

Inner-City Revitalization Corporation

Alexandria, Louisiana

Financial Statements

December 31, 2020

Table of Contents

Independent Auditors' Report.....	1
Basic Financial Statements	
Statements of Financial Position.....	4
Statements of Activities	5
Statements of Cash Flows.....	6
Statements of Functional Expenses	7
Notes to Financial Statements.....	8
Schedule of Federal Awards	15
Notes to the Schedule of Federal Awards.....	16
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	19
Schedule of Findings and Questioned Costs.....	21
Management's Corrective Action Plan.....	24
Summary of Prior Audit Findings.....	25
Schedule of Compensation, Benefits and Other Payments to Executive Director	26



KnightMasden

A Professional Accounting Corporation

John E. Theriot II, CPA, CGMA
Dona C. Manuel, CPA
Stephanie R. Lemoine, CPA

Independent Auditors' Report

Board of Directors
Inner-City Revitalization Corporation
Alexandria, Louisiana

We have audited the accompanying financial statements of Inner-City Revitalization Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inner-City Revitalization Corporation as of December 31, 2020, 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.

Other Matters

Other 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 information 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, 2021, 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.

Supplementary Information

The supplementary information included in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.



Report on Summarized Comparative Information

We have previously audited Inner-City Revitalization Corporation's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Knight Masden

Alexandria, Louisiana
June 29, 2021



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A Professional Accounting Corporation

Inner-City Revitalization Corporation
Statements of Financial Position
December 31, 2020

	<u>2020</u>	2019 Summarized <u>Total</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 366,400	\$ 182,132
Notes receivable - current portion	72,970	48,588
Inventory	553,569	360,587
Investments	23,760	20,642
Prepaid expenses	<u>3,743</u>	<u>3,743</u>
Total Current Assets	1,020,442	615,692
 Plant, Property and Equipment, net	 1,590,422	 1,596,704
 Other Assets		
Deposits	3,064	1,564
Notes receivable - net of current portion	409,501	361,175
Restricted cash	<u>206,132</u>	<u>264,457</u>
Total Other Assets	<u>618,697</u>	<u>627,196</u>
 Total Assets	 <u>\$ 3,229,561</u>	 <u>\$ 2,839,592</u>
Liabilities and Net Assets		
Current Liabilities		
Payroll liabilities	\$ 11,245	\$ 15,405
Rental deposits and escrow accounts	14,219	11,035
Accrued liabilities	302	291
Notes payable	<u>414,537</u>	<u>336,937</u>
Total Current Liabilities	440,303	363,668
 Net Assets		
without Donor Restriction	2,104,894	2,052,318
with Donor Restriction	<u>684,364</u>	<u>423,606</u>
Total Net Assets	<u>2,789,258</u>	<u>2,475,924</u>
 Total Liabilities and Net Assets	 <u>\$ 3,229,561</u>	 <u>\$ 2,839,592</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, 2020

		<u>2020</u>		<u>2019</u>
	<u>without Donor</u>	<u>with Donor</u>	<u>Total</u>	<u>Summarized</u>
	<u>Restrictions</u>	<u>Restrictions</u>		<u>Total</u>
Revenues				
Contributions, gifts and grants	\$ 732,790	\$ 19,550	\$ 752,340	\$ 84,092
Investment income	2,983	897	3,880	6,966
Program income	180,120	506,040	686,160	159,452
Other income	<u>42,292</u>	<u>-</u>	<u>42,292</u>	<u>6,657</u>
Total Revenues	958,185	526,487	1,484,672	257,167
Net Assets released from restrictions	265,729	(265,729)	-	-
Functional Expenses				
Program Services				
Rental activities	231,113	-	231,113	243,785
Subdivision lots	851,037	-	851,037	168,728
Supporting Services				
Management and general	<u>89,188</u>	<u>-</u>	<u>89,188</u>	<u>56,926</u>
Total Functional Expenses	<u>1,171,338</u>	<u>-</u>	<u>1,171,338</u>	<u>469,439</u>
Change in Net Assets	52,576	260,758	313,334	(212,272)
Net Assets - Beginning	<u>2,052,318</u>	<u>423,606</u>	<u>2,475,924</u>	<u>2,688,196</u>
Net Assets - Ending	<u>\$ 2,104,894</u>	<u>\$ 684,364</u>	<u>\$ 2,789,258</u>	<u>\$ 2,475,924</u>

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

Inner-City Revitalization Corporation
Statements of Cash Flows
For the Year Ended December 31, 2020

