

Inner-City Revitalization Corporation

Alexandria, Louisiana

Financial Statements

December 31, 2022 & 2023

Table of Contents

Independent Auditor’s Report	1
Basic Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	7
Statements of Functional Expenses	8
Notes to Financial Statements	10
Supplementary Information	
Schedule of Federal Awards	19
Notes to the Schedule of Federal Awards	20
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 <i>Government Auditing Standards</i>	21
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	23
Schedule of Findings and Questioned Costs	26
Management’s Corrective Action Plan	27
Summary of Prior Audit Findings	28
Schedule of Compensation, Benefits and Other Payments to Executive Director	29



Dona Manuel
CPA

Independent Auditor's Report

Board of Directors
Inner-City Revitalization Corporation
Alexandria, Louisiana

Opinion

We have audited the accompanying financial statements of Inner-City Revitalization Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2023, 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 present fairly, in all material respects, the financial position of Inner-City Revitalization Corporation as of December 31, 2022 and 2023, 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 audit 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ABC Organization 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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

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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 Inner-City Revitalization Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 Inner-City Revitalization Corporation'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 Inner-City Revitalization Corporation's ability to continue as a going concern for a reasonable period of time.

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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 expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 of expenditures of federal awards 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 July 1, 2024, on our consideration of Inner City Revitalization Corporation'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 Inner City Revitalization Corporation'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 Inner City Revitalization Corporation's internal control over financial reporting and compliance.

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Alexandria, Louisiana

July 1, 2024

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Inner-City Revitalization Corporation
 Statements of Financial Position
 December 31, 2022 and 2023

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 494,867	\$ 482,036
Notes receivable - current portion	40,331	51,751
Inventory	843,764	232,435
Investments	31,736	27,539
Total Current Assets	<u>1,410,697</u>	<u>793,761</u>
Plant, Property and Equipment, net	1,366,938	1,432,009
Other Assets		
Deposits	1,200	1,200
Notes receivable - net of current portion	238,728	309,059
Restricted cash	256,233	158,955
Total Other Assets	<u>496,161</u>	<u>469,214</u>
 Total Assets	 <u>\$ 3,273,796</u>	 <u>\$ 2,694,984</u>
Liabilities and Net Assets		
Current Liabilities		
Payroll liabilities	\$ 9,231	\$ 11,437
Rental deposits and escrow accounts	14,948	14,383
Accrued liabilities	98	98
Notes payable	829,180	-
Total Current Liabilities	<u>853,457</u>	<u>25,918</u>
Net Assets		
without Donor Restriction	1,433,429	1,886,013
with Donor Restriction	986,911	783,053
Total Net Assets	<u>2,420,340</u>	<u>2,669,066</u>
 Total Liabilities and Net Assets	 <u>\$ 3,273,797</u>	 <u>\$ 2,694,984</u>

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

Inner-City Revitalization Corporation
Statements of Activities
For the Year Ended December 31, 2023

	<u>2023</u>		
	without Donor	with Donor	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenues			
Contributions, gifts and grants	\$ 10,679	\$ 271,950	\$ 282,629
Investment income	9,794	559	10,353
Program income	195,719	254,000	449,719
Other income	5,645	-	5,645
Total Revenues	<u>221,837</u>	<u>526,509</u>	<u>748,346</u>
Net Assets released from restrictions	322,651	(322,651)	-
Functional Expenses			
Program Services			
Rental activities	256,009	-	256,009
Subdivision lots	666,823	-	666,823
Supporting Services			
Management and general	74,240	-	74,240
Total Functional Expenses	<u>997,072</u>	<u>-</u>	<u>997,072</u>
Change in Net Assets	(452,584)	203,858	(248,726)
Net Assets - Beginning	<u>1,886,013</u>	<u>783,053</u>	<u>2,669,066</u>
Net Assets - Ending	<u>\$ 1,433,429</u>	<u>\$ 986,911</u>	<u>\$ 2,420,340</u>

