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Inner-City Revitalization Corporation

Alexandria, Louisiana

Financial Statements

December 31, 2012

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 23 2013

Table of Contents

Independent Auditors' Report.....	1
Basic Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements.....	7
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 ..	14
Schedule of Findings	16
Managements Corrective Action Plan	17
Summary of Prior Audit Findings	18



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A Professional Accounting Corporation

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June 19, 2013

Independent Auditors' Report

Board of Directors
Inner-City Revitalization Corporation
Alexandria, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Inner-City Revitalization Corporation (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, cash flows and functional expenses for the year then ended and the related notes to the financial statements. The prior year summarized comparative information has been derived from Inner-City Revitalization Corporation's December 31, 2011 financial statements and, in our report dated June 28, 2012; we expressed an unqualified opinion of those financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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

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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

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, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2013 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 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 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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Inner-City Revitalization Corporation
Statement of Financial Position
December 31

	<u>2012</u>	2011 Summarized <u>Total</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 176,659	\$ 339,210
Grants receivable	112,168	24,630
Mortgage receivable - current portion	1,000	1,000
Prepaid expenses	1,153	1,153
Investments	12,715	-
Inventory	<u>50,701</u>	<u>151,270</u>
Total Current Assets	354,396	517,263
Plant, Property and Equipment, net	1,671,376	1,385,515
Other Assets		
Mortgage receivable	262,417	232,131
Deposits	1,564	1,563
Restricted cash	<u>76,298</u>	<u>113,892</u>
Total Other Assets	<u>340,279</u>	<u>347,586</u>
Total Assets	<u>\$ 2,366,051</u>	<u>\$ 2,250,364</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ -	\$ 5,688
Accrued payroll liabilities	2,224	4,583
Rental deposits and escrow accounts	7,961	7,157
Notes payable	<u>87,339</u>	<u>117,532</u>
Total Current Liabilities	97,524	134,960
Net Assets		
Unrestricted	1,914,064	1,670,482
Temporarily restricted	353,152	443,722
Permanently restricted	<u>1,311</u>	<u>1,200</u>
Total Net Assets	<u>2,268,527</u>	<u>2,115,404</u>
Total Liabilities and Net Assets	<u>\$ 2,366,051</u>	<u>\$ 2,250,364</u>

The accompanying notes are an integral part of the financial statements

Inner-City Revitalization Corporation
Statement of Activities
For the Year Ended December 31

	2012			Total	2011
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>		Summarized <u>Total</u>
Revenues					
Contributions and gifts	\$ 3,685	\$ 12,500	\$ -	\$ 16,185	\$ 13,975
Contributions and gifts - in kind	14,400	-	-	14,400	-
Grants	-	420,667	-	420,667	779,264
Investment income	3,042	-	111	3,153	2,462
Program income					
Rental activities	98,241	-	-	98,241	119,282
Subdivision sales	7,690	112,100	-	119,790	613,759
Gain/loss sale of assets	-	-	-	-	12,743
Total Revenues	<u>127,058</u>	<u>545,267</u>	<u>111</u>	<u>672,436</u>	<u>1,541,485</u>
Net Assets Released from Restriction	635,837	(635,837)	-	-	-
Functional Expenses					
Program Services					
Rental activities	182,299	-	-	182,299	297,723
Subdivision lots	179,651	-	-	179,651	778,973
Supporting Services					
Management and general	157,362	-	-	157,362	160,801
Total Functional Expenses	<u>519,313</u>	<u>-</u>	<u>-</u>	<u>519,313</u>	<u>1,237,497</u>
Change in Net Assets	243,582	(90,570)	111	153,123	303,988
Net Assets - Beginning of Year	<u>1,670,482</u>	<u>443,722</u>	<u>1,200</u>	<u>2,115,404</u>	<u>1,811,416</u>
Net Assets - End of Year	<u>\$1,914,064</u>	<u>\$ 353,152</u>	<u>\$ 1,311</u>	<u>\$2,268,527</u>	<u>\$2,115,404</u>

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

Inner-City Revitalization Corporation
Statement of Cash Flows
For the Year Ended December 31