	<u>2020</u>	2019 Summarized <u>Total</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 313,334	\$ (212,272)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	65,625	65,625
Financed closing cost	(122,087)	-
Forgiveness of mortgage payable	(707,004)	-
Forgiveness of mortgage receivable	46,160	61,069
(Increase) decrease in other assets	(194,482)	(317,399)
Increase (decrease) in accounts payable	-	(961)
Increase (decrease) in other liabilities	<u>(965)</u>	<u>(6,000)</u>
Net Cash Provided/(Used) by Operating activities	(599,419)	(409,938)
Cash flows from Investing Activities		
Investment (income) loss	(3,118)	(3,834)
Payments received on notes receivable	3,213	2,756
Purchase of plant, property and equipment	<u>(59,343)</u>	<u>-</u>
Net Cash Provided/(Used) by Investing Activities	(59,248)	(1,078)
Cash flows from Financing Activities		
Advances on notes payable	869,060	353,977
Payments on notes payable	<u>(84,450)</u>	<u>(17,040)</u>
Net Cash Used by Financing Activities	<u>784,610</u>	<u>336,937</u>
Net Increase (Decrease) in Cash and Cash Equivalents	125,943	(74,079)
Cash and Cash Equivalents - Beginning	<u>446,589</u>	<u>520,668</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 572,532</u></u>	<u><u>\$ 446,589</u></u>
Consisting of:		
Cash and cash equivalents	\$ 366,400	\$ 182,132
Restricted cash	<u>206,132</u>	<u>264,457</u>
Total	<u><u>\$ 572,532</u></u>	<u><u>\$ 446,589</u></u>
Cash paid for:		
Interest	<u><u>\$ 3,853</u></u>	<u><u>\$ 4,416</u></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, 2020

	<u>Lot Sales</u>	<u>Rental Activities</u>	<u>Management and General</u>	<u>2020 Total Expenses</u>	<u>2019 Summarized Total</u>
Utilities	\$ -	\$ 20,153	\$ -	\$ 20,153	\$ 20,006
Office supplies	-	-	8,032	8,032	7,151
Pest control	-	477	-	477	822
Payroll expenses	80,000	90,000	43,435	213,435	209,203
Contracts	3,240	-	-	3,240	1,379
Telephone	-	-	8,397	8,397	6,718
Direct program expenses	763,483	-	-	763,483	75,930
Insurance	-	24,534	6,019	30,553	30,930
Interest	3,853	-	-	3,853	4,416
Repairs and maintenance	-	30,324	6,028	36,352	20,973
Legal and professional	-	-	14,642	14,642	19,847
Depreciation	-	65,625	-	65,625	65,625
Miscellaneous	461	-	2,560	3,021	6,364
Dues and subscriptions	-	-	75	75	75
	<u>\$ 851,037</u>	<u>\$ 231,113</u>	<u>\$ 89,188</u>	<u>\$ 1,171,338</u>	<u>\$ 469,439</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, 2020

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, 2020

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, 2020

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, 2020, 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, 2020 consisted of:

<u>Restriction purpose</u>	<u>Amount</u>	<u>Source</u>
Low Income Housing	\$185,876	Grantor Restriction
Homebuyer Program	<u>20,256</u>	Grantor Restriction
Total	<u>\$206,132</u>	

Note 3 – Inventory

The Corporation had three remodels and one new construction in process at December 31, 2020. The December 31, 2020 combined construction costs totaled \$553,567.

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

Inner-City Revitalization Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Investments (continued)

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 \$23,760 at December 31, 2020 as reported by the Foundation.

Investment income for the year ended December 31, 2020 was made up of the following components.

Interest and Dividends	\$2,411
Realized and Unrealized Gain	1,740
Investment fees	<u>(271)</u>
Total Investment Income	<u>\$3,880</u>

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.

Inner-City Revitalization Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Fair Value Measurement (continued)

Fair value of assets measured on a recurring basis at December 31, 2020 are as follows:

<u>Description</u>	<u>Fair Value Measurement at December 31, 2020</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$572,532	\$572,532	-	-
Investments	\$23,760	-	\$23,760	-

Note 6 – Property and Equipment

At December 31, 2020, property and equipment consisted of the following:

	<u>Life</u>	<u>Carrying Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land		\$ 92,594	\$ -	\$ 92,594
Olive House – building	39 years	1,168,191	452,032	716,159
Rental property	39 years	<u>1,078,264</u>	<u>296,595</u>	<u>781,669</u>
Total		<u>\$2,339,049</u>	<u>\$748,627</u>	<u>\$1,590,422</u>

Depreciation expense for the current year was \$65,625.

