

MID CITY REDEVELOPMENT ALLIANCE, INC.

BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED

DECEMBER 31, 2025



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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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, 2025, 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 Mid City Redevelopment Alliance, Inc. as of December 31, 2025, 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 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 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 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 29, 2026

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.



ERICKSEN KRENTTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors and Management of
Mid City Redevelopment Alliance, Inc.
June 29, 2026

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 29, 2026, 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 29, 2026
Baton Rouge, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

MID CITY REDEVELOPMENT ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 321,432
Contributions and grants receivable	<u>59,602</u>
Total current assets	<u>381,034</u>

OTHER ASSETS:

Land held for resale	115,816
Property held for sale	<u>392,000</u>
Total other assets	<u>507,816</u>

PROPERTY AND EQUIPMENT:

Land	137,275
Buildings	616,520
Leasehold improvements	273,510
Equipment	<u>68,456</u>
	1,095,761
Less: accumulated depreciation	<u>(422,086)</u>
Net property and equipment	<u>673,675</u>
Total assets	<u><u>\$ 1,562,525</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accrued expenses	\$ 16,811
Construction line of credit	443,600
Current portion of note payable	<u>3,627</u>
Total current liabilities	<u>464,038</u>

LONG-TERM LIABILITIES:

Note payable	146,151
Deposits	<u>4,443</u>
Total long-term liabilities	<u>150,594</u>
Total liabilities	<u>614,632</u>

NET ASSETS:

Without donor restrictions	791,809
With donor restrictions	<u>156,084</u>
Total net assets	<u>947,893</u>
Total liabilities and net assets	<u><u>\$ 1,562,525</u></u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS

MID CITY REDEVELOPMENT ALLIANCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUE:</u>			
Contributions	\$ 61,511	\$ -	\$ 61,511
Grants	195,900	111,652	307,552
Other revenue	76,396	-	76,396
Net assets released from donor restrictions	<u>104,568</u>	<u>(104,568)</u>	<u>-</u>
 Total support and revenue	 <u>438,375</u>	 <u>7,084</u>	 <u>445,459</u>
 <u>EXPENSES:</u>			
Program services:			
Home ownership promotion	238,311	-	238,311
Community building and engagement	254,365	-	254,365
Real estate development/asset management	119,071	-	119,071
Home ownership preservation	22,308	-	22,308
Supporting services:			
Management and general	109,872	-	109,872
Fundraising	<u>96,582</u>	<u>-</u>	<u>96,582</u>
 Total expenses	 <u>840,509</u>	 <u>-</u>	 <u>840,509</u>
 <u>OTHER INCOME (EXPENSES):</u>			
Gain/(loss) on disposal of assets	(135,006)	-	(135,006)
Loss on write-down of property held for sale	<u>(108,360)</u>	<u>-</u>	<u>(108,360)</u>
 Total other income (expenses)	 <u>(243,366)</u>	 <u>-</u>	 <u>(243,366)</u>
 Change in net assets	 (645,500)	 7,084	 (638,416)
 Net assets - beginning of year	 <u>1,437,309</u>	 <u>149,000</u>	 <u>1,586,309</u>
 Net assets - end of year	 <u><u>\$ 791,809</u></u>	 <u><u>\$ 156,084</u></u>	 <u><u>\$ 947,893</u></u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS

MID CITY REDEVELOPMENT ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	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	\$ 7,117	\$ 76,580	\$ 58,302	\$ 3,752	\$ 145,751	\$ 13,832	\$ 38,863	\$ 198,446
Depreciation	-	-	-	-	-	35,062	-	35,062
Interest expense	4,157	5,812	10,076	2,192	22,237	8,080	6,638	36,955
Purchased services	7,809	47,022	13,747	2,893	71,471	10,666	8,762	90,899
Salaries, wages, and benefits	218,361	123,553	35,935	13,014	390,863	40,548	39,412	470,823
Supplies	867	1,398	1,011	457	3,733	1,684	2,907	8,324
Total functional expenses	<u>\$ 238,311</u>	<u>\$ 254,365</u>	<u>\$ 119,071</u>	<u>\$ 22,308</u>	<u>\$ 634,055</u>	<u>\$ 109,872</u>	<u>\$ 96,582</u>	<u>\$ 840,509</u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS

MID CITY REDEVELOPMENT ALLIANCE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (638,416)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation expense	35,062
Loss on sale of property held for sale	135,006
Loss on write-down of property held for sale	108,360
Decrease (increase) in:	
Contributions and grant receivable	158,677
Increase (decrease) in:	
Accrued expenses	<u>(25,904)</u>
Net cash (used for) operating activities	<u>(227,215)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash paid for purchase of property	(80,743)
Cash paid for closing cost of sale of property held for sale	(44,700)
Proceeds from sale of assets	<u>405,000</u>
Net cash from investing activities	<u>279,557</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on long-term debt	(3,528)
Proceeds from line of credit	80,743
Payments on line of credit	<u>(376,227)</u>
Net cash (used for) financing activities	<u>(299,012)</u>