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

Inner-City Revitalization Corporation
 Statements of Activities
 For the Year Ended December 31, 2022

	<u>2022</u>		
	without Donor	with Donor	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenues			
Contributions, gifts and grants	\$ 56,032	\$ -	\$ 56,032
Investment income	(2,202)	192	(2,010)
Program income	188,128	-	188,128
Other income	<u>2,294</u>	<u>-</u>	<u>2,294</u>
Total Revenues	244,252	192	244,444
 Net Assets released from restrictions	 166,795	 (166,795)	 -
Functional Expenses			
Program Services			
Rental activities	258,978	-	258,978
Subdivision lots	265,245	-	265,245
Supporting Services			
Management and general	<u>84,739</u>	<u>-</u>	<u>84,739</u>
Total Functional Expenses	<u>608,962</u>	<u>-</u>	<u>608,962</u>
 Change in Net Assets	 (197,915)	 (166,603)	 (364,518)
 Net Assets - Beginning	 <u>2,083,928</u>	 <u>949,656</u>	 <u>3,033,584</u>
 Net Assets - Ending	 <u>\$ 1,886,013</u>	 <u>\$ 783,053</u>	 <u>\$ 2,669,066</u>

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

Inner-City Revitalization Corporation
 Statements of Cash Flows
 For the Years Ended December 31, 2022 and 2023

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (248,726)	\$ (364,518)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	65,071	64,863
Financed closing cost	-	5,013
Forgiveness of mortgage payable	-	-
Forgiveness of mortgage receivable	81,752	168,291
(Increase) decrease in other assets	(611,329)	(231,933)
Increase (decrease) in accounts payable	-	(961)
Increase (decrease) in other liabilities	(1,641)	5,377
Net Cash Provided/(Used) by Operating activities	<u>(714,873)</u>	<u>(353,868)</u>
Cash flows from Investing Activities		
Investment (income) loss	(4,198)	(1,690)
Purchase of plant, property and equipment	-	(9,194)
Net Cash Provided/(Used) by Investing Activities	<u>(4,198)</u>	<u>(10,884)</u>
Cash flows from Financing Activities		
Advances on notes payable	<u>829,180</u>	<u>-</u>
Net Cash Used by Financing Activities	<u>829,180</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	110,109	(364,752)
Cash and Cash Equivalents - Beginning	<u>640,991</u>	<u>1,005,743</u>
Cash and Cash Equivalents - Ending	<u>\$ 751,100</u>	<u>\$ 640,991</u>
Consisting of:		
Cash and cash equivalents	\$ 494,867	\$ 482,036
Restricted cash	<u>256,233</u>	<u>158,955</u>
Total	<u>\$ 751,100</u>	<u>\$ 640,991</u>
Cash paid for:		
Interest	<u>\$ 5,312</u>	<u>\$ 410</u>

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

Inner-City Revitalization Corporation
 Statements of Functional Expenses
 For the Year Ended December 31, 2023

	<u>Lot Sales</u>	<u>Rental Activities</u>	<u>Management and General</u>	<u>Total Expenses</u>
Utilities	\$ -	\$ 29,056	\$ -	\$ 29,056
Office supplies	-	-	4,820	4,820
Pest control	-	4,974	-	4,974
Payroll expenses	80,000	90,000	37,569	207,569
Contracts	1,200	-	-	1,200
Telephone	-	-	9,747	9,747
Direct program expenses	580,311	142	-	580,453
Insurance	-	22,147	13,019	35,166
Interest	5,312	-	-	5,312
Repairs and maintenance	-	44,619	-	44,619
Legal and professional	-	-	3,609	3,609
Depreciation	-	65,071	-	65,071
Miscellaneous	-	-	5,122	5,122
Dues and subscriptions	-	-	354	354
	<u>\$ 666,823</u>	<u>\$ 256,009</u>	<u>\$ 74,240</u>	<u>\$ 997,072</u>

