

**MID CITY REDEVELOPMENT  
ALLIANCE, INC.**

Audited Financial Statements

December 31, 2020 and 2019



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## 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, 2020 and 2019, 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, 2020 and 2019, 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated May 11, 2021, on our consideration of MCRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA  
May 11, 2021

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**Statements of Financial Position**  
**December 31, 2020 and 2019**

	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,144,710	\$ 622,901
Contributions and Grants Receivable	54,996	108,959
Contract Receivable	14,101	6,681
Property Held-for-Sale	776,702	746,321
Prepaid Expense	22,878	24,116
<b>Total Current Assets</b>	<b>2,013,387</b>	1,508,978
<b>Property and Equipment, Net</b>	<b>548,330</b>	680,310
<b>Total Assets</b>	<b>\$ 2,561,717</b>	\$ 2,189,288
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Trade Accounts Payable	\$ 2,602	\$ 2,337
Accrued Expenses	45,009	28,838
Current Portion of Long-Term Debt	147,876	61,762
Due to Related Party	76,913	57,356
<b>Total Current Liabilities</b>	<b>272,400</b>	150,293
Long-Term Debt	172,335	82,907
Line of Credit	290,000	150,000
Other Liabilities	4,443	6,373
<b>Total Liabilities</b>	<b>739,178</b>	389,573
<b>Net Assets</b>		
Without Donor Restrictions	1,606,289	1,526,965
With Donor Restrictions	216,250	272,750
<b>Total Net Assets</b>	<b>1,822,539</b>	1,799,715
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,561,717</b>	\$ 2,189,288

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, 2020 and 2019**

	2020	2019
<b>Change in Net Assets Without Donor Restrictions</b>		
<b>Revenues Without Donor Restrictions</b>		
Contributions	\$ 137,803	\$ 92,423
Grants	433,800	290,750
Sales of Property Held-for-Sale	85,134	-
Other Revenue	136,433	63,715
<b>Total Revenues Without Donor Restrictions</b>	<b>793,170</b>	<b>446,888</b>
<b>Net Assets Released from Donor Restrictions</b>	<b>488,508</b>	<b>859,023</b>
<b>Total Revenues and Other Support Without Donor Restrictions</b>	<b>1,281,678</b>	<b>1,305,911</b>
<b>Expenses</b>		
Salaries, Wages, and Benefits	573,294	644,806
Administrative Expenses	437,163	538,980
Cost of Sales of Property Held-for-Sale	117,824	-
Depreciation	43,657	42,621
Supplies	18,154	17,621
Interest Expense	9,802	6,420
Purchased Services	2,460	1,522
<b>Total Expenses</b>	<b>1,202,354</b>	<b>1,251,970</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>79,324</b>	<b>53,941</b>
<b>Change in Net Assets With Donor Restrictions</b>		
Contributions	66,000	127,250
Contract Revenue	148,519	164,584
Grants	217,489	577,939
Net Assets Released from Donor Restrictions	(488,508)	(859,023)
<b>Change in Net Assets With Donor Restrictions</b>	<b>(56,500)</b>	<b>10,750</b>
<b>Change in Net Assets</b>	<b>22,824</b>	<b>64,691</b>
<b>Net Assets, Beginning of Year</b>	<b>1,799,715</b>	<b>1,735,024</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,822,539</b>	<b>\$ 1,799,715</b>

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, 2020 and 2019**

	2020	2019
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 22,824	\$ 64,691
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	43,657	42,621
(Gain) Loss on Disposal of Property and Equipment	(16,090)	11,096
(Increase) Decrease in Operating Assets		
Contributions and Grants Receivable	53,963	(108,959)
Contract Receivable	(7,420)	(6,681)
Prepaid Expense	1,238	4,193
Property Held-for-Sale	117,824	-
Increase (Decrease) in Operating Liabilities		
Trade Accounts Payable and Accrued Expenses	16,436	10,014
Due to Related Party	19,557	57,356
Other Liabilities	(1,930)	4,693
<b>Net Cash Provided by Operating Activities</b>	<b>250,059</b>	<b>79,024</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of Property and Equipment	-	(188,264)
Purchases and Improvements of Property Held-for-Sale	(148,205)	(330,086)
Proceeds from Disposal of Property and Equipment	104,413	115,410
<b>Net Cash Used in Investing Activities</b>	<b>(43,792)</b>	<b>(402,940)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Line of Credit	140,000	-
Proceeds from Long-Term Debt	246,200	150,000
Payments on Long-Term Debt	(70,658)	(79,016)
<b>Net Cash Provided by Financing Activities</b>	<b>315,542</b>	<b>70,984</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>521,809</b>	<b>(252,932)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>622,901</b>	<b>875,833</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,144,710</b>	<b>\$ 622,901</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash Paid for Interest	\$ 9,802	\$ 6,420

