

**MID CITY REDEVELOPMENT
ALLIANCE, INC.**

Audited Financial Statements

December 31, 2017 and 2016



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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, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses for the year then ended and for the period from October 1, 2015 to December 31, 2016, 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.

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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, 2017 and 2016, and the changes in its net assets and its cash flows for the year then ended and for the period from October 1, 2015 to December 31, 2016, 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 June 10, 2018, 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 handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA
June 10, 2018

MID CITY REDEVELOPMENT ALLIANCE, INC.
Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 701,117	\$ 226,941
Contributions and Grants Receivable	830	-
Property Held-for-Sale	352,121	171,797
Prepaid Expense	20,366	17,981
Total Current Assets	1,074,434	416,719
Property, Plant, and Equipment, Net	695,778	717,164
Restricted Cash	50	6,346
Total Assets	\$ 1,770,262	\$ 1,140,229
Liabilities and Net Assets		
Current Liabilities		
Trade Accounts Payable	\$ 1,330	\$ 1,675
Accrued Expenses	33,491	36,446
Current Portion of Long-Term Debt	17,587	9,587
Total Current Liabilities	52,408	47,708
Long-Term Debt	112,988	149,929
Other Liabilities	1,680	1,680
Total Liabilities	167,076	199,317
Net Assets		
Unrestricted	1,325,510	787,912
Temporarily Restricted	277,676	153,000
Total Net Assets	1,603,186	940,912
Total Liabilities and Net Assets	\$ 1,770,262	\$ 1,140,229

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

MID CITY REDEVELOPMENT ALLIANCE, INC.
Statements of Activities
For the Year Ended December 31, 2017
and the Period from October 1, 2015 to December 31, 2016

	2017	2016
Unrestricted Revenues, Gains, and Other Support		
Contributions	\$ 333,776	\$ 195,270
Grants	157,423	176,172
Sales of Property Held-for-Sale	-	57,125
Other Revenue	47,824	54,475
Total Unrestricted Revenues, Gains, and Other Support	539,023	483,042
Net Assets Released from Restriction	863,132	523,051
Total Support, Revenue, and Reclassifications	1,402,155	1,006,093
Expenses		
Salaries, Wages, and Benefits	280,073	377,041
Cost of Sales of Property Held-for-Sale	-	147,905
Supplies	37,021	37,728
Purchased Services	33,857	34,802
Administrative Expenses	475,227	523,552
Interest Expense	4,166	6,127
Depreciation	34,213	36,678
Total Expenses	864,557	1,163,833
Change in Unrestricted Net Assets	537,598	(157,740)
Temporarily Restricted Net Assets Support, Revenue, and Reclassifications		
Grants	908,209	330,848
Contributions	79,599	290,337
Total Temporarily Restricted Support and Revenue	987,808	621,185
Net Assets Released from Restriction	(863,132)	(523,051)
Change in Temporarily Restricted Net Assets	124,676	98,134
Change in Net Assets	662,274	(59,606)
Net Assets, Beginning of Year	940,912	1,000,518
Net Assets, End of Year	\$ 1,603,186	\$ 940,912

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

MID CITY REDEVELOPMENT ALLIANCE, INC.
Statements of Cash Flows
For the Year Ended December 31, 2017
and the Period from October 1, 2015 to December 31, 2016