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

Inner-City Revitalization Corporation
 Statements of Functional Expenses
 For the Year Ended December 31, 2022

	<u>Lot Sales</u>	<u>Rental Activities</u>	<u>Management and General</u>	<u>Total Expenses</u>
Utilities	\$ -	\$ 26,167	\$ -	\$ 26,167
Office supplies	-	-	11,804	11,804
Pest control	-	4,608	-	4,608
Payroll expenses	80,000	90,000	35,977	205,977
Contracts	9,435	-	-	9,435
Telephone	-	-	8,705	8,705
Direct program expenses	175,400	-	-	175,400
Insurance	-	20,881	10,423	31,304
Interest	410	-	-	410
Repairs and maintenance	-	52,459	-	52,459
Legal and professional	-	-	9,772	9,772
Depreciation	-	64,863	-	64,863
Education and Seminars	-	-	3,659	3,659
Miscellaneous	-	-	4,301	4,301
Dues and subscriptions	-	-	98	98
	<u>\$ 265,245</u>	<u>\$ 258,978</u>	<u>\$ 84,739</u>	<u>\$ 608,962</u>

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

Inner-City Revitalization Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2022 & 2023

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

Inner-City Revitalization Corporation (the Corporation) is a not-for-profit organization formed under the laws of the State of Louisiana. The purpose of the Corporation is to (1) foster, encourage, and coordinate, through all possible means and in cooperation with municipalities and other groups and interests, the rebuilding and revitalization of blighted metropolitan neighborhoods in Rapides Parish, Louisiana, and (2) to help make clean, healthful, safe, and affordable housing available to citizens who need it.

The Corporation's funding sources consist of contributions and grants from foundations and federal, state and local governments. The Corporation owns a 20 unit housing facility (Olive House) which it rents to low income individuals with broken backgrounds and provides case workers to help these individuals get back on their feet. The Corporation also owns thirteen single family dwellings that it rents to low income individuals. Monthly rent is calculated based on the tenant's income and family size.

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Corporation and/or the passage of time or be permanently maintained by the Corporation. When a restriction expires, net assets with donor restrictions are reclassified to net asset without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Inner-City Revitalization Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2022 & 2023

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Corporation considers all demand deposits and highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include monies designated for specific programs or held for others.

Contributions and Grants

Contributions and grants are recorded as received. Unconditional promises to give are recorded as they are made. Conditional promises to give are recognized as revenue when the necessary conditions are fulfilled.

Inventory

Inventory consists of single-family homes and lots for single family homes to be constructed on. Interest on construction line of credit was capitalized into the value of the inventory. Inventory is stated at cost using the specific identification method.

Investments

The Corporation reports all investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Gains and losses on investments are reported as increases or decreases in the respective net assets.

Property, Equipment, and Depreciation

Property and equipment are stated at cost if purchased, or fair value at the date of donation, if contributed to the Corporation, less accumulated depreciation. Depreciation is computed on depreciable assets on a straight-line basis over the estimated useful lives of the assets. The cost of maintenance and repairs is expensed as incurred; however, significant renewals and improvements are capitalized.

Mortgage Notes Receivable

Mortgage notes receivables are reported in the financial statements at the outstanding principal balance. Delinquency status is based on the contractual terms of the mortgage; and management is confident that these funds will be fully collected; therefore, no provision for loss has been made. Interest income is recognized as collected.

Inner-City Revitalization Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2022 & 2023

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Income Taxes

Inner-City is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Furthermore, Inner-City is not classified as a “private foundation” by the Internal Revenue Service. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the organization and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the organization, and has concluded that as of December 31, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or assets) or disclosure in the financial statements.