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

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2020**

	Program Services					Support 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	\$ 54,027	\$ 185,561	\$ 97,170	\$ 39,027	\$ 375,785	\$ 175,509	\$ 22,000	\$ 573,294
Administrative Expenses	37,407	38,689	88,514	133,238	297,848	138,652	663	437,163
Cost of Sales of Property Held-for-Sale	-	-	117,824	-	117,824	-	-	117,824
Depreciation	-	-	-	-	-	43,657	-	43,657
Supplies	-	-	-	-	-	18,154	-	18,154
Interest Expense	-	-	-	-	-	9,802	-	9,802
Purchased Services	-	-	-	-	-	-	2,460	2,460
<b>Total</b>	<b>\$ 91,434</b>	<b>\$ 224,250</b>	<b>\$ 303,508</b>	<b>\$ 172,265</b>	<b>\$ 791,457</b>	<b>\$ 385,774</b>	<b>\$ 25,123</b>	<b>\$ 1,202,354</b>

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



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

	Program Services					Support 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
<b>Total</b>	<b>\$ 132,045</b>	<b>\$ 381,958</b>	<b>\$ 196,382</b>	<b>\$ 180,020</b>	<b>\$ 890,405</b>	<b>\$ 360,043</b>	<b>\$ 1,522</b>	<b>\$ 1,251,970</b>

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

## MID CITY REDEVELOPMENT ALLIANCE, INC.

### Notes to Financial Statements

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#### Note 1. 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.

#### 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.

##### **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, 2020 and 2019, MCRA held \$776,702 and \$746,321, respectively. At December 31, 2020 and 2019, \$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.

**Note 2. 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 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.

**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 \$54,996 and \$108,959 at December 31, 2020 and 2019, respectively. There were no conditional promises to give at December 31, 2020 and 2019.

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 statements of activities and changes in net assets as contributions for the years ended December 31, 2020 and 2019.

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.

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. There were no refundable advances at December 31, 2020 and 2019.

## MID CITY REDEVELOPMENT ALLIANCE, INC.

### Notes to Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

##### Revenue Recognition (Continued)

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
- Recognize revenue when or as performance obligations are satisfied

##### 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.

Balances as of December 31, 2020 and 2019 are included in the statements of financial position. There were no opening balances as of January 1, 2019.

##### 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 \$71,129 and \$56,705, of unrelated business income related to the lease discussed in Note 11, for the years ended December 31, 2020 and 2019, respectively.

# MID CITY REDEVELOPMENT ALLIANCE, INC.

## Notes to Financial Statements

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### Note 2. Summary of Significant Accounting Policies (Continued)

#### Advertising Cost

Advertising costs, which are included in general and administrative expenses, are expensed as incurred and totaled \$17,242 and \$8,361, respectively, for the years ended December 31, 2020 and 2019.

#### 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 as other revenue on the statements of activities.

#### 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.

#### 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, 2020 and 2019, MCRA had \$514,697 and \$327,486, respectively, in excess of the FDIC insured limit. MCRA has not experienced any losses on its cash equivalents.

#### 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.

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Recent Accounting Pronouncements Adopted**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount to which an entity expects to be entitled when products are transferred to customers. ASU 2014-09 was adopted January 1, 2020. MCRA completed its overall assessment of revenue streams and, based on this assessment, MCRA concluded that ASU 2014-09 resulted in no significant changes in the way MCRA recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

**Recent Accounting Pronouncements Not Yet Adopted**

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.

In September 2020, the FASB issues ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 requires presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, along with various disclosures for each category of nonfinancial assets recognized. ASU 2020-07 is effective for MCRA beginning in the year ending December 31, 2022, and will be applied on a retrospective basis. Management is currently evaluating the impact ASU 2020-07 will have on the financial statements.

**Reclassifications**

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

# MID CITY REDEVELOPMENT ALLIANCE, INC.

## Notes to Financial Statements

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### 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 statements of financial position date, comprise the following:

	2020	2019
Cash and Cash Equivalents	\$ 1,144,710	\$ 622,901
Contributions and Grants Receivable	54,996	108,959
Contracts Receivable	14,101	6,681
<b>Total</b>	<b>\$ 1,213,807</b>	<b>\$ 738,541</b>

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, 2020 and 2019.

