

**MID CITY REDEVELOPMENT ALLIANCE, INC.**

**BATON ROUGE, LOUISIANA**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED**

**DECEMBER 31, 2024**



**ERICKSEN KRENTEL<sup>LLP</sup>**

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

## **TABLE OF CONTENTS**

	<b><u>EXHIBITS</u></b>	<b><u>PAGE</u></b>
<b><u>INDEPENDENT AUDITORS' REPORT</u></b> .....		1 - 3
 <b><u>FINANCIAL STATEMENTS:</u></b>		
Statement of Financial Position .....	A	4
Statement of Activities.....	B	5
Statement of Functional Expenses.....	C	6
Statement of Cash Flows .....	D	7
<b><u>NOTES TO FINANCIAL STATEMENTS</u></b> .....		8 - 16
 <b><u>OTHER SUPPLEMENTARY INFORMATION:</u></b>		
Schedule "1" Schedule of Compensation, Benefits and Other Payments to Agency Head .....		17
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....		18 - 19
Schedule of Findings and Responses .....		20 - 21
Summary Schedule of Prior Year Findings and Responses .....		22



## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Mid City Redevelopment Alliance, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mid City Redevelopment Alliance, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mid City Redevelopment Alliance Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



To the Board of Directors and Management of  
Mid City Redevelopment Alliance, Inc.  
June 27, 2025

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mid City Redevelopment Alliance, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mid City Redevelopment Alliance, Inc.'s ability to continue as a going concern for a reasonable period of time.



To the Board of Directors and Management of  
Mid City Redevelopment Alliance, Inc.  
June 27, 2025

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

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head on Schedule 1 is presented to comply with the requirements issued by the State of Louisiana is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule 1 is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2025, on our consideration of Mid City Redevelopment Alliance, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mid City Redevelopment Alliance, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mid City Redevelopment Alliance, Inc.'s internal control over financial reporting and compliance.

June 27, 2025  
Baton Rouge, Louisiana

*Erickson Krentel, LLP*  
Certified Public Accountants

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2024**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 568,102
Contributions and grants receivable	<u>218,279</u>
Total current assets	<u>786,381</u>

**PROPERTY AND EQUIPMENT:**

Land	404,631
Buildings	616,520
Leasehold improvements	273,510
Equipment	68,456
Construction in progress	<u>770,815</u>
	2,133,932
Less: Accumulated depreciation	<u>(394,456)</u>
Net property and equipment	<u>1,739,476</u>
Total assets	<u><u>\$ 2,525,857</u></u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accrued expenses	\$ 42,715
Line of credit	398,139
Construction line of credit	340,945
Current portion of long term debt	<u>3,528</u>
Total current liabilities	<u>785,327</u>

**LONG-TERM LIABILITIES:**

Long-term debt	149,778
Deposits	<u>4,443</u>
Total long-term liabilities	<u>154,221</u>
Total liabilities	<u>939,548</u>