Note 2 – Restricted Cash

Restricted cash at December 31, 2022 consisted of:

<u>Restriction purpose</u>	<u>Amount</u>	<u>Source</u>
Low Income Housing	\$126,425	Grantor Restriction
Homebuyer Program	<u>32,530</u>	Grantor Restriction
Total	<u>\$158,955</u>	

Restricted cash at December 31, 2023 consisted of:

<u>Restriction purpose</u>	<u>Amount</u>	<u>Source</u>
Low Income Housing	\$227,492	Grantor Restriction
Homebuyer Program	<u>28,741</u>	Grantor Restriction
Total	<u>\$256,233</u>	

Note 3 – Inventory

The Corporation had one remodel and four new constructions in process at December 31, 2022. The December 31, 2022 combined inventory totaled \$232,435.

The Corporation was finishing up a building project and had three houses remaining in inventory at December 31, 2023. The total inventory at December 31, 2023 of those three houses totaled \$843,764.

Inner-City Revitalization Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2022 & 2023

Note 4 – Investments

On June 13, 2013 the Corporation established a non-endowed agency fund at the Central Louisiana Community Foundation (the Foundation), by transferring \$12,311 into this fund. The fund is held by the Foundation for the purpose of administering funds as endowments for various charitable and educational purposes and organizations primarily in the central Louisiana community. These funds are not subjected to restrictions whether by donor or otherwise, nor are they required to be held permanently or for any designated purposes other than charitable purposes within the corporate powers of the Corporation. The principal may be expended in whole or in part as stated in the agreement.

The Corporation may request distribution of all or part of the principal it contributes to the fund. The Board of the Foundation will grant such a request if it concludes that such a distribution is consistent with the charitable purposes of the Foundation, which may be deferred for up to 90 days in order to permit orderly and timely liquidation of assets to meet the request. If the Foundation ceases to be a qualified charitable organization or if the Foundation proposes to dissolve, the assets of the fund shall be distributed to the Corporation. At that time if the Corporation is not then a qualified charitable organization, the Foundation shall distribute the assets of the fund in a manner and to any organization serving the Central Louisiana community that satisfies the requirements of a qualified charitable organization and serve purposes similar to those of the Corporation. The investments are presented in the financial statements at fair value of \$27,539 at December 31, 2022 and \$31,736 at December 31, 2023 as reported by the Foundation.

Investment income for the year ended December 31, 2022 was made up of the following components.

Interest and Dividends	\$2,527
Realized and Unrealized Gain	<u>(4,537)</u>
Total Investment Income	<u>(\$2,010)</u>

Investment income for the year ended December 31, 2023 was made up of the following components.

Interest and Dividends	\$ 6,609
Realized and Unrealized Gain	<u>3,744</u>
Total Investment Income	<u>\$10,353</u>

Inner-City Revitalization Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2022 & 2023

Note 5 – Fair Value Measurement

FASB ACS 820-10, Fair Value Measurement, defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fair value of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Represented by quoted prices that are available in an active market. Level 1 securities include checking and savings accounts, certificates of deposit, highly liquid government bonds, treasury securities, mortgage products and exchange traded equities.

Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but observable, either directly or indirectly through corroboration with observable market data and estimated using pricing models or discounted cash flows. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions, and certain corporate, asset backed securities, and swap agreements.

Level 3 – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement include the reporting entity’s own assumptions about market risk. Level 3 securities would include hedge funds, private equity securities, and private investments in public entities.

Fair value of assets measured on a recurring basis at December 31, 2022 are as follows:

<u>Description</u>	<u>Fair Value Measurement at December 31, 2022</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$640,991	\$640,991	-	-
Investments	\$ 27,539	-	\$27,539	-

Fair value of assets measured on a recurring basis at December 31, 2023 are as follows:

<u>Description</u>	<u>Fair Value Measurement at December 31, 2023</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$751,100	\$751,100	-	-
Investments	\$ 31,736	-	\$31,736	-

Inner-City Revitalization Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2022 & 2023

Note 6 – Property and Equipment

At December 31, 2022, property and equipment consisted of the following:

	<u>Life</u>	<u>Carrying Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land		\$ 90,594	\$ -	\$ 90,594
Olive House – building	39 years	1,101,385	510,256	591,129
Rental property	39 years	<u>1,078,264</u>	<u>327,978</u>	<u>750,286</u>
 Total		 <u>\$2,270,243</u>	 <u>\$838,234</u>	 <u>\$1,432,009</u>

Depreciation expense for the current year was \$64,863.