	2017	2016
Cash Flows from Operating Activities		
Change in Net Assets	\$ 662,274	\$ (59,606)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities		
Economic Development Credit Applied Against		
Long-Term Debt	(18,500)	(9,500)
Depreciation and Amortization	34,213	36,678
(Increase) Decrease in Operating Assets		
Contributions and Grants Receivable	(830)	13,161
Property Held-for-Sale	-	139,787
Prepaid Expense	(2,385)	(10,016)
Restricted Cash	6,296	(2,346)
Decrease in Operating Liabilities		
Accounts Payable and Accrued Expenses	(3,300)	(19,446)
Net Cash Provided by Operating Activities	677,768	88,712
Cash Flows from Investing Activities		
Purchases of Property, Plant, and Equipment	(12,827)	(19,776)
Purchases and Improvements of Property Held-for-Sale	(180,324)	(26,701)
Net Cash Used in Investing Activities	(193,151)	(46,477)
Cash Flows from Financing Activities		
Payments on Long-Term Debt	(10,441)	(57,151)
Net Cash Used in Financing Activities	(10,441)	(57,151)
Net Increase (Decrease) in Cash and Cash Equivalents	474,176	(14,916)
Cash and Cash Equivalents, Beginning of Year	226,941	241,857
Cash and Cash Equivalents, End of Year	\$ 701,117	\$ 226,941
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	\$ 4,166	\$ 6,127

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	Management and General	Fundraising	Total
Salaries, Wages, and Benefits	\$ 242,001	\$ 38,072	\$ -	\$ 280,073
Supplies	6,893	24,284	5,844	37,021
Purchased Services	26,878	6,877	102	33,857
Administrative Expenses	284,190	184,171	8,166	476,527
Interest Expense	-	4,166	-	4,166
Depreciation	-	34,213	-	34,213
Total	\$ 559,962	\$ 291,783	\$ 14,112	\$ 865,857

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

MID CITY REDEVELOPMENT ALLIANCE, INC.
Schedule of Functional Expenses
For the Period from October 1, 2015 to December 31, 2016

	Program Services	Management and General	Fundraising	Total
Salaries, Wages, and Benefits	\$ 326,940	\$ 50,101	\$ -	\$ 377,041
Cost of Sales Property Held-for-Sale	147,905	-	-	147,905
Supplies	-	37,728	-	37,728
Purchased Services	-	34,802	-	34,802
Administrative Expenses	305,767	216,634	1,151	523,552
Interest Expense	-	6,127	-	6,127
Depreciation	-	36,678	-	36,678
Total	\$ 780,612	\$ 382,070	\$ 1,151	\$ 1,163,833

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

MID CITY REDEVELOPMENT ALLIANCE, INC.

Notes to Financial Statements

Note 1. Nature of Activities

The accompanying financial statements include the assets, liabilities, net assets, and financial activities of the programs administered by the Mid City Redevelopment Alliance (MCRA), a nonprofit corporation located in Baton Rouge, Louisiana. MCRA was organized to serve as a catalyst, facilitator, and coordinator to encourage the growth and renewal of the Mid City region of Baton Rouge by attracting new and retaining current residents and businesses.

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.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, MCRA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are resources that are free of donor-imposed or time restrictions and are available at the direction of the governing board. Temporarily restricted net assets are resources that are limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. Permanently restricted net assets are those resources whose use by the organization is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of MCRA.

Change in Fiscal Year

On April 27, 2016, the Board of Directors authorized a change in MCRA's Articles of Incorporation to change from a fiscal period ending on September 30, to December 31. (The change in fiscal year was made to conform to the reporting period that is predominant in the industry). In accordance with this change, the statements of activities, cash flows, functional expenses, and notes to the financial statements for the period ended December 31, 2016; cover a period of fifteen months whereas those statements cover a fiscal year (twelve months) for the current year's comparative financial statements. As result, the comparative figures stated in the statements of activities, cash flows, functional expenses, and notes to the financial statements are not comparable.

Note 2. Summary of Significant Accounting Policies (Continued)

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 \$830 and \$-0- at December 31, 2017 and 2016, respectively.

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, 2017 and 2016, MCRA held \$350,821 and \$171,797, respectively. At December 31, 2017 and 2016, \$50,000 and \$-0- of property held-for-resale 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

MCRA reports contributed support as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support.

MID CITY REDEVELOPMENT ALLIANCE, INC.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Contributed Support (Continued)

Contributions that are restricted by donors are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restriction.

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 year ended December 31, 2017 and for the period from October 1, 2015 to December 31, 2016.

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.