**NET ASSETS:**

Without donor restrictions	1,437,309
With donor restrictions	<u>149,000</u>
Total net assets	<u>1,586,309</u>
Total liabilities and net assets	<u><u>\$ 2,525,857</u></u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>SUPPORT AND REVENUE:</u></b>			
Contributions	\$ 12,918	\$ 1,915	\$ 14,833
Grants	230,300	327,309	557,609
Other revenue	80,701	-	80,701
Net assets released from donor restrictions	<u>279,224</u>	<u>(279,224)</u>	<u>-</u>
 Total support and revenue	 <u>603,143</u>	 <u>50,000</u>	 <u>653,143</u>
<b><u>EXPENSES:</u></b>			
Program services:			
Home ownership promotion	324,051	-	324,051
Community building and engagement	231,733	-	231,733
Real estate development/asset management	78,372	-	78,372
Home ownership preservation	40,486	-	40,486
Supporting services:			
Management and general	196,245	-	196,245
Fundraising	<u>57,502</u>	<u>-</u>	<u>57,502</u>
 Total expenses	 <u>928,389</u>	 <u>-</u>	 <u>928,389</u>
<b><u>OTHER INCOME (EXPENSES):</u></b>			
Gain/(loss) on disposal of assets	<u>2,000</u>	<u>-</u>	<u>2,000</u>
 Change in net assets	 (323,246)	 50,000	 (273,246)
 Net assets - beginning of year, as restated	 <u>1,760,555</u>	 <u>99,000</u>	 <u>1,859,555</u>
 Net assets - end of year	 <u>\$ 1,437,309</u>	 <u>\$ 149,000</u>	 <u>\$ 1,586,309</u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Program Services					Support Services		
	Home Ownership Promotion	Community Building and Engagement	Real Estate Development/ Asset Management	Home Ownership Preservation	Total Program Services	Management and General	Fundraising	Total
Administrative expenses	\$ 37,151	\$ 67,005	\$ 41,862	\$ 9,813	\$ 155,831	\$ 34,544	\$ 12,954	\$ 203,329
Depreciation	-	-	-	-	-	38,353	-	38,353
Interest expense	-	-	11,023	-	11,023	4,553	-	15,576
Purchased services	30,543	19,203	7,760	6,528	64,034	32,633	12,237	108,904
Salaries, wages, and benefits	250,342	134,263	15,571	22,773	422,949	79,316	29,744	532,009
Supplies	6,015	11,262	2,156	1,372	20,805	6,846	2,567	30,218
Total functional expenses	<u>\$ 324,051</u>	<u>\$ 231,733</u>	<u>\$ 78,372</u>	<u>\$ 40,486</u>	<u>\$ 674,642</u>	<u>\$ 196,245</u>	<u>\$ 57,502</u>	<u>\$ 928,389</u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ (273,246)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation expense	38,353
Gain/loss on disposal of assets	(2,000)
Decrease (increase) in:	
Contributions and grant receivable	(37,703)
Prepaid expense	3,575
Increase (decrease) in:	
Accrued expenses	(17,281)
Affiliate payable	<u>(120,842)</u>
Net cash (used for) operating activities	<u>(409,144)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Cash paid for purchase of property held-for-sale	(1,600)
Proceeds from sale of assets	2,000
Cash paid for construction in progress	<u>(429,870)</u>
Net cash (used for) investing activities	<u>(429,470)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Borrowings on long term debt	3,306
Proceeds from line of credit	<u>398,139</u>
Net cash from financing activities	<u>401,445</u>

Net decrease in cash and cash equivalents	<u>(437,169)</u>
---	------------------

Cash and cash equivalents, beginning of year	<u>1,005,271</u>
--	------------------

Cash and cash equivalents, end of year	<u><u>\$ 568,102</u></u>
--	--------------------------

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

Non-cash financing activities	
Assets purchased with construction line of credit	<u>\$ 340,945</u>
Cash paid for interest	<u><u>\$ 15,576</u></u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

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

**Basis of Accounting and Financial Reporting Framework**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities in accordance with accounting principles generally accepted in the United States of America promulgated by the Financial Accounting Standards Board (FASB).

The financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) 958-210-50-3, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958-210-50-3, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors. The revenues received in conducting the mission of the Organization are included in this category.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2024**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 net realizable value of property held-for-sale based on the market conditions, current offers, and expected selling cost. As a result, property held-for-sale is carried at the lower of cost or net realizable value. 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.

**Revenue Recognition**

MCRA recognizes contributions when cash, securities or other assets, unconditional promises to give, or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions and grants receivable consist of unconditional promises to give to MCRA. Unconditional promises to give are recognized at their net realizable value. Contributions and grants receivable totaled \$218,279 at December 31, 2024. There were no conditional promises to give as of December 31, 2024.

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

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

- Identify the contract with a customer;
- Identify the performance obligations in the contract.

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2024**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract, and
- Recognize revenue when or as performance obligations are satisfied

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

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

**Nature of Products and Services**

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

**Transaction Price**

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

**Contract Balances**

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

As of December 31, 2024, there is no balance of contract assets.

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2024**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Advertising Cost**

Advertising costs, which are included in general and administrative expenses, are expensed as incurred and totaled \$5,054 for the year ended December 31, 2024.

**Property, Equipment, and Depreciation**

Property and equipment are recorded at cost. MCRA maintains a threshold level of \$1,000 or more for capitalizing capital assets. Depreciation is computed over the estimated useful lives of the assets using the straight-line method over the following useful lives.