At December 31, 2023, property and equipment consisted of the following:

	<u>Life</u>	<u>Carrying Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land		\$ 90,594	\$ -	\$ 90,594
Olive House – building	39 years	1,101,385	542,117	559,268
Rental property	39 years	<u>1,078,264</u>	<u>361,188</u>	<u>717,076</u>
 Total		 <u>\$2,270,243</u>	 <u>\$903,305</u>	 <u>\$1,366,938</u>

Depreciation expense for the current year was \$65,071.

Note 7 – Notes Receivable

In 2011 and then again in 2016, 2017, 2018, 2020 and 2023 the Corporation received a grant from the Louisiana Housing Finance Agency (Soft Seconds) to aid qualified buyers in the purchase of the low income housing constructed by the Corporation. The aid is in the form of a mortgage that is forgiven over a period of ten to fifteen years depending on the amount of aid awarded to the individual, as long as the homeowner abides by the covenants in the agreement signed with the Corporation. In 2022, \$60,341 of the receivable balance was forgiven and in 2023, \$111,751.

At December 31, 2022 soft seconds receivable balance was:

Current	\$ 51,751
Long-term	<u>309,059</u>
Total	<u>\$360,810</u>

Inner-City Revitalization Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2022 & 2023

Note 7 – Notes Receivable (continued)

At December 31, 2023 soft seconds receivable balance was:

Current	\$ 40,331
Long-term	<u>238,727</u>
Total	<u>\$279,058</u>

Note 8 – Notes Payable

During 2023, the Corporation entered into an agreement with the Louisiana Housing Corporation to rehabilitate several single-family homes. Louisiana Housing Corporation will reimburse the Corporation for all expenses related to the project. The reimbursements are in the form of a forgivable loan. The loan will be forgiven when each home is sold to a qualifying family. The balance of the note at December 31, 2023 is \$770,849.

The Corporation also has a \$100,000 line of credit with a national bank. The line of credit is used to help with the cash flow related to the housing projects. Nothing was drawn on the line of credit as of December 31, 2022. As of December 31, 2023, \$58,331 was drawn on the line of credit.

Note 9 – Net Assets

At December 31, 2022, net assets with donor restrictions consisted of the following:

Homebuyer’s Education	\$ 24,770
Reuse Funds	394,033
Soft Second Mortgages	360,583
Endowment Fund	<u>3,667</u>
Total	<u>\$783,053</u>

At December 31, 2023, net assets with donor restrictions consisted of the following:

Homebuyer’s Education	\$ 28,920
Reuse Funds	704,933
Soft Second Mortgages	248,832
Endowment Fund	<u>4,226</u>
Total	<u>\$986,911</u>

Inner-City Revitalization Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2022 & 2023

Note 9 – Net Assets (continued)

In October 2001, the Corporation established an endowment fund to help insure the financial future of the Corporation. Contributions to the endowment fund may not be withdrawn and earnings on the fund may not be withdrawn until the principal reaches \$10,000. These funds are part of the Community Foundation investment, and at December 31, 2022 totaled \$3,667. At December 31, 2023, they totaled \$4,226

Note 10 – Income Taxes

The Corporation's tax return for the years ended December 31, 2020 through December 31, 2022, remain open and subject to examination by taxing authorities. The tax return for the year ended December 31, 2023 has not been filed as of the report date.