Note 7 – Notes Receivable

In April 2002, the Corporation entered into a sale and mortgage agreement in the amount of \$37,750, with a down payment of \$1,133, secured by property located at 67 Prospect Street, Alexandria, LA. The agreement requires 240 monthly payments of \$283.90. Interest is stated at (7%) per annum. The debtor is in compliance with the loan terms and payment schedule. Management is confident that the note will be fully collected; therefore, no provision for loss has been made.

In 2011 and then again in 2016, 2017, 2018 and 2020, 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 2020, \$46,160 of the receivable balance was forgiven.

At December 31, 2020, notes receivable balances were:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
67 Prospect Street	\$ 2,428	\$ 1,991	\$ 4,419
Soft Seconds	<u>70,542</u>	<u>407,510</u>	<u>478,052</u>
Total	<u>\$72,970</u>	<u>\$409,501</u>	<u>\$482,471</u>

Inner-City Revitalization Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – Notes Payable

During 2020, 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, 2020 is \$414,537.

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, 2020.

Note 9 – Net Assets

At December 31, 2020, net assets with donor restrictions consisted of the following:

Homebuyer's Education	\$ 20,256
Soft Second Mortgages	660,914
Endowment Fund	<u>3,194</u>
Total	<u>\$684,364</u>

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, 2020 totaled \$3,194.

Note 10 – Income Taxes

The Corporation's tax return for the years ended December 31, 2017 through December 31, 2019, remain open and subject to examination by taxing authorities. The tax return for the year ended December 31, 2020 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 \$366,400 at December 31, 2020. The Corporation has a goal to maintain sufficient financial resources on hand to meet sixty days of normal operating expenses.

Inner-City Revitalization Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2020

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, 2020, cash on deposit in excess of the federally-insured limits was \$162,946.

Note 14 – Subsequent Events

The Corporation has no material subsequent events that would require disclosure. Subsequent events have been evaluated through June 29, 2020, which is also the date the financial statements were available to be issued.

Inner-City Revitalization Corporation
Schedule of Federal Awards
For the Year Ended December 31, 2020

<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		\$ -	\$ 46,734
Louisiana Housing Corporation	14.239			<u>869,691</u>
Total U.S. Department of Housing and Urban Development				916,425
Total Expenditures of Federal Awards:			\$ -	<u>\$916,425</u>

Inner-City Revitalization Corporation
Notes to the Schedule of Federal Awards
For the Year Ended December 31, 2020

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, 2020 was \$414,537.

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, 2020.



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A Professional Accounting Corporation

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Stephanie R. Lemoine, CPA

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, which comprise the statement of financial position as of December 31, 2020 and the related statement of activities and statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2021.

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) to determine the 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be significant deficiency.

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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

Inner-City Revitalization Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Inner-City Revitalization Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



KnightMasden
Alexandria, Louisiana
June 29, 2021



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A Professional Accounting Corporation



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John E. Theriot II, CPA, CGMA
Dona C. Manuel, CPA
Stephanie R. Lemoine, CPA

**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

We have audited Inner-City Revitalization Corporation's compliance with the types of compliance requirements described 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, 2020. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Inner-City Revitalization Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Inner-City Revitalization Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Inner-City Revitalization Corporation's compliance.

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Opinion on Each Major Federal Program

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, 2020.

Report on Internal Control Over Compliance

Management of Inner-City Revitalization Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Inner-City Revitalization Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Inner-City Revitalization Corporation's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



KnightMasden
Alexandria, Louisiana
June 29, 2021



KnightMasden

A Professional Accounting Corporation

Inner-City Revitalization Corporation
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

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, 2020

B. Findings – Financial Statement Audit

2020-001 Accounting for Grant Activities

Condition:

Mortgage 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 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 recoded properly.

Response:

See Management's Corrective Action Plan for their response.

Inner-City Revitalization Corporation
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

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, 2020

2021-001 Accounting for Grant Activities

Recommendation:

Go over grant agreements with outside CPA firm to ensure all aspects of the grant are recoded 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:

June 29, 2021

Contact:

Barbara Dashiell, Executive Director (318) 442-1502

Inner-City Revitalization Corporation
Summary of Prior Audit
For the Year Ended December 31, 2020

No Prior Year Audit Findings

Inner-City Revitalization Corporation
Schedule of Compensation, Benefits and Other Payments to Barbara Dashiell,
Executive Director
For the Year Ended December 31, 2020

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 80,167
Bonus	<u>30,000</u>
	<u>\$110,167</u>