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

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

**Operating Leases**

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

**Functional Allocation of Expense**

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

**Concentrations**

Financial instruments that potentially expose MCRA to concentrations of credit and market risk consists primarily of cash equivalents. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. At December 31, 2024, MCRA had \$226,802 in excess of the FDIC insured limit. MCRA has not experienced any losses on its cash equivalents.

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2024**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Concentrations (Continued)**

For the year ended December 31, 2024, three funders made up 66% of grant revenue and two grantors made up 100% of contributions and grants receivable.

**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.

**Reclassifications**

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

**Date of Management's Review**

Subsequent events have been valued through June 27, 2025, which is the date the financial statements were available to be issued.

**(2) LIQUIDITY AND AVAILABILITY**

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

Cash and cash equivalents	\$ 568.102
Contributions and grants receivable	<u>218.279</u>
Total	<u>\$ 786.381</u>
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions:	<u>(149.000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 637.381</u>

**(3) RELATED PARTY TRANSACTIONS**

MCRA received contributions from related party board members in the amount of \$300 for the year ended December 31, 2024.

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2024

**(4) NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following as of December 31, 2024:

Subject to expenditure for a specified purpose	
GNO Fair Housing Action Center	\$ 96,500
Housing First Alliance	2,500
Tides Foundation	<u>50,000</u>
 Total net assets with donor restrictions	 <u>\$ 149,000</u>

**(5) NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the expiration of time during the year ended December 31, 2024, as follows.

Net assets released from donor restrictions	
Mt. Pleasant City of Monroe	\$ 74,906
City of Baton Rouge	58,103
Mississippi Rivers and Town Initiative	1,800
Louisiana Housing Corp	89,000
Huey and Angelina Wilson Foundation	50,000
White Light Night	1,915
Fidelity	<u>3,500</u>
 Total net assets released from donor restrictions	 <u>\$ 279,224</u>

**(6) PROPERTY AND EQUIPMENT**

Property and equipment, net at December 31, 2024, is as follows:

	<u>Not Under Lease</u>	<u>Under Lease</u>	<u>Total</u>
Land	\$ 404,631	\$ -	\$ 404,631
Buildings	309,725	306,795	616,520
Leasehold improvements	273,510	-	273,510
Equipment	68,456	-	68,456
Construction in progress	<u>770,815</u>	<u>-</u>	<u>770,815</u>
 Total property & equipment	 <u>1,827,137</u>	 <u>306,795</u>	 <u>2,133,932</u>
 Accumulated depreciation	 <u>(368,160)</u>	 <u>(26,296)</u>	 <u>(394,456)</u>
 Property & equipment, net	 <u>\$ 1,458,977</u>	 <u>\$ 280,499</u>	 <u>\$ 1,739,476</u>

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2024

**(6) PROPERTY AND EQUIPMENT (CONTINUED)**

Depreciation expense was \$38,353 for the year ended December 31, 2024.

**(7) LONG-TERM DEBT**

Long-term debt consists of the following.

Note payable of \$153,023 with Small Business Administration bearing interest at 2.75%, 360 monthly principal and interest payments of \$641 with final payment due June 2050, secured by accounts receivables.	<u>\$ 153,023</u>
Less: current portion of long-term debt	<u>(3,528)</u>
Total	<u>\$ 149,495</u>

Contractual maturities on long-term debt are as follows:

Year Ending December	Amount
2025	\$ 3,528
2026	3,627
2027	3,728
2028	3,831
2029	3,938
Thereafter	<u>134,371</u>
Total	<u>\$ 153,023</u>

Interest expense on long-term debt incurred for the year ended December 31, 2024 totaled \$4,247.

**(8) LINES OF CREDIT**

MCRA has entered into a revolving line of credit with a bank with an available balance of \$500,000 at a variable interest rate of the prime rate of the lender plus 2.00% with a 5.50% floor with all outstanding principal due on September 27, 2025. The line of credit had a balance of \$398,139 at December 31, 2024.

Interest expense on lines of credit incurred for the year ended December 31, 2024, totals \$11,329.