Note 11 – Contributed Services

The Board of Directors is a voluntary board. These volunteers have made significant contributions of their time to the Corporation. The value of the contributed time is not reflected in these statements since it is not susceptible to an objective measurement or valuation.

Note 12 – Liquidity and Availability of Financial Assets

Financial assets, consisting of cash, that are available for general expenditure, that is, without donor or other restrictions limiting their use, amounted to \$482,036 at December 31, 2022 and \$494,867 at December 31, 2023. The Corporation has a goal to maintain sufficient financial resources on hand to meet sixty days of normal operating expenses.

Note 13 – Concentration of Credit Risk

The Corporation maintains cash balances with a regional bank. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2022, cash on deposit in excess of federally-insured limits was \$113,786. At December 31, 2023, cash on deposit in excess of the federally-insured limits was \$219,580.

Note 14 – Subsequent Events

The Corporation has no material subsequent events that would require disclosure. Subsequent events have been evaluated through July 1, 2024, which is also the date the financial statements were available to be issued.

Supplementary Information

Inner-City Revitalization Corporation
 Schedule of Federal Awards
 For the Year Ended December 31, 2023

<u>Federal Grantor/Pass-through Grantor</u>	<u>Federal CDFA Number</u>	<u>Pass- through Identifying Number</u>	<u>Pass- through to Sub- recipients</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development				
Indirect Program:				
Louisiana Housing Corporation	14.235		\$ -	\$ 30,000
Louisiana Housing Corporation	14.239			<u>1,027,799</u>
Total U.S. Department of Housing and Urban Development				1,057,799
Total Expenditures of Federal Awards:			\$ -	<u>\$1,057,799</u>

Inner-City Revitalization Corporation
Notes to the Schedule of Federal Awards
For the Year Ended December 31, 2023

Note A – Basis of Presentation

The Schedule of Expenditure of Federal Awards include the federal grant activity of Inner-City Revitalization Corporation (Corporation) and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note B – Home Investment Program

The balance of the loan from the Home Investment Program at December 31, 2023 was \$770,849.

Note C – Indirect Cost Rate Election

The Corporation did not elect to use the 10% de minimis indirect cost rate during the year ended December 31, 2023.



Dona Manuel
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Independent Auditor's Report on Internal Control over Financial Reports and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Inner-City Revitalization Corporation
Alexandria, 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 Inner-City Revitalization Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 1, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Inner-City Revitalization Corporation'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 Inner-City Revitalization Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Inner-City Revitalization Corporation'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.

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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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Inner-City Revitalization Corporation'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*.

Inner-City Revitalization Corporation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Inner-City Revitalization Corporation's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Inner-City Revitalization Corporation'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dona Manuel CPA, LLC

Dona Manuel CPA, LLC

Alexandria, Louisiana

July 1, 2024

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Inner-City Revitalization Corporation
Alexandria, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Inner-City Revitalization Corporation's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Inner-City Revitalization Corporation's major federal programs for the year ended December 31, 2023. Inner-City Revitalization Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Inner-City Revitalization Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Inner-City Revitalization Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We

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believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Inner-City Revitalization Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Inner-City Revitalization Corporation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Inner-City Revitalization Corporation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Inner-City Revitalization Corporation's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Inner-City Revitalization Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Inner-City Revitalization Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of

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Inner-City Revitalization Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dona Manuel CPA, LLC

Dona Manuel CPA, LLC

Alexandria, Louisiana

July 1, 2024

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Inner-City Revitalization Corporation
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

A. Summary of Auditors Results

1. The auditors' report expresses an unmodified opinion on the financial statements of Inner-City Revitalization Corporation.
2. One significant deficiency was disclosed during the audit of the financial statements.
3. No instances of material noncompliance to the financial statements of Inner-City Revitalization Corporation, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance*.
5. The auditors' report on compliance for major federal award program administration by the Inner-City Revitalization Corporation expresses a qualified opinion.
6. Audit findings that are required to be reported in accordance with Section 501(a) of OMB Circular A-133 are reported in Section C of this schedule.
7. The programs tested as major programs include:
Home Program 14.239
8. The threshold used for distinguishing between Type A and B Programs was \$750,000.
9. Inner-City Revitalization Corporation does not qualify as a low-risk auditee.

