

**MID CITY REDEVELOPMENT  
ALLIANCE, INC.**

Audited Financial Statements

December 31, 2018 and 2017



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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, 2018 and 2017, 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, 2018 and 2017, 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.

### **Emphasis of Matter**

As described in Note 1 to the financial statements, MCRA adopted new accounting guidance, ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* for the year ended December 31, 2018. The adoption of ASU 2016-14 did not have a material effect on the financial statement balances. Our opinion is not modified with respect to these matters.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated April 9, 2019, 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 to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MCRA's internal control over financial reporting and compliance.

A Professional Accounting Corporation

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

Baton Rouge, LA  
April 9, 2019

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**Statements of Financial Position**  
**December 31, 2018 and 2017**

	2018	2017
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 875,833	\$ 701,117
Contributions and Grants Receivable	-	830
Property Held-for-Sale	416,235	352,121
Prepaid Expense	28,309	20,366
<b>Total Current Assets</b>	<b>1,320,377</b>	<b>1,074,434</b>
Property, Plant, and Equipment, Net	661,173	695,778
Restricted Cash	-	50
<b>Total Assets</b>	<b>\$ 1,981,550</b>	<b>\$ 1,770,262</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Trade Accounts Payable	\$ 18,445	\$ 1,330
Accrued Expenses	2,716	33,491
Current Portion of Long-Term Debt	11,468	17,587
<b>Total Current Liabilities</b>	<b>32,629</b>	<b>52,408</b>
Long-Term Debt	62,217	112,988
Line of Credit	150,000	-
Other Liabilities	1,680	1,680
<b>Total Liabilities</b>	<b>246,526</b>	<b>167,076</b>
<b>Net Assets</b>		
Without Donor Restrictions	1,473,024	1,325,510
With Donor Restrictions	262,000	277,676
<b>Total Net Assets</b>	<b>1,735,024</b>	<b>1,603,186</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,981,550</b>	<b>\$ 1,770,262</b>

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, 2018 and 2017**

	2018	2017
<b>Change in Net Assets Without Donor Restrictions</b>		
<b>Revenues Without Donor Restrictions</b>		
Contributions	\$ 238,303	\$ 332,154
Grants	299,317	159,045
Sales of Property Held-for-Sale	112,410	-
Other Revenue	67,471	47,824
<b>Total Revenues Without Donor Restrictions</b>	<b>717,501</b>	<b>539,023</b>
<b>Net Assets Released from Donor Restrictions</b>	<b>679,100</b>	<b>863,132</b>
<b>Total Revenues and Other Support Without Donor Restrictions</b>	<b>1,396,601</b>	<b>1,402,155</b>
<b>Expenses</b>		
Salaries, Wages, and Benefits	367,169	280,073
Cost of Sales of Property Held-for-Sale	171,093	-
Supplies	21,709	37,021
Purchased Services	146,438	33,857
Administrative Expenses	504,888	475,227
Interest Expense	3,185	4,166
Depreciation	34,605	34,213
<b>Total Expenses</b>	<b>1,249,087</b>	<b>864,557</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>147,514</b>	<b>537,598</b>
<b>Change in Net Assets With Donor Restrictions</b>		
<b>Revenues With Donor Restrictions</b>		
Grants	612,724	908,209
Contributions	50,700	79,599
<b>Total Revenues With Donor Restrictions</b>	<b>663,424</b>	<b>987,808</b>
<b>Net Assets Released from Donor Restrictions</b>	<b>(679,100)</b>	<b>(863,132)</b>
<b>Change in Net Assets With Donor Restrictions</b>	<b>(15,676)</b>	<b>124,676</b>
<b>Change in Net Assets</b>	<b>131,838</b>	<b>662,274</b>
<b>Net Assets, Beginning of Year</b>	<b>1,603,186</b>	<b>940,912</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,735,024</b>	<b>\$ 1,603,186</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, 2018 and 2017**

