purpose of additional analysis, as required by Louisiana Revised Statutes, 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 audits 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

LaPorte

A Professional Accounting Corporation

Baton Rouge, LA
July 29, 2020

MID CITY REDEVELOPMENT ALLIANCE, INC.
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2019

Agency Head
Samuel Sanders, Executive Director

Purpose	Amount
Salary	$101,254
Benefits - Insurance	$659
Benefits - Retirement	$2,025
Benefits - Other	$8,051
Car Allowance	$0
Vehicle Provided by Organization	$0
Per Diem	$0
Reimbursements	$0
Travel	$0
Registration Fees	$0
Conference Travel	$0
Continuing Professional Education Fees	$0
Miscellaneous Expenses	$0

LaPorte, APAC
8555 United Plaza Blvd. | Suite 400
Baton Rouge, LA 70809
225.296.5150 | Fax 225.296.5151
LaPorte.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

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

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. (MCRA) as of December 31, 2019 and for the year then ended, and the related notes to the financial statements, which collectively comprise MCRA's basic financial statements, and have issued our report thereon July 29, 2020.

Internal Control Over Financial Reporting
In planning and performing our audit we considered MCRA'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MCRA's internal control. Accordingly, we do not express an opinion on the effectiveness of MCRA'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 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 MCRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 and 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.

LaPorte

A Professional Accounting Corporation

Baton Rouge, LA
July 29, 2020

LaPorte, APAC
8555 United Plaza Blvd. | Suite 400
Baton Rouge, LA 70809
225.296.5150 | Fax 225.296.5151
LaPorte.com

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE CONSOLIDATED AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited Mid City Redevelopment Alliance, Inc. (MCRA)'s compliance with the types of compliance requirements described in OMB *Compliance Supplement* that could have a direct and material effect on each of MCRA's major federal programs for the year ended December 31, 2019. MCRA's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of MCRA'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 *Title 2 U.S. Code of Federal Regulations 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 MCRA'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 unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of MCRA's compliance.

Opinion on Each Major Federal Programs

In our opinion, MCRA 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, 2019.

Report on Internal Control Over Compliance

Management of MCRA 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 MCRA'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 and the Guide, 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 MCRA'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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

LaPorte

A Professional Accounting Corporation

Baton Rouge, LA
July 29, 2020

MID CITY REDEVELOPMENT ALLIANCE, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Grantor/Program Title/ Pass-Through Grantor's Number	Federal CFDA Number	Contract Period	Federal Expenditures
U.S. Department of Housing and Urban Development:			
City-Parish of East Baton Rouge			
Home Investment Partnerships Program	14.239	10/1/2018 - 9/30/2020	$ 333,640
U.S. Department of Treasury:			
Neighborhood Reinvestment Corporation (d/b/a NeighborWorks®America)	116-6	1/1/2019 - 12/31/2019	235,750
Corporation for National Community Service:			
Volunteers in Service to America	94.013	6/10/2018 - 6/08/2019	164,584
U.S. Department of Housing and Urban Development:			
City-Parish of East Baton Rouge			
Community Development Block Grants/Entitlement Grants	14.218	10/1/2018 - 9/30/2020	109,813
U.S. Department of Housing and Urban Development:			
Louisiana Housing Corporation			
Housing Counseling Assistance Program	14.169	10/1/2018 - 3/31/2020	21,241
Total Expenditure of Federal Awards			$ 865,028

Note 1. Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared using the accrual basis of accounting.

Complete Catalog of Federal Domestic Assistance (CFDA) numbers are presented for those programs for which such numbers were available. CFDA prefixes and other identifying numbers are presented for programs for which a complete CFDA number is not available.

Note 2. Indirect Cost Rate

Mid City Redevelopment Alliance, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None Reported
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards Section

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the *Uniform Guidance*?	No

Identification of Major Programs:

14.239 Home Investment Partnerships Program
116-6 Neighborhood Reinvestment Corporation (d/b/a NeighborWorks®America)

Dollar threshold used to determine Type A programs:	$750,000
Auditee qualified as low-risk auditee?	No

Part II - Financial Statement Findings Section

None

Part III - Federal Award Findings and Questioned Costs Section

None

MID CITY REDEVELOPMENT ALLIANCE, INC.
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2019

None

LaPorte
CPAs & BUSINESS ADVISORS

LaPorte, APAC
8555 United Plaza Blvd. | Suite 400
Baton Rouge, LA 70809
225.296.5150 | Fax 225.296.5151
LaPorte.com

AGREED-UPON PROCEDURES REPORT

Mid City Redevelopment Alliance

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period of January 1, 2019 - December 31, 2019

To the Board of Directors of
Mid City Redevelopment Alliance
c/o Samuel Sanders and
the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Mid City Redevelopment Alliance (MCRA) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2019 through December 31, 2019. MCRA's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

   c) ***Disbursements***, including processing, reviewing, and approving.

   d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: Noted that MCRA's Disaster Recovery/Business Continuity policy did not include items (3), (4), or (5). No exceptions were noted for procedures 1a - 1j.

Management Response: Management agrees with the findings. We will revise our internal Controls to incorporate all of the policy and procedures related to the Disaster Recovery/Business Continuity policies.

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

   a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

   b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of this procedure.

Collections

3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

   Results: No exceptions were found as a result of this procedure.

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   a) Employees that are responsible for cash collections do not share cash drawers/registers.

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

   c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

   d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

   Results: No exceptions were found as a result of this procedure.

5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

   Results: No exceptions were found as a result of this procedure.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #2 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

   a) Observe that receipts are sequentially pre-numbered.

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

c) Trace the deposit slip total to the actual deposit per the bank statement.

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of this procedure.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

7. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

   Results: No exceptions were found as a result of this procedure.

8. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

   a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

   b) Observe that finance charges and late fees were not assessed on the selected statements.

   Results: No exceptions were found as a result of this procedure.

9. Using the monthly statements or combined statements selected under #12 above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

   Results: No exceptions were found as a result of this procedure.

Other

10. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

    Results: No exceptions were found as a result of this procedure.

11. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

    Results: No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to perform, and did not perform, an examination or review, the objective of which would be the expression of an opinion or conclusion. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Mid City Redevelopment Alliance, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. Management has elected not to include responses or corrective actions to matters included in this document.

A Professional Accounting Corporation

LaPorte

Baton Rouge, LA
July 28, 2020

419 N 19th Street
Baton Rouge, LA 70802

225.346.1000 office
225.244.6171 fax

July 28, 2020

LaPorte, A Professional Accounting Corporation
8555 United Plaza Blvd, Suite 400
Baton Rouge, LA 70809

Ref: Management's Response to Statewide Agreed Upon Procedures (SAUPs)

Please find below Mid City Redevelopment Alliance's (the Organization) responses to the SAUPs performed by LaPorte, APAC for the period January 1, 2019 to December 31, 2019.

Policies and Procedures

1. The Organization's disaster recovery/business continuity policy did not mention periodic testing/verification that backups can be restored, use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, or identification of personnel, processes, and tools needed to recover operations after a critical event.

Management's Response:

Management agrees with the findings above. We will revise our Internal Controls to incorporate the policy and procedures item. This will be completed by December 31, 2020.

MID CITY REDEVELOPMENT ALLIANCE

____

Samuel Sanders, Executive Director