Inner-City Revitalization Corporation
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

B. Findings – Financial Statement Audit

2023-001 Accounting for Grant Activities

Condition:

Soft Seconds receivable and grant revenue are not properly reflected in the financial statements.

Criteria:

Journal entries necessary to properly record all activity related to the Louisiana Housing Corporation grant and soft seconds grant were not properly recorded.

Effect:

Inner-City Revitalization Corporation is not in accordance with accounting principles generally accepted in the United States of America without audit adjustments.

Cause:

Journal entries necessary to properly record all activity related to the Louisiana Housing Corporation grant were not properly recorded.

Recommendation:

Go over grant agreements with outside CPA firm to ensure all aspects of the grant are recorded properly.

Response:

See Management's Corrective Action Plan for their response.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Passed through the Louisiana Housing Corporation

No Findings

Inner-City Revitalization Corporation
Management's Corrective Action Plan
For the Year Ended December 31, 2023

2023-001 Accounting for Grant Activities

Recommendation:

Go over grant agreements with outside CPA firm to ensure all aspects of the grant are recorded properly.

Response:

Inner-City Revitalization Corporation will review all grant agreements and/or commitment agreement of federal funds with bookkeeper prior to drawing down of funds to ensure proper recordation of those funds.

Implementation Date:

July 1, 2024

Contact:

Barbara Dashiell, Executive Director (318) 442-1502

Inner-City Revitalization Corporation
Summary of Prior Audit
For the Year Ended December 31, 2023

No Prior Year Audit Findings

Inner-City Revitalization Corporation
Schedule of Compensation, Benefits and Other Payments to Executive Director
For the Year Ended December 31, 2022 and 2023

<u>Purpose</u>	<u>2023</u>	<u>2022</u>
Salary	\$ 88,750	\$ 85,000
Bonus	<u>35,000</u>	<u>35,000</u>
	<u>\$ 123,750</u>	<u>\$ 120,000</u>



Dona Manuel
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2023

To the Board of Directors of Inner-City Revitalization Corporation and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the calendar year ended December 31, 2023. Inner-City Revitalization Corporation's management is responsible for those C/C areas identified in the SAUPs.

Inner-City Revitalization Corporation has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the calendar year ended December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

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

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

Finding: Procedure is present.

- 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.

Finding: Procedure is present.

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

Finding: Procedure is present

- 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).

Finding: Procedure is present

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

Finding: Procedure is present

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- 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.

Finding: Procedure is present

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

Finding: Procedure is present

- h) **Credit Cards (and debit cards, fuel cards, purchase 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).

Finding: Corporation does not use credit cards

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Finding: Procedure is present

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

Finding: Procedure is present

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

Finding: Procedure is present

- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Finding: Procedure is present

2) 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

- i. 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.

Finding: Board held regular meetings.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

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Finding: Financial activity was referenced and discussed at meetings.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Finding: Procedure is not applicable to this organization

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Finding: Audit not required annually for this organization and only review done in prior year.

3) Bank Reconciliations

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

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

Finding: Bank reconciliations show they were prepared within 2 months of statement closing date.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

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Finding: There is no evidence present on the bank reconciliation.

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

Finding: No items on the bank reconciliations examined over 12 months old.

4) Collections (excluding electronic funds transfers)

- A. 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).

Finding: Corporation only has one deposit site.

- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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

- i. Employees responsible for cash collections do not share cash drawers/registers;

Finding: Only one employee takes in payments.

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

Finding: Employee collecting payments doesn't prepare deposit.

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- iii. Each employee responsible for collecting cash is not also 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; and

Finding: Ledger is reconciled by a different employee.