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, 2020 and 2019.

### Note 5. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2020 and 2019:

	2020	2019
<b>Subject to Expenditure for a Specified Purpose</b>		
GNO Fair Housing Action Center	\$ 112,500	\$ 130,000
FIXUP! Home Repair Projects	40,000	40,000
Home Matters Expo	25,000	15,000
Firehouse Project	16,250	51,250
NeighborWorks@America	10,000	10,000
Mobile Community Maker	5,000	24,000
BRAF	5,000	-
Housing First Alliance	2,500	2,500
<b>Total Net Assets With Donor Restrictions</b>	<b>\$ 216,250</b>	<b>\$ 272,750</b>

# MID CITY REDEVELOPMENT ALLIANCE, INC.

## Notes to Financial Statements

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### 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, 2020 and 2019, as follows:

	2020	2019
<b>Net Assets Released from Donor Restrictions</b>		
Corporation for National Community Service	\$ 148,520	\$ 164,584
City of Baton Rouge	90,324	-
SNAP	70,361	-
FIXUP! Home Repair Projects	40,000	140,313
Firehouse Project	35,000	88,250
Louisiana Housing Corp	20,426	-
Mobile Community Maker	19,000	-
Housing First Alliance	17,500	20,000
Home Matters Expo	16,000	1,500
Mount Pleasant	15,050	-
State of Louisiana	10,127	-
Tipton Associates	6,000	-
Community Development	200	-
Home Development	-	333,640
Home Ownership Center	-	46,750
LA Disaster Recovery Alliance	-	37,500
Home Ownership Counseling	-	25,241
Republic Services	-	1,000
LanTech Training	-	245
<b>Total Net Assets Released from Donor Restriction</b>	<b>\$ 488,508</b>	<b>\$ 859,023</b>



## MID CITY REDEVELOPMENT ALLIANCE, INC.

### Notes to Financial Statements

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#### Note 7. Property and Equipment

Property and equipment and accumulated depreciation at December 31, 2020 and December 31, 2019, was as follows:

	2020	2019
Land	\$ 137,275	\$ 137,275
Buildings	309,725	448,470
Leasehold Improvements	273,510	273,510
Equipment	88,230	88,230
<b>Total</b>	<b>808,740</b>	<b>947,485</b>
Accumulated Depreciation	<b>(260,410)</b>	<b>(267,175)</b>
<b>Property and Equipment, Net</b>	<b>\$ 548,330</b>	<b>\$ 680,310</b>

Depreciation expense was \$43,657 and \$42,621 for the years ended December 31, 2020 and 2019, 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 \$776,702 and \$746,321 at December 31, 2020 and 2019, respectively. MCRA evaluated these assets under FASB ASC 360, *Property, Plant, and Equipment* for impairment at December 31, 2020 and 2019. No impairment losses were recognized for the years ended December 31, 2020 and 2019.

#### Note 9. Long-Term Debt

Long-term debt consists of the following:

	2020	2019
Note payable of \$150,000 with Red River Bank bearing interest at 5.75%, 36 monthly principal and interest payments of \$4,552 with final payment due May 2022, secured by real estate.	\$ 74,011	\$ 122,860

**MID CITY REDEVELOPMENT ALLIANCE, INC.**

**Notes to Financial Statements**

**Note 9. Long-Term Debt (Continued)**

	<b>2020</b>	2019
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
Paycheck Protection Program Note payable of \$96,200 with Capital One Bank bearing interest at 1%, 18 monthly principal and interest payments of \$5,414 with final payment due May 2022, secured by accounts receivables.	<b>96,200</b>	-
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.	<b>150,000</b>	-
	<b>320,211</b>	144,669
Less: Current Portion of Long-Term Debt	<b>(147,876)</b>	(61,762)
<b>Total</b>	<b>\$ 172,335</b>	<b>\$ 82,907</b>

Contractual maturities on long-term debt are as follows:

<b>Year Ending December 31,</b>	<b>Amount</b>
2021	\$ 147,876
2022	24,306
2023	3,665
2024	3,767
2025	3,872
Thereafter	<u>136,725</u>
<b>Total</b>	<b>\$ 320,211</b>

Interest expense on long-term debt incurred for the years ended December 31, 2020 and 2019, totaled \$9,802 and \$6,420, respectively.