	2018	2017
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 131,838	\$ 662,274
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Economic Development Credit Applied Against Long-Term Debt	(8,000)	(18,500)
Depreciation and Amortization	34,605	34,213
(Increase) Decrease in Operating Assets		
Contributions and Grants Receivable	830	(830)
Property Held-for-Sale	159,909	-
Prepaid Expense	(7,943)	(2,385)
Restricted Cash	50	6,296
Increase (Decrease) in Operating Liabilities		
Accounts Payable and Accrued Expenses	(13,660)	(3,300)
<b>Net Cash Provided by Operating Activities</b>	<b>297,629</b>	<b>677,768</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of Property, Plant, and Equipment	-	(12,827)
Purchases and Improvements of Property Held-for-Sale	(224,023)	(180,324)
<b>Net Cash Used in Investing Activities</b>	<b>(224,023)</b>	<b>(193,151)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Long-Term Debt	150,000	-
Payments on Long-Term Debt	(48,890)	(10,441)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>101,110</b>	<b>(10,441)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>174,716</b>	<b>474,176</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>701,117</b>	<b>226,941</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 875,833</b>	<b>\$ 701,117</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash Paid for Interest	\$ 3,185	\$ 4,166

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

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, 2017**

	Program Services				Total	Management and General	Fundraising	Total
	Home Ownership Promotion	Community Building and Engagement	Real Estate Development/ Asset Management	Home Ownership Preservation				
Salaries, Wages, and Benefits	\$ 97,423	\$ 67,000	\$ 38,789	\$ 38,789	\$ 242,001	\$ 38,072	\$ -	\$ 280,073
Supplies	1,800	3,800	-	1,293	6,893	24,284	5,844	37,021
Purchased Services	1,000	900	12,745	12,233	26,878	6,877	102	33,857
Administrative Expenses	71,777	91,659	82,722	36,732	282,890	184,171	8,166	475,227
Interest Expense	-	-	-	-	-	4,166	-	4,166
Depreciation	-	-	-	-	-	34,213	-	34,213
<b>Total</b>	<b>\$ 172,000</b>	<b>\$ 163,359</b>	<b>\$ 134,256</b>	<b>\$ 89,047</b>	<b>\$ 558,662</b>	<b>\$ 291,783</b>	<b>\$ 14,112</b>	<b>\$ 864,557</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 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**

Contributions and grants receivable consist of unconditional promises to give to MCRA. Unconditional promises to give are recognized as contribution revenue in the period received and are recorded at their net realizable value. Contributions and grants receivable totaled \$-0- and \$830 at December 31, 2018 and 2017, respectively.

**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, 2018 and 2017, MCRA held \$416,235 and \$352,121, respectively. At December 31, 2018 and 2017, \$90,000 and \$50,000 of property held-for-sale was purchased with a grant from NeighborWorks®America. The funds were considered restricted until used for this purpose.

**Restricted Cash**

Restricted cash consists of escrow funds held for the purpose of maintaining the account for deposits received on future sales of property held-for-sale.

**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. Accordingly, such goods valued at \$-0- have been recognized in the accompanying statement of financial activities and changes in net assets as contributions for the years ended December 31, 2018 and 2017.

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.

# MID CITY REDEVELOPMENT ALLIANCE, INC.

## Notes to Financial Statements

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### 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 \$44,659 and \$38,646, of unrelated business income related to the lease discussed in Note 10 for the years ended December 31, 2018 and 2017, respectively.

#### Advertising Cost

Advertising costs, which are included in general and administrative expenses, are expensed as incurred and totaled \$4,667 and \$2,196, respectively, for the years ended December 31, 2018 and 2017.

#### 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, 2018 and 2017, MCRA had \$607,833 and \$425,980, 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**

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. ASU 2014-09 is effective for MCRA's annual reporting period beginning January 1, 2019, and for its interim reporting periods beginning January 1, 2020. 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. MCRA is utilizing a comprehensive approach to assess the impact of the guidance on each of its operating segments' revenue streams, including assessment of related 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.