Net decrease in cash and cash equivalents	<u>(246,670)</u>
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Cash and cash equivalents, beginning of year	<u>568,102</u>
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Cash and cash equivalents, end of year	<u><u>\$ 321,432</u></u>
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SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest	<u><u>\$ 15,576</u></u>
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See accompanying NOTES TO THE FINANCIAL STATEMENTS

MID CITY REDEVELOPMENT ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(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, 2025

(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 \$59,602 at December 31, 2025. There were no conditional promises to give as of December 31, 2025.

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, 2025

(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, 2025, there is no balance of contract assets.

MID CITY REDEVELOPMENT ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

(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 \$5,260 for the year ended December 31, 2025.

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.

Property Held for Sale

Long-lived assets are classified as held for sale when management, with appropriate approval, commits to a plan to sell the assets; the assets are available for immediate sale in their present condition; an active program to locate a buyer has been initiated; the sale is probable and expected to be completed within one year; the assets are being actively marketed at a price that is reasonable in relation to their current fair value; and actions required to complete the plan indicate that it is unlikely significant changes will be made to the plan or that the plan will be withdrawn.

Assets classified as held for sale are reported at the lower of their carrying amount or fair value less cost to sell. Any excess of carrying amount over fair value less cost to sell is recognized as a write-down in the statement of activities. Depreciation is discontinued when an asset is classified as held for sale.

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.

MID CITY REDEVELOPMENT ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2025, MCRA had no amounts in excess of the FDIC insured limit. MCRA has not experienced any losses on its cash equivalents.

For the year ended December 31, 2025, four funders made up 89% 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 29, 2026, which is the date the financial statements were available to be issued.

MID CITY REDEVELOPMENT ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

(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	\$ 321,432
Contributions and grants receivable	<u>59,602</u>
Total	<u><u>\$ 381,034</u></u>
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions	<u>(156,084)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 224,950</u></u>

The Organization regularly monitors its liquidity needs and manages cash flow through operating activities, lines of credit, and the disposition of nonessential real estate assets. During 2025, the Organization sold two residential properties and classified two residential properties as held for sale. These remaining two properties were subsequently sold in 2026, and management expects the proceeds to be used to reduce outstanding indebtedness and support ongoing operations.

(3) RELATED PARTY TRANSACTIONS

MCRA received contributions from related party board members in the amount of \$325 for the year ended December 31, 2025.

(4) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2025:

Subject to expenditure for a specified purpose	
GNO Fair Housing Action Center	\$ 96,500
Housing First Alliance	2,500
Capital One Bank	50,000
Louisiana Homebuyer	<u>7,084</u>
Total net assets with donor restrictions	<u><u>\$ 156,084</u></u>

MID CITY REDEVELOPMENT ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

(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, 2025, as follows:

Net assets released from donor restrictions	
Mt. Pleasant/City of Monroe	\$ 42,273
Tides Foundation	50,000
Regions Bank	5,000
Louisiana Homebuyer	1,295
Tipton Associated - Neighborhood Challenge	<u>6,000</u>
 Total net assets released from donor restrictions	 <u>\$ 104,568</u>

(6) PROPERTY AND EQUIPMENT

Property and equipment, net at December 31, 2025, is as follows:

	Not Under Lease	Under Lease	Total
Land	\$ 137,275	\$ -	\$ 137,275
Buildings	309,725	306,795	616,520
Leasehold improvements	273,510	-	273,510
Equipment	<u>68,456</u>	<u>-</u>	<u>68,456</u>
 Total property & equipment	 <u>788,966</u>	 <u>306,795</u>	 <u>1,095,761</u>
 Accumulated depreciation	 <u>(387,024)</u>	 <u>(35,062)</u>	 <u>(422,086)</u>
 Property & equipment, net	 <u>\$ 401,942</u>	 <u>\$ 271,733</u>	 <u>\$ 673,675</u>

Depreciation expense was \$35,062 for the year ended December 31, 2025.

MID CITY REDEVELOPMENT ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

(7) PROPERTY HELD FOR SALE AND IMPAIRMENT

During the year ended December 31, 2025, the Organization's Board of Directors approved a plan to sell two residential properties that were originally constructed for rental use. The Organization determined that it would not operate the properties as rental properties and would instead sell the properties upon completion. As of December 31, 2025, the properties were complete, available for sale in their present condition, and actively marketed for sale. Accordingly, the Organization classified the properties as property held for sale in the accompanying statement of financial position.