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 \$38,646 and \$43,734, of unrelated business income related to the lease discussed in Note 10 for the years ended December 31, 2017 and for the period from October 1, 2015 to December 31, 2016, respectively.

Advertising Cost

Advertising costs, which are included in general and administrative expenses, are expensed as incurred and totaled \$2,196 and \$260, respectively, for the year ended December 31, 2017 and for the period from October 1, 2015 to December 31, 2016.

MID CITY REDEVELOPMENT ALLIANCE, INC.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Property, Equipment, and Depreciation

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

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Concentration of Credit and Market Risk

Financial instruments that potentially expose MCRA to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. MCRA has not experienced any losses on its cash investments.

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, 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 an entity expects to be entitled when products and services are transferred to customers. ASU 2014-09 will be effective for MCRA beginning in the year ending December 31, 2019, though early adoption is permitted. The new revenue standard may be applied retrospectively as of the date of adoption. MCRA is currently evaluating the impact of adopting the new revenue standard 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. ASU 2016-14 will be effective for MCRA in the year ending December 31, 2018. MCRA is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Note 3. Related Party

MCRA received contributions from a related party in the amount of \$25,000 for the year ended December 31, 2017 and for the period from October 1, 2015 to December 31, 2016.

MID CITY REDEVELOPMENT ALLIANCE, INC.

Notes to Financial Statements

Note 4. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following as of December 31, 2017 and 2016:

	2017	2016
Temporarily Restricted		
GNO Fair Housing Action Center	\$ 150,000	\$ -
Firehouse Project	100,000	125,000
Home Sweet Home IDA	18,000	18,000
Capital One	5,000	-
Bank On Baton Rouge	4,676	-
Enterprise Community Partners	-	5,000
Disaster Relief	-	5,000
Total Temporarily Restricted	\$ 277,676	\$ 153,000

MID CITY REDEVELOPMENT ALLIANCE, INC.

Notes to Financial Statements

Note 5. Net Assets Released from Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the expiration of time during the year ended December 31, 2017, as follows:

Net Assets Released from Restriction	
Firehouse Project	\$ 150,000
Housing First Alliance	132,500
Home Ownership Center	129,543
Office of Community Development	116,737
Disaster Relief	105,707
NeighborWorks@America	50,000
Home Sweet Home IDA	36,000
Capital Area United Way	27,802
Financial Capability	25,000
RDA	18,500
LMLF	18,440
White Light Nights	11,000
CB&E Grant	10,000
LA Housing Counsel	9,902
Resident Leadership	8,100
Living Wages, Local Workers	5,892
Enterprise Community Partners	5,000
Fixup Challenge	2,685
BOBR	324
Total Net Assets Released from Restriction	\$ 863,132

MID CITY REDEVELOPMENT ALLIANCE, INC.

Notes to Financial Statements

Note 5. Net Assets Released from Restriction (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the expiration of time during the period from October 1, 2015 to December 31, 2016, as follows:

Net Assets Released from Restriction

Living Wages, Local Workers	\$	102,598
Disaster Relief		80,000
HOC		79,514
Small Business Initiative		50,000
Building Repairs		35,116
LA Housing Alliance		25,600
Entergy		25,000
Affordable Housing Fellowship		22,000
LA Housing Counsel		20,686
BOBR		12,500
Capital One		11,500
FACELIFT		10,000
White Lights Night		10,000
RDA		9,500
CREATE Mid City		8,000
LMLF		6,375
Fixup Challenge		6,000
Community Day		4,000
Cox Communications		2,412
One Week Service Project		1,500
WHLC		750
Total Net Assets Released from Restriction	\$	523,051

MID CITY REDEVELOPMENT ALLIANCE, INC.

Notes to Financial Statements

Note 6. Property, Plant, and Equipment

Property, plant, and equipment and accumulated depreciation at December 31, 2017 and December 31, 2016, are as follows:

	2017	2016
Land	\$ 137,275	\$ 137,275
Buildings	623,115	623,115
Equipment	88,230	75,403
Leasehold Improvements	108,011	108,011
Total	956,631	943,804
Accumulated Depreciation	(260,853)	(226,640)
Property, Plant, and Equipment, Net	\$ 695,778	\$ 717,164

Depreciation expense was \$34,213 and \$36,678 for the year ended December 31, 2017 and for the period from October 1, 2015 to December 31, 2016, respectively.