	<u>2012</u>	2011 <u>Summarized Totals</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 153,123	\$303,988
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	44,694	45,479
Gain on sale of fixed asset	-	(12,743)
Debt forgiven	(51,269)	(355,056)
In kind donation received	(14,400)	-
(Increase) Decrease in accounts and grants receivable	(87,538)	111,442
(Increase) Decrease in inventory	100,569	432,118
(Increase) Decrease in investments	(12,715)	-
(Increase) Decrease in mortgage receivable	(30,286)	(206,571)
Increase (Decrease) in accounts payable	(5,688)	(19,154)
Increase (Decrease) in other liabilities	<u>(1,555)</u>	<u>(10,385)</u>
Net Cash Provided (Used) by Operating Activities	94,935	289,118
Cash Flows from Investing Activities		
Net proceeds from sale of property	-	60,702
Purchase of plant, property and equipment	<u>(316,157)</u>	<u>(53,391)</u>
Net Cash Provided (Used) by Investing Activities	(316,157)	7,311
Cash Flows from Financing Activities		
Payment on notes payable	(209,298)	(156,138)
Draw on notes payable	<u>230,375</u>	<u>183,769</u>
Net Cash Provided (Used) by Financing Activities	<u>21,077</u>	<u>27,631</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(200,145)	324,060
Cash and Cash Equivalents - Beginning of Year	<u>453,102</u>	<u>129,042</u>
Cash and Cash Equivalents - End of Year	<u>\$ 252,957</u>	<u>\$453,102</u>
Reflected in the Statement of Financial Position as:		
Cash and cash equivalents	\$ 176,659	\$339,210
Restricted cash	<u>76,298</u>	<u>113,892</u>
Total	<u>\$ 252,957</u>	<u>\$453,102</u>
Cash paid for:		
Interest	<u>\$ 5,144</u>	<u>\$ 860</u>

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

Inner-City Revitalization Corporation
Statement of Functional Expenses
For the Year Ended December 31

	2012			2011	
	<u>Rental</u>		<u>Management</u>	<u>Total</u>	
	<u>Activities</u>	<u>Lot Sales</u>	<u>and General</u>	<u>Expenses</u>	
				<u>Summarized</u>	
				<u>Totals</u>	
Interest expense	\$ -	\$ -	\$ 4,937	\$ 4,937	\$ 860
Legal and professional Contracts	-	4,688	27,100	31,788	34,372
Depreciation	38,876	5,818	-	44,694	45,479
Dues and subscriptions	-	-	1,783	1,783	833
Insurance	11,732	-	11,733	23,465	26,656
Office supplies	-	-	2,817	2,817	9,700
Rent	15,460	-	1,146	16,606	155,639
Payroll expenses	58,332	17,875	48,629	124,837	112,042
Telephone	-	-	4,823	4,823	4,409
Miscellaneous	2,180	-	-	2,180	2,653
Abandoned assets	-	-	42,772	42,772	-
Grounds maintenance	2,632	-	-	2,632	5,561
Maintenance	36,336	-	2,007	38,343	32,138
Pest control	2,158	-	-	2,158	3,495
Utilities	7,867	-	9,615	17,482	22,956
Direct program expense	6,726	151,270	-	157,996	776,242
	<u>\$ 182,299</u>	<u>\$ 179,651</u>	<u>\$ 157,362</u>	<u>\$ 519,313</u>	<u>\$ 1,237,496</u>

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

Inner-City Revitalization Corporation
Notes to Financial Statements
December 31, 2012

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 eight single family dwellings that it rents to low income individuals.

The Corporation is currently expanding its rental capacity by constructing seven single family apartments. 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.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation.

Inner-City Revitalization Corporation
Notes to Financial Statements
December 31, 2012

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. Interest earned on the mortgage is recognized as it accrues. Delinquency status is based on the contractual terms of the mortgage.

Inner-City Revitalization Corporation
Notes to Financial Statements
December 31, 2012

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

Income Taxes

The Corporation is a not-for-profit organization which qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable Louisiana law and, accordingly, is not subject to federal or state income tax. Contributions to it are tax deductible within the limitations prescribed by the Code. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Code.