The carrying amount of the properties before write-down was \$500,360 at December 31, 2025. Based on management's estimate of fair value less cost to sell, the Organization recognized a write-down of \$108,360 during the year ended December 31, 2025. The write-down is included in loss on write-down of property held for sale in the accompanying statement of activities.

(8) FAIR VALUE MEASUREMENT

The Organization measures property held for sale at the lower of carrying amount or fair value less cost to sell. During the year ended December 31, 2025, the Organization recognized a nonrecurring fair value adjustment related to two residential properties classified as held for sale.

Fair value less cost to sell was estimated using market information available at December 31, 2025, including comparable property sales, listing information, expected selling price, estimated selling costs, and other relevant market data. The subsequent sale of the properties in 2026 corroborated management's estimate. The fair value measurement was classified within Level 2 of the fair value hierarchy because the valuation was based on observable market data for comparable properties, including management's estimate of selling price and estimated selling costs.

Significant inputs used in determining fair value less cost to sell included expected selling price, estimated closing costs, estimated broker or selling costs, and market information for comparable residential properties. Based on this analysis, the Organization recognized a write-down of \$108,360 during the year ended December 31, 2025.

(9) SUBSEQUENT EVENT

Subsequent to December 31, 2025, the Organization sold the two residential properties classified as held for sale for net proceeds approximating the December 31, 2025 carrying value. Proceeds received from sale of two residential properties were used to pay off remaining balances of construction line of credits as described in Note 11.

MID CITY REDEVELOPMENT ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

(10) 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>\$ 149,778</u>
Less: current portion of long-term debt	<u>(3,627)</u>
Total	<u><u>\$ 146,151</u></u>

Contractual maturities on long-term debt are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2026	\$ 3,627
2027	3,728
2028	3,831
2029	3,938
2030	4,048
Thereafter	<u>130,606</u>
Total	<u><u>\$ 149,778</u></u>

Interest expense on long-term debt incurred for the year ended December 31, 2025 totaled \$4,164.

(11) CONSTRUCTION LINES OF CREDIT

As of December 31, 2025, 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 \$186,966 and \$256,604, with interest accruing at a variable rate of the lender plus 2.00%, subject to a 5.50% floor. Both loans mature in May 2026. Total interest expense incurred on the construction loan line of credits were \$21,758 for the 2025 year.

As of December 31, 2025, the Organization had fully drawn on the lines, with no remaining funds available for future draws. Both loans are secured by the homes.

MID CITY REDEVELOPMENT ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

(12) NEIGHBORWORKS® AMERICA

MCRA was the recipient of grant funds from NeighborWorks® America. Grant funds received from NeighborWorks® America made up 39% of total revenue received by MCRA for the year ended December 31, 2025. 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, 2025:

Without donor restrictions	
Program Activities	\$ 172,000
NeighborWorks Week	<u>1,000</u>
 Total	 <u><u>\$ 173,000</u></u>

(13) OPERATING LEASES

MCRA is the lessor under various operating lease agreements to receive monthly rent payments that range from \$1,100 to \$3,087. The leases are for various terms expiring through April 2027.

Future undiscounted cash flows as of December 31, 2025, are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2026	\$ 38,109
2027	<u>3,300</u>
 Total	 <u><u>\$ 41,409</u></u>

For the year ended December 31, 2025, rental revenue totaled \$69,946.

(14) 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.

OTHER SUPPLEMENTARY INFORMATION

MID CITY REDEVELOPMENT ALLIANCE, INC.
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED YEAR ENDED DECEMBER 31, 2025

	<u>Executive Director</u>
	<u>Dexter Jackson</u>
Salary	\$ 24,615
Benefits - retirement	185
Benefits - insurance	2,077
Cell phone	250
Travel	<u>1,058</u>
 Total compensation, benefits, and other payments to agency head	 <u><u>\$ 28,185</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, 2025, 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 29, 2026.

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 2025-001 that we consider to be a material weakness.

To the Board of Directors of
Mid City Redevelopment Alliance, Inc.
June 29, 2026

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 29, 2026
Baton Rouge, Louisiana



Certified Public Accountants

MID CITY REDEVELOPMENT ALLIANCE, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025

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, 2025.

II. FINDINGS - FINANCIAL STATEMENT AUDIT

Material Weakness

Finding 2025-001 Accounting for Accrued Payables

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

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

Effect: Expenses and related accrued liabilities were incorrectly stated.

Cause: The failure to record 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.

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 RESPONSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

II. FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)

Material Weakness (Continued)

Finding 2025-001 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 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, 2025

I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

INTERNAL CONTROL FINDING

Finding 2024-001 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, 2025.

II. MANAGEMENT LETTER

There was no management letter for the year ended December 31, 2025.