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

**Recent Accounting Pronouncements (Continued)**

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. ASU 2016-02 will be effective for MCRA beginning in the year ending December 31, 2020. Management is currently evaluating the impact ASU 2016-02 will have on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, net assets with donor restrictions and net assets without donor restrictions, and expands disclosures about the nature and amount of any donor restrictions. During the year ended December 31, 2018, MCRA implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which did not have a material effect on the financial statement balances for the year ended December 31, 2018 and 2017.

**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 statement of financial position date, comprise the following:

	2018	2017
Cash and Cash Equivalents	\$ 613,833	\$ 423,441
Contributions and Grants Receivable	-	830
<b>Total</b>	<b>\$ 613,833</b>	<b>\$ 424,271</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, 2018 and 2017.

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 and \$-0- at December 31, 2018 and 2017, respectively.

#### Note 5. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31, 2018 and 2017:

	2018	2017
<b>Subject to Expenditure for a Specified Purpose:</b>		
GNO Fair Housing Action Center	\$ 150,000	\$ 150,000
Firehouse Project	64,500	100,000
Housing First Alliance	37,500	-
NeighborWorks@America	10,000	-
Home Sweet Home IDA	-	18,000
Capital One	-	5,000
Bank On Baton Rouge	-	4,676
<b>Total Net Assets With Donor Restrictions</b>	<b>\$ 262,000</b>	<b>\$ 277,676</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, 2018 and 2017, as follows:

	2018	2017
<b>Net Assets Released from Donor Restrictions</b>		
Home Ownership Center	\$ 156,183	\$ 129,543
Firehouse Project	135,500	150,000
Capacity Corps	89,041	-
Home Sweet Home IDA	49,700	36,000
City of Baton Rouge	49,310	-
NeighborWorks®America	40,000	50,000
Enterprise Community Partners	35,000	5,000
Office of Community Development	30,575	116,737
Housing First Alliance	22,500	132,500
Financial Capability	20,000	25,000
VISTA	15,120	-
White Light Nights	11,000	11,000
RDA	8,000	18,500
LA Housing Counsel	7,495	9,902
Capital One IDA	5,000	-
BOBR	4,676	324
Disaster Relief	-	105,707
Capital Area United Way	-	27,802
LMLF	-	18,440
CB&E Grant	-	10,000
Resident Leadership	-	8,100
Living Wages, Local Workers	-	5,892
Fixup Challenge	-	2,685
<b>Total Net Assets Released from Donor Restriction</b>	<b>\$ 679,100</b>	<b>\$ 863,132</b>

## MID CITY REDEVELOPMENT ALLIANCE, INC.

### Notes to Financial Statements

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#### Note 7. Property, Plant, and Equipment

Property, plant, and equipment and accumulated depreciation at December 31, 2018 and December 31, 2017, are as follows:

	2018	2017
Land	\$ 137,275	\$ 137,275
Buildings	623,115	623,115
Equipment	88,230	88,230
Leasehold Improvements	108,011	108,011
<b>Total</b>	<b>956,631</b>	<b>956,631</b>
Accumulated Depreciation	(295,458)	(260,853)
<b>Property, Plant, and Equipment, Net</b>	<b>\$ 661,173</b>	<b>\$ 695,778</b>

Depreciation expense was \$34,605 and \$34,213 for the years ended December 31, 2018 and 2017, 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 \$416,235 and \$352,121 at December 31, 2018 and 2017, respectively. MCRA evaluated these assets under FASB ASC 360, *Property, Plant, and Equipment*, for impairment at December 31, 2018 and 2017. No impairment losses were recognized for the years ended December 31, 2018 and 2017.