Note 2 – Restricted Cash

Restricted cash at December 31, 2012 consisted of:

<u>Restriction purpose</u>	<u>Amount</u>	<u>Source</u>
Low Income Housing	\$56,197	Grantor Restriction
Homebuyer Program	<u>20,101</u>	Grantor Restriction
Total	<u>\$76,298</u>	

Note 3 – Grant Receivable

At December 31, 2012, grants receivable consisted of the following:

<u>Grantor</u>	<u>Amount</u>
Louisiana Housing Finance Agency	\$107,502
Department of Housing and Urban Development	<u>4,666</u>
Total	<u>\$112,168</u>

Management is confident that these funds will be fully collected; therefore, no provision for loss has been made.

Note 4 – Inventory

During 2008, the Corporation received a donation of 4 lots valued at \$8,000. The purpose of the lots is to construct affordable housing for low income individuals. The Corporation was awarded a grant to construct single family houses on these lots. During 2012, the last home of the six homes constructed during 2010 and 2011 was sold.

During 2012, the Corporation purchased 6 lots to construct affordable housing for low income individuals. The purchase price of the lots was \$50,701, which is the inventory value.

Inner-City Revitalization Corporation
Notes to Financial Statements
December 31, 2012

Note 5 – 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 satisfy 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 \$12,715 at December 31, 2012 as reported by the Foundation.

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, 2012 totaled \$1,311.

ASC Topic 820 requires the Corporation to disclose estimated fair value for all financial instruments and non-financial instruments measured at fair value on a recurring basis. Under ASC Topic 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining the fair value, the Corporation uses Level 2 as their valuation approach. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels as follows

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Inner-City Revitalization Corporation
Notes to Financial Statements
December 31, 2012

Note 5 – Investments (Continued)

The Corporation uses the appropriate valuation technique based on the available inputs to measure the fair value of its investments.

	<u>Fair Value Measurement</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Beneficial Interest in Net Assets of Central Louisiana Community Foundation	\$12,715	\$12,715

Investment income for the year ended December 31, 2012 was made up of the following components.

Interest and Dividends	\$2,831
Realized and Unrealized Gain	<u>322</u>
 Total Investment Income	 <u>\$3,153</u>

Note 6 – Property and Equipment

At December 31, 2012, property and equipment consisted of the following:

	<u>Life</u>	<u>Carrying Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land		\$ 96,594	\$ -	\$ 96,594
Olive House – building	39 years	1,168,632	209,586	959,046
Rental property	39 years	292,434	59,495	232,939
Equipment	5-10 years	50,336	40,864	9,472
Construction in progress		<u>373,325</u>	<u>-</u>	<u>373,325</u>
 Total		 <u>\$1,981,321</u>	 <u>\$309,945</u>	 <u>\$1,671,376</u>

Depreciation expense for the current year was \$44,694.

During 2012, the Corporation began constructing 7 single family apartments. Two buildings, the Armour Building, which was in a state of disrepair, and a building on Third Street, had to be torn down to make room for the apartment buildings. The original cost of the actual buildings was written off as abandoned assets, while the cost of the land and demolishing costs were capitalized and are reflected in construction in process along with the other construction costs expended thus far.

Inner-City Revitalization Corporation
Notes to Financial Statements
December 31, 2012

Note 7 – Mortgage 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, and the principal balance at December 31, 2012 was \$23,417. The creditor 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, the Corporation received a grant from the Louisiana Housing Finance Agency 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 2012, the aid was awarded to one individual for \$31,843, to bring the total to \$240,000.

Note 8 – Notes Payable

In May 2000, the Corporation established an uncollateralized revolving line of credit with Capital One Bank in the amount of \$100,000. The note requires monthly payments of interest only. The line of credit is renewable annually at the discretion of the lender. The variable rate of interest is the highest prime rate plus two percent (2%) and was 5 25% per annum at December 31, 2012. Principal in the amount of \$12,625 was owed at December 31, 2012.