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2024**

**(9) CONSTRUCTION LINES OF CREDIT**

As of December 31, 2024, the Organization has two construction loan lines of credit to finance the construction of two new homes. The total authorized borrowing capacities under these agreements are \$151,806 and \$189,139, with interest accruing at a variable rate of the lender plus 2.00%, subject to a 5.50% floor. Both loans mature on September 27, 2025.

As of December 31, 2024, the Organization had fully drawn on the lines, with no remaining funds available for future draws. Both loans are secured by the homes.

**(10) NEIGHBORWORKS® AMERICA**

MCRA was the recipient of grant funds from NeighborWorks® America. Grant funds received from NeighborWorks® America made up 34% of total revenue received by MCRA for the year ended December 31, 2024. 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, 2024:

Without donor restrictions	
Program Activities	\$ 214,000
NeighborWorks Week	<u>5,500</u>
Total	<u>\$ 219,500</u>

**(11) OPERATING LEASES**

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

Future undiscounted cash flows as of December 31, 2024, are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2025	\$ 13,200
2026	<u>3,300</u>
Total	<u>\$ 16,500</u>

For the year ended December 31, 2024, rental revenue totaled \$61,622.

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2024**

**(12) UNCERTAIN TAX POSITIONS**

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

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

**(13) PRIOR PERIOD ADJUSTMENT**

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

Net assets without donor restrictions at December 31, 2023,  
as originally stated

\$ 1,879,555

Correction of revenue not earned in prior year

(20,000)

Net assets without donor restrictions at  
December 31, 2023, as restated

\$ 1,859,555

## **OTHER SUPPLEMENTARY INFORMATION**

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**SCHEDULE OF COMPENSATION, BENEFITS,**  
**AND OTHER PAYMENTS TO AGENCY HEAD**  
**YEAR ENDED DECEMBER 31, 2024**

	<u><b>Executive Director</b></u>
	<u><b>Shervisa Sullivan</b></u>
Salary	\$ 84,723
Benefits - retirement	2,113
Benefits - insurance	2,077
Cell phone	625
Bonus	12,168
Travel	3,795
Continuing professional education fees	4,910
Membership	925
License	960
Miscellaneous	<u>2,113</u>
Total compensation, benefits, and other payments to agency head	<u><u>\$ 114,409</u></u>

**(See Independent Auditors' Report)**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mid City Redevelopment Alliance, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Mid City Redevelopment Alliance, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mid City Redevelopment Alliance, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Mid City Redevelopment Alliance, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

To the Board of Directors of  
Mid City Redevelopment Alliance, Inc.  
June 27, 2025

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Mid City Redevelopment Alliance, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. Accordingly, this communication is not suitable for any other purpose.

June 27, 2025  
Baton Rouge, Louisiana

*Erickson Krentel, LLP*  
Certified Public Accountants

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**I. SUMMARY OF AUDITORS' REPORTS**

1. The auditors' report expresses an unmodified opinion on the financial statements of Mid City Redevelopment Alliance, Inc.
2. One material weaknesses in internal control related to the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements was reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was not issued for the year ended December 31, 2024.

**II. FINDINGS - FINANCIAL STATEMENT AUDIT**

**Material Weakness**

**Finding 2024-001 Accounting for Accounts Receivable and Accrued Payables**

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

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

Effect: Revenues, expenses, and related receivables and accrued liabilities were incorrectly stated.

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

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

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**II. FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)**

**Material Weakness (Continued)**

**Finding 2024-001 Accounting for Accounts Receivable and Accrued Payables (Continued)**

Views of Responsible Officials: Management acknowledges the material weakness and is taking steps to strengthen year-end procedures to ensure grant-related receivables and payables are recorded in the correct period. We are implementing a formal review process, increasing coordination between accounting and grant staff, and providing additional training on cutoff procedures. These actions will help improve the accuracy and completeness of our financial reporting going forward.

**MID CITY REDEVELOPMENT ALLIANCE, INC.**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

**INTERNAL CONTROL FINDING**

**Finding 2023-001 Accounting for Accounts Receivable and Accrued Payables**

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

This finding has not been resolved as of December 31, 2024.

**COMPLIANCE FINDING**

**Finding 2023-002 Noncompliance with Louisiana Audit Law Reporting Requirements**

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

This finding has been resolved as of December 31, 2024.

**II. MANAGEMENT LETTER**

There was no management letter for the year ended December 31, 2023.