**MID CITY REDEVELOPMENT ALLIANCE, INC.**

**Notes to Financial Statements**

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**Note 9. Long-Term Debt**

Long-term debt consists of the following:

	2018	2017
Note payable of \$116,500 with the East Baton Rouge Redevelopment Authority with no interest, due in full on maturity date of February 20, 2018, secured by a mortgage on seven parcels of immovable property. MCRA is currently in negotiation with the lender to extend maturity.	\$ -	\$ 8,000
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.	<u>73,685</u>	122,575
Less: Current Portion of Long-Term Debt	<u>(11,468)</u>	<u>(17,587)</u>
<b>Total</b>	<b>\$ 62,217</b>	<b>\$ 112,988</b>

Contractual maturities on long-term debt are as follows:

Year Ending December 31,	Amount
2019	\$ 11,468
2020	11,739
2021	12,099
2022	12,471
2023	12,853
Thereafter	<u>13,055</u>
<b>Total</b>	<b>\$ 73,685</b>

# MID CITY REDEVELOPMENT ALLIANCE, INC.

## Notes to Financial Statements

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

Interest expense on long-term debt incurred for the years ended December 31, 2018 and 2017, totaled \$3,185 and \$4,166, 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 38% and 19% of total grant funds received by MCRA for the years ended December 31, 2018 and 2017, 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, 2018 and 2017:

	2018	2017
<b>Unrestricted</b>		
Program Activities	\$ 125,000	\$ 117,500
Strategic Investment Fund	75,000	-
Disaster Relief	50,000	20,000
Real Estate Capacity	35,000	-
NeighborWorks Training Institute Travel	4,077	2,673
Training	3,240	-
Community Impact Measurement Project	3,000	-
Peer to Peer	2,000	-
Community Leadership Institute Action Plan	2,000	2,000
Community Building and Engagement	-	15,000
Housing Counselors	-	1,122
NeighborWorks Week	-	500
Baltimore Stipend	-	250
<b>Total Unrestricted</b>	<b>299,317</b>	<b>159,045</b>
<b>Restricted Until First Use</b>		
Real Estate Development	50,000	50,000
<b>Total Restricted Until First Use</b>	<b>50,000</b>	<b>50,000</b>
<b>Total</b>	<b>\$ 349,317</b>	<b>\$ 209,045</b>

## MID CITY REDEVELOPMENT ALLIANCE, INC.

### Notes to Financial Statements

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#### Note 11. Operating Leases

##### MCRA as Lessor

MCRA is the lessor under various operating lease agreements to receive monthly rent payments that range from \$796 to \$840. The leases are for various terms expiring through December 31, 2019. 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, 2018, is as follows:

Year Ending December 31,	Amount
2019	\$ 10,134
<b>Total</b>	<b>\$ 10,134</b>

For the years ended December 31, 2018 and 2017, rental revenue totaled \$44,659 and \$38,646, 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

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 9, 2019, 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, 2018 and have issued our report thereon, dated April 9, 2019, 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.

A Professional Accounting Corporation



Baton Rouge, LA  
April 9, 2019

### LOUISIANA • TEXAS

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RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each is separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Agency Head**  
**For the Year Ended December 31, 2018**

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**Agency Head**  
 Samuel Sanders, Executive Director

<b>Purpose</b>	<b>Amount</b>
Salary	\$116,986
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$19,657
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 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, 2018 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 April 9, 2019.

**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.

A Professional Accounting Corporation

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

Baton Rouge, LA  
April 9, 2019

## AGREED-UPON PROCEDURES REPORT

Mid City Redevelopment Alliance

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period January 1, 2018 - December 31, 2018**

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, 2018 through December 31, 2018. 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***

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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.