In August 2012, the Corporation established a line of credit with Red River Bank in the amount of \$705,000. The note requires monthly payments of interest only. The line of credit is renewable annually at the discretion of the lender. The variable rate of interest is the N.Y. Print Floating rate, subject to a 4.5% floor and was 5 25% per annum at December 31, 2012. Principal in the amount of \$74,714 was owed at December 31, 2012. The line of credit is secured by a first mortgage on the Armour Building Apartments.

Note 9 – Net Assets

At December 31, 2012, temporarily and permanently restricted net assets consisted of the following

Temporarily restricted net assets:

Homebuyer's Education	\$ 16,653
Low-income housing	96,499
Soft second mortgages	<u>240,000</u>

Total temporarily restricted net assets \$353,152

Permanently restricted net assets:

Endowment Fund (See Note 5)	<u>\$ 1,311</u>
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Inner-City Revitalization Corporation
Notes to Financial Statements
December 31, 2012

Note 9 – Net Assets (Continued)

Of the above items listed, cash required to fulfill these totals \$113,152. As of December 31, 2012, the Corporation only had restricted cash totaling \$76,298.

Note 10 – Income Taxes

The federal income tax returns of Inner City for 2010, 2011 and 2012 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

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.

During 2012, The Corporation had \$14,400 worth of pre-construction planning donated. This was in relation to the Armour Building Apartments demolition and construction project and is being included in the costs being capitalized.

Note 12– Concentration in Revenue

The Corporation received about 63% of its revenue from grants. About 7% of grant revenue was forgiveness of debt (See Note 7). These grants are necessary to further the Corporation's mission. The sale of homes built with grant revenue consisted of about 17% of the corporation's revenue. There were currently no more homes being built, however there were 6 undeveloped lots at December 31, 2012.

Note 13 – Subsequent Events

The Corporation has no material subsequent events that would require disclosure. Subsequent events have been evaluated through June 19, 2013, which is also the date the financial statements were available to be issued.



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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

June 19, 2013

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, 2012, and the related statements of activities, and cash flows for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated June 19, 2013.

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 effectiveness of Inner-City Revitalization Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings as item 2012-01 to be a material weakness

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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 of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

Inner-City Revitalization's Response to Findings

Inner-City Revitalization Corporation's response to the findings identified in our audit is described in the accompanying management's corrective action plan. 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

This report is intended 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



Inner-City Revitalization Corporation
Schedule of Findings
For the Year Ended December 31, 2012

2012-01 Preparation of Financial Statements

Condition:

Internally prepared interim and year end financial statements are not prepared in accordance with generally accepted accounting principles.

Criteria:

Financial statements should be prepared in accordance with generally accepted accounting principles.

Effect:

Internal financial statements for use by the management and board do not reflect the financial position of Inner-City Revitalization Corporation in accordance with generally accepted accounting principles.

Cause:

Entries necessary for financial statements to be presented in accordance with generally accepted accounting principles are not being posted and subsidiary ledgers are not being maintained. Specifically entries and subsidiary ledgers related to the following items are not being recorded properly: self-constructed assets, grant receivables, grant revenue, compensated absences, and non-cash contributions.

Recommendation:

Inner-City Revitalization Corporation should prepare the entries necessary for compliance with generally accepted accounting principles.

Response:

See Management's Corrective Action Plan for their response

Inner-City Revitalization Corporation
Managements Corrective Action Plan
For the Year Ended December 31, 2012

2012-01 Preparation of Financial Statements

Recommendation:

Inner-City Revitalization Corporation should prepare the entries necessary for compliance with generally accepted accounting principles.

Response:

A meeting with the Finance Committee Chair, Executive Director, Bookkeeper from Payne Moore & Harrington was held to discuss finding and we will began a monthly checklist to ensure proper posting and ledgers are being updated to specifically address assets, grants revenue, non-cash contributions and compensated absences to ensure compliance with general accepted accounting principles.

Implementation Date:

Immediately

Contact:

Barbara Dashiell, Executive Director (318) 442-1502

Inner-City Revitalization Corporation
Summary of Prior Year Findings
For the Year Ended December 31, 2012

2011-01 Preparation of Financial Statements

Condition.

Internally prepared interim and year end financial statements are not prepared in accordance with generally accepted accounting principles.

Current Year Condition:

See current year finding 2012-01