Note 7. Property Held-for-Sale

Land and buildings classified as property held-for-sale are included in current assets in the amount of \$350,821 and \$171,797 at December 31, 2017 and 2016, respectively. MCRA evaluated these assets under FASB ASC 360, *Property, Plant, and Equipment*, for impairment at December 31, 2017 and 2016. No impairment losses were recognized for the year ended December 31, 2017 and for the period from October 1, 2015 to December 31, 2016.

MID CITY REDEVELOPMENT ALLIANCE, INC.

Notes to Financial Statements

Note 8. Long-Term Debt

Long-term debt consists of the following:

	2017	2016
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	\$ 26,500
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.	122,575	133,016
	130,575	159,516
Less: Current Portion of Long-Term Debt	(17,587)	(9,587)
Total	\$ 112,988	\$ 149,929

Contractual maturities on long-term debt are as follows:

Year Ending December 31,	Amount
2018	\$ 17,587
2019	10,185
2020	10,497
2021	10,819
2022	11,152
Thereafter	70,335
Total	\$ 130,575

MID CITY REDEVELOPMENT ALLIANCE, INC.

Notes to Financial Statements

Note 8. Long-Term Debt (Continued)

Interest expense on long-term debt incurred for the year ended December 31, 2017 and for the period from October 1, 2015 to December 31, 2016, totaled \$4,166 and \$6,127, respectively.

Note 9. NeighborWorks®America

In 2017, MCRA was the recipient of grant funds from NeighborWorks®America. In accordance with grant terms, MCRA is required to disclose certain information relating to those grants. The following grants were received during year ended December 31, 2017 and 2016:

	2017	2016
Unrestricted		
Program Activities	\$ 117,500	\$ 75,000
Disaster Relief	20,000	75,000
Community Building and Engagement	15,000	-
NeighborWorks Training Institute Travel	2,673	-
Community Leadership Institute Action Plan	2,000	-
Housing Counselors	1,122	-
NeighborWorks Week	500	500
Community Impact Measurement Project	-	7,000
Total Unrestricted	158,795	157,500
Restricted Until First Use		
Real Estate Development	50,000	-
Total Restricted Until First Use	50,000	-
Total	\$ 208,795	\$ 157,500

Note 10. 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.

MID CITY REDEVELOPMENT ALLIANCE, INC.

Notes to Financial Statements

Note 10. Operating Leases (Continued)

MCRA as Lessor (Continued)

Future rental revenue on these lease agreements as of September 30, 2017, is as follows:

Year Ending December 31,	Amount
2017	\$ 9,839
2018	10,134
Total	\$ 19,973

For the year ended December 31, 2017 and for the period from October 1, 2015 to December 31, 2016, rental revenue totaled \$38,646 and \$43,734, respectively.

Note 11. 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 12. Subsequent Events

MCRA sells properties at amounts less than the cost to acquire and develop those properties in an effort to fulfill its mission of encouraging growth and revitalization of the economically depressed neighborhoods in the Mid City region. On May 31, 2018, MCRA sold a property held-for-sale at 2624 Convention with a cost of \$166,307 for \$124,900. However, the project was supplemented by grant funds of \$134,562 received from the Office of Community Development during the construction period from 2012 to 2017, resulting in a net gain on the project of \$93,155.

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 10, 2018, 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, 2017 and have issued our report thereon, dated June 10, 2018, 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
June 10, 2018

MID CITY REDEVELOPMENT ALLIANCE, INC.
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2017

Agency Head
Samuel Sanders, Executive Director

Purpose	Amount
Salary	\$96,621
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$19,007
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, 2017 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 June 10, 2018.

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 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 handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA
June 10, 2018