**Results:** MCRA was able to provide written policies for each category above. However, several of the policies did not address each requirement. MCRA's budgeting policy did not mention monitoring or amending the budget. The purchasing policy did not mention how purchases are initiated, how vendors are added to the vendor list, or the preparation and approval process of purchases requisitions/purchase orders. The receipts/collections policy did not mention how management determines completeness for each type of revenue. The contracting policy did not mention legal review, the approval process, or the monitoring process. The credit card policy did not mention the required approvers of the statements. The travel and expense reimbursement policy did not mention allowable expenses or dollar thresholds by category of expense.

### **Board or Finance Committee**

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
  - b) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

**Results:** Based on review MCRA's bylaws, 6 meetings are required per year. However, only 3 meetings were held in 2018. Quorum was met for the 3 meetings that were held.

### **Bank Reconciliations**

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3. 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 selected each 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:** For each of the items selected, the elements in a) and b) were satisfied without exception. For 1 of the 5 reconciliations selected, there was an outstanding check older than 12 months which had no evidence of management's research of the item.

### **Collections**

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4. 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:** Obtained the list of deposit sites for the fiscal period where deposits for cash/checks/money orders are prepared and management's representation that the listing is complete. Selected both sites for testing.

5. 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:** Obtained a listing of collection locations and management's representation that the listing is complete. For the 2 locations selected, observed that each of the elements listed in a) through d) were satisfied without exception.

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

**Results:** Based on inquiry, all employees who have access to cash are covered by insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 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:** For each of the randomly selected items, the elements in a) through c), as well as e), were satisfied without exception. For 3 of the items selected, the deposit was not made within one business day of collection.

### **Disbursements**

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

**Results:** Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Selected both locations for testing.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

**Results:** For the 2 locations selected, observed that each of the elements listed in a) through d) were satisfied without exception.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Results:** For the 2 locations selected, observed that each of the elements listed in a) and b) were satisfied without exception.

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. 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:** Obtained the listing of all active cards and management's representation that the listing is complete.

12. 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:** For one of the items selected, there was no evidence that the statement was approved by someone other than the authorized card holder. Observed that there were no finance charges or late fees assessed on any of the statements selected.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, 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:** For the randomly selected transactions on each monthly statement, observed that each was supported by the items listed in 1) through 3) above.

## ***Travel and Expense Reimbursements***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** Obtained the general ledger for travel and expense reimbursements and management's representation that the general ledger is complete. For the 5 randomly selected transactions, observed that each of the elements listed in a) through d) were satisfied without exception.

## ***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Results:** Obtained listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Per review of listing, it was noted that none of the contracts agreements were applicable to these procedures.

## ***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**Results:** Obtained listing of employees employed during the fiscal period and management's representation that the listing is complete. Agreed the paid salaries to authorized rates in the employee files for the 5 randomly selected employees without exception.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #9 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

**Results:** Randomly selected one pay period for the 5 employees selected, and observed the items listed in a) through c) above without exception.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

**Results:** Obtained the listing of employees that received termination payments during the fiscal year and management's representation that the list is complete. For the two randomly selected employees, agreed the payments to the supporting documentation without exception.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**Results:** Obtained management's representation that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

## ***Other***

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20. 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:** Per inquiry, there were no misappropriations of public funds or assets during the fiscal period.

21. 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:** Per observation, MCRA had the notice posted on the premises, but not on the website.

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

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

Baton Rouge, LA  
April 9, 2019

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April 9, 2019  
LaPorte, A Professional Accounting Corporation  
10000 Perkins Rowe, Suite 200  
Baton Rouge, LA 70810

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, 2018 to December 31, 2018.

Policies and Procedures

1. MCRA's budgeting policy did not mention monitoring or amending the budget.
2. The purchasing policy did not mention how purchases are initiated, how vendors are added to the vendor list, or the preparation and approval process of purchases requisitions/purchase orders.
3. The receipts/collections policy did not mention how management determines completeness for each type of revenue.
4. The contracting policy did not mention legal review, the approval process, or the monitoring process.
5. The credit card policy did not mention the required approvers of the statements.
6. The travel and expense reimbursement policy did not mention allowable expenses or dollar thresholds by category of expense.