## MID CITY REDEVELOPMENT ALLIANCE, INC.

### Notes to Financial Statements

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#### Note 10. NeighborWorks®America

In 2018, MCRA was the recipient of grant funds from NeighborWorks®America. Grant funds received from NeighborWorks®America made up 42% and 23% of total revenue received by MCRA for the years ended December 31, 2020 and 2019, 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, 2020 and 2019:

	2020	2019
<b>Without Donor Restrictions</b>		
Program Activities	\$ 162,500	\$ 135,000
CCD Racial Equity	50,000	-
Disaster Resilience	40,000	-
Operating Support	25,000	-
Disaster Relief	20,000	30,000
Wells Fargo Counselling Grant	16,350	-
Capital One Counseling Grant	12,450	-
Community Impact Measurement Project	10,000	-
Community Leadership Institute Action Plan	4,000	30,000
GNOFN Roundtable	-	10,000
Health and Housing Strategies	-	10,000
Travel	-	9,250
Dorothy Richardson Award	-	5,000
Resident Leadership Action Plan	-	4,000
Peer to Peer	-	2,000
NeighborWorks Week	-	500
<b>Total</b>	<b>\$ 340,300</b>	<b>\$ 235,750</b>

#### Note 11. Operating Leases

##### MCRA as Lessor

MCRA is the lessor under various operating lease agreements to receive monthly rent payments that range from \$750 to \$4,443. The leases are for various terms expiring through March 2022. One of the leases is a lease purchase program. However, the probability of these leases converting to purchases is uncertain. Therefore, these leases are treated as operating leases.

## MID CITY REDEVELOPMENT ALLIANCE, INC.

### Notes to Financial Statements

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#### Note 11. Operating Leases (Continued)

Future rental revenue on these lease agreements as of December 31, 2020, is as follows:

Year Ending December 31,	Amount
2021	\$ 65,156
2022	13,329
<b>Total</b>	<b>\$ 78,485</b>

For the years ended December 31, 2020 and 2019, rental revenue totaled \$71,129 and \$56,705, 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. Risks and Uncertainties

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, 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. At this time, it is unknown how long these conditions will last and what the complete financial effect will be to MCRA. 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.

## MID CITY REDEVELOPMENT ALLIANCE, INC.

### Notes to Financial Statements

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#### **Note 13. Risks and Uncertainties (Continued)**

As a response to the coronavirus disease (COVID-19) outbreak, the U.S. government has responded with relief legislation. Certain legislation called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), as amended and expanded under later legislation, among other things, authorized emergency loans to businesses by establishing, and providing funding for forgivable bridge loans under the Paycheck Protection Program (PPP). In May 2020, MCRA received \$96,200 under the PPP, of which the entire balance is outstanding as of December 31, 2020. Under the PPP, the Small Business Administration (SBA) will forgive the proceeds received if eligibility and other criteria are met related to use of the funds, at which time MCRA will recognize the forgiven amount as income. Once the SBA reviews and approves the forgiveness amount, the SBA will have the right to audit MCRA's compliance with the PPP for a period of up to six years. The portion of the proceeds received that is not forgiven, if any, is converted to an unsecured term note payable in equal installments, including interest at 1%, through May 2022.

#### **Note 14. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 11, 2021 and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## 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, 2020 and have issued our report thereon, dated May 11, 2021, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an 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.



A Professional Accounting Corporation

Baton Rouge, LA  
May 11, 2021

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Agency Head**  
**For the Year Ended December 31, 2020**

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**Agency Head**  
Samuel Sanders, Executive Director

<b>Purpose</b>	<b>Amount</b>
Salary	\$100,738
Benefits - Insurance	\$24,136
Benefits - Retirement	\$3,276
Benefits - Other	\$0
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

**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**

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, 2020 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 dated May 11, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit we considered MCRA's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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



A Professional Accounting Corporation

Baton Rouge, LA  
May 11, 2021

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2020**

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**Part I - Summary of Auditor's Results**

**Financial Statements**

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued:   | Unmodified    |
| 2. Internal control over financial reporting:   |               |
| a. Material weaknesses identified?  | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| c. Noncompliance material to financial statements noted?                                  | No            |

**Part II - Financial Statement Findings Section**

None.

**Part III - Federal Award Findings and Questioned Costs Section**

Not applicable.

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2020**

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None.