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

Finding: The same employee is not responsible for these two duties.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Finding: Viewed insurance policy.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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

- i. Observe that receipts are sequentially pre-numbered.

Finding: Observed that receipts are sequentially pre-numbered.

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

Finding: Traced deposit documentation to deposit slip

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- iii. Trace the deposit slip total to the actual deposit per the bank statement.

Finding: Traced deposit slip totals to deposits per bank statement.

- iv. 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 and the cash is stored securely in a locked safe or drawer).

Finding: Observed deposits were made timely.

- v. Trace the actual deposit per the bank statement to the general ledger.

Finding: Traced deposits per bank statement to the general ledger.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

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).

Finding: There is only one location.

9. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

Finding: One employee makes the purchase.

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- ii. At least two employees are involved in processing and approving payments to vendors;

Finding: One employee processes payments.

- iii. 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;

Finding: One employee processes all payments and maintains vendor list.

- iv. 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; and

Finding: Board members sign the checks and give them to one employee to mail.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Finding: Board votes to approve processing of electronic funds.

- 10. For each location selected under procedure #5A 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

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

Finding: All items sampled agreed to supporting documentation.

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- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Finding: Segregation of duties not present.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Finding: Electronic disbursements were properly approved.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

Finding: Corporation does not use credit cards of any kind.

- B. 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 whether 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 (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may

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constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

Finding: Corporation does not use credit cards of any kind.

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

Finding: Corporation does not use credit cards of any kind.

- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). 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). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Finding: Corporation does not use credit cards of any kind.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. 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 and 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

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- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

Finding: No travel reimbursement during this period.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

Finding: No travel reimbursement during this period.

- iii. 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 Policies and Procedures procedure #1A(vii); and

Finding: No travel reimbursement during this period.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Finding: No travel reimbursement during this period.

8) Contracts

- A. 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. *Alternatively, 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
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

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Finding: Bid law not required for contracts in this period.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

Finding: All contracts approved by governing board.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

Finding: All amendments met the requirements.

- iv. 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.

Finding: Invoices and payments observed agreed to the contract terms.

9) Payroll and Personnel

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

Finding: Listing obtained and representation made.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

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- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

Finding: Documentation observed for selected pay period.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

Finding: Documentation observed for selected pay period.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

Finding: Leave recorded and tracked in QuickBooks.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Finding: Rates paid agree to authorized amounts.

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

Finding: No termination pay during this period.

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- D. Obtain management’s representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers’ compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Finding: Representation obtained.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

Finding: Employees did not complete this training.

- b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

Finding: No changes in policy during the period.

23. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Finding: No ethics designee appointed.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond

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Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Finding: Listing of debt instruments obtained. This is a non-profit organization, so bond commission approval isn't required.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Finding: Listing obtained, documentation reviewed and all agree and are recorded properly.

12) Fraud Notice

- A. 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 as required by R.S. 24:523.

Finding: No misappropriations in current period.

- B. 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.

Finding: Posting not observed.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

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- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

Finding: We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Finding: We performed the procedure and discussed the results with management.

Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Finding: We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Finding: Terminated employees are no longer in the network.

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- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Finding: No cybersecurity training obtained.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Finding: Sexual harassment training not completed.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Finding: Observed.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;

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Finding: No sexual harassment report.

- ii. Number of sexual harassment complaints received by the agency;

Finding: No sexual harassment report.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

Finding: No sexual harassment report.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Finding: No sexual harassment report.

- v. Amount of time it took to resolve each complaint.

Finding: No sexual harassment report.

We were engaged by Inner-City Revitalization Corporation to perform this agreed-upon procedures engagement and conducted our engagement 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 and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. 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.

We are required to be independent of Inner-City Revitalization Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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Inner-City Revitalization Corporation

July 1, 2024

Page **20** of **20**

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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July 1, 2024

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