**Management's Response:**

Management agrees with these findings. We will revise our Internal Controls to incorporate all of the policy and procedure items (1-6) to eliminate them as findings/exceptions. The language includes:

1. The board reviews the proposed budget and considers any amendments before adoption. The Treasurers Report is used to provide a monthly snapshot of financial activity. The board will review the budget versus actual results and determine any needs to amend the budget at any time during the fiscal year.
2. The Operations Coordinator maintains a Vendor List and is the only person authorized to add to this list once specific items have been confirmed/received (W-9, Insurance, Bonding, License, etc). Items over \$5,000 will be considered through a bid process as outlined in the Procurement Policy. All agreements must be signed by the Executive Director or Deputy Directors to initiate the service/purchase. MCRA does not use purchase orders, so quotes or estimates must be reviewed and signed.

3. All receipts/collections are reviewed by the Operations Coordinator and reviewed for signature, purpose, department, and legibility. Where any matter is incomplete, the Operations Coordinator returns to the appropriate staff person to resolve before reconsidering approval.
4. The Executive Committee reviews all items exceeding \$25,000. Where legal review is necessary, MCRA utilizes the services of a retained law firm to evaluate the soundness of any agreement it is considering. MCRA prioritizes the engagement of a lawyer as a board member to ensure all matters before the board have the opportunity to be considered by someone with a deep understanding of the law.
5. The Operations Coordinator is the approver all individual charges and the Executive Director signs to indicate approval of the monthly statement according to the performed reconciliation before submitting to accounting for processing.
6. MCRA will permit the reimbursement of expenses pertaining to pre-authorized travel that includes: airfare (not to exceed \$600 without additional approval), hotel (not to exceed \$200/per day), mileage reimbursement (at a pre-set annual rate), and per diem of up to \$50 per day where a minimum of two meals are expected to be covered at the staff members expense)

This process will be completed by 4/30/19.

#### Bank Reconciliations

1. For 1 of the 5 reconciliations selected (Chase – Reserves #6363), there was an outstanding check older than 12 months which had no evidence of management's research/review of the item.

#### **Management's Response:**

Management agrees with this finding. We have added a step in our Internal Controls that causes the Operations Coordinator to request a report from AP every quarter. The Operations Coordinator will investigate any check not cleared within 90 days of issuance.

#### Collections

1. For 3 of the deposits selected, the deposit was not made within one business day of collection.
  - a. Capital One (Operating) – check dated 7/25/18, deposited on 8/2/2018
  - b. Capital One (Operating) – check dated 8/22/18, deposited on 8/30/2018
  - c. Regions (BOBR) – check dated 4/6/18, deposited on 5/4/18

#### **Management's Response:**

Management agrees with this finding. We have updated our Internal Controls to ensure all deposits will be made with 24 hours of receipt. We are taking actions to integrate technology to support a more efficient processing of payments as well. This process will be completed by 4/19/19.

Credit Cards

1. For one of the cards selected (Chase – 9659), there was evidence that the statement was reviewed/approved, but it is not clear whether this was done by someone other than the authorized card holder.

**Management's Response:**

**Management agrees with this finding. We are revising our Internal Controls to more explicitly identify the reconciliation process performed by the Operations Coordinator as an approval of each individual charge as department and expense codes are assigned for posting. Because many charges will occur on the card assigned to the Operations Coordinator, signature of the Executive Director on the reconciliation spreadsheet will document approval of all charges. This process will be completed by 4/30/19.**

Other

1. The notice required by R.S. 24:523.1 was not found on MCRA's website.

**Management's Response:**

**Management agrees with this finding. We will add the required language to our website. This process will be completed by 4/15/19.**

MID CITY REDEVELOPMENT ALLIANCE

A handwritten signature in black ink, appearing to read 'Samuel Sanders', is written over a horizontal line.

Samuel Sanders, Executive Director