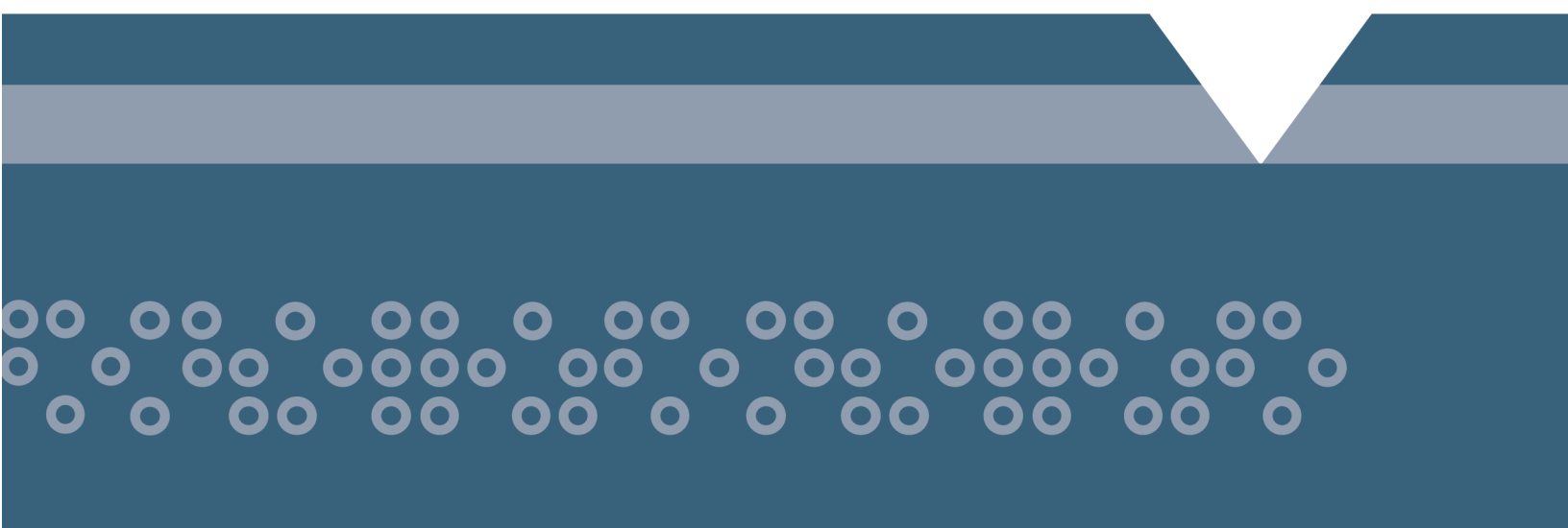


Industrial Development Board of the Parish of Caddo, Inc.

A component unit of the Caddo Parish Commission
Shreveport, Louisiana

Financial Statements
December 31, 2022



CERTIFIED PUBLIC
ACCOUNTANTS

INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS



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Board of Directors
Industrial Development Board of the Parish of Caddo, Inc.
Shreveport, Louisiana

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Industrial Development Board of the Parish of Caddo, Inc. (a non-profit organization), a component unit of the Caddo Parish Commission, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Industrial Development Board of the Parish of Caddo, Inc. as of December 31, 2022, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Industrial Development Board of the Parish of Caddo, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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 Industrial Development Board of the Parish of Caddo, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 GAAS 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 GAAS 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 Industrial Development Board of the Parish of Caddo, 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 Industrial Development Board of the Parish of Caddo, Inc.'s ability to continue as a going concern for a reasonable period of time.

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 Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented in accordance with Act 706 of the Louisiana Revised Statutes (LRS) 24:513(A)(3) on page 17 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 and *Government Auditing Standards*. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2023, on our consideration of the organization'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 the organization'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 Industrial Development Board of the Parish of Caddo, Inc.'s internal control over financial reporting and compliance.

HEARD, McELROY & VESTAL, L.L.C.

Shreveport, Louisiana
June 16, 2023

INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

ASSETS

Current assets:

Cash	\$ 1,925,180
Other receivables	<u>37,625</u>
Total current assets	<u>1,962,805</u>

Lease purchase asset, net

2,158,500

Total assets	<u>\$ 4,121,305</u>
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LIABILITIES & NET ASSETS

Net assets:

Without donor restrictions	\$ 1,962,805
With donor restrictions	<u>2,158,500</u>
Total net assets	4,121,305

Total liabilities and net assets	<u>\$ 4,121,305</u>
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The accompanying notes are an integral part of the financial statements.

INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenue and support:</u>			
Administrative fees	\$ 171,876	\$ -	\$ 171,876
Royalty income	240,568	-	240,568
Total revenue and support	412,444	-	412,444
 <u>Net assets released from restriction</u>	 726,000	 (726,000)	 -
<u>Operating expenses:</u>			
Program services	726,000	-	726,000
Management and general	72,887	-	72,887
Total operating expenses	798,887	-	798,887
 <u>Income (loss) from operations</u>	 339,557	 (726,000)	 (386,443)
 <u>Other income</u>	 12,300	 -	 12,300
 <u>Change in net assets</u>	 351,857	 (726,000)	 (374,143)
 <u>Net assets, beginning of year</u>	 1,610,948	 2,884,500	 4,495,448
 <u>Net assets, end of year</u>	 \$ 1,962,805	 \$ 2,158,500	 \$ 4,121,305

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

INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services		
	Industrial Development	Management and General	Total
Professional fees	\$ -	\$ 72,887	\$ 72,887
Total expenses before depreciation	-	72,887	72,887
Depreciation	726,000	-	726,000
Total expenses	<u>\$ 726,000</u>	<u>\$ 72,887</u>	<u>\$ 798,887</u>

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

INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities:

Change in net assets	\$ (374,143)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	726,000
Decrease in other receivables	<u>57,375</u>
Total adjustments	<u>783,375</u>
Net cash provided by operating activities	<u>409,232</u>

Net increase in cash 409,232

Cash - beginning of year 1,515,948

Cash - end of year \$ 1,925,180

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

INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Industrial Development Board of the Parish of Caddo, Inc. ("IDB") is a Louisiana public non-profit corporation and instrumentality of Caddo Parish, Louisiana organized pursuant of Title 51, Chapter 7 of the Louisiana Revised Statutes. IDB was created by the Police Jury of the Parish of Caddo, Louisiana in 1973 to promote the retention, expansion, and attraction of business and commercial enterprises in Caddo Parish and to expand employment opportunities. IDB has the ability to issue taxable and tax-exempt revenue bonds and other obligations to acquire land, construct, purchase, or renovate buildings to acquire and install machinery and equipment, and to finance any other economic development efforts. IDB can issue bonds without the necessity of calling a public bond election or having a public sale of bonds. The bonds (either taxable or tax exempt) are financed by the developer. Tax exempt bonds provide the incentive of a below market interest rate. IDB may also offer a PILOT (payment in lieu of taxes). A PILOT, if granted, may assist the developer with their financing of the project.

Reporting Entity

As the governing authority of the Parish, the Caddo Parish Commission is the financial reporting entity for reporting purposes. The financial reporting entity consists of (a) the primary government, the Caddo Parish Commission, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Because the Caddo Parish Commission has (a) a fiscal responsibility to the Industrial Development Board of the Parish of Caddo, Inc., and (b) the potential for the Industrial Development Board to provide specific financial benefits to, or impose specific financial burdens on, the Caddo Parish Commission, the Industrial Development Board was determined to be a component unit of the Caddo Parish Commission, the financial reporting entity.

The accompanying basic financial statements present information only on the funds maintained by the IDB and do not present information on the Caddo Parish Commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash consists of balances held in money market accounts at investment banks. These balances, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, IDB had uninsured cash balances of \$1,675,180.

INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

Lease Purchase Asset

The lease purchase asset represents the GM building leased to Shreveport Business Park, LLC (“SBP”) recorded at cost using the deposit method of accounting per GASB 62. The lease includes a purchase option. At the earlier of December 1, 2033, or the early payment of all amounts required under the lease agreement, IDB will transfer the ownership of the facility to SBP. Gain or loss on the transaction is not recognized until the sale is consummated and ownership transfers. Depreciation is expensed using the deposit method over the life of the asset. An amount equal to the payments received from the lessee is charged against the lease purchase asset and shown as depreciation expense.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor or grantor-imposed restrictions, as follows:

Net assets without donor restrictions – Net assets that are not subject to donor or grantor-imposed restrictions. Some net assets without donor restrictions may be designated for specific purposes by action of the governing board.

Net assets with donor restrictions – Net assets subject to donor or grantor-imposed restrictions that may or will be met by actions of the Organization, and/or by the passage of time.

Liquidity and Availability

The organization has a general goal of maintaining sufficient financial resources on hand to meet approximately six months of operating expenses. Financial assets, consisting of cash and other receivables, that are available for general expenditure, that is, without donor or other restrictions limiting their use, amounted to \$1,962,805 at December 31, 2022.

2. Economic Environment

Income is dependent primarily upon IDB receiving a sufficient number of applications wherein the applicant/developer is seeking bond financing through IDB and, additionally in some instances, a PILOT. In the long-term, these applications and the subsequent successful bond issuance generate closing costs income and potentially annual administrative fees if a PILOT is involved. All such projects occur in Caddo Parish. A decline in local and general economic conditions could affect the generation of revenue.

3. Agreements with Economic Development Projects

Sealy Shreveport Industrial Loop, L.P.

IDB is a party to an agreement originally dated February 1, 2003, and amended on May 1, 2011, with Sealy Shreveport Industrial Loop, L.P. (“Sealy”), a limited partnership organized and existed under the laws of the State of Georgia, for a project that consisted of acquiring, constructing and equipping, initially one but subsequently, two (2) warehouse/manufacturing facilities, in phases, of approximately 350,000 sq. ft. each to produce parts for the General Motors Automotive Plant in Shreveport Louisiana for the benefit of Sealy Shreveport Industrial Loop, L.P.

INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

Sealy must certify to the IDB annually on December 1 of each year, commencing December 1, 2012, the average number of employees employed and working on a full-time basis at the Project during the prior calendar year. If the daily average number of jobs at the Project is less than fifty (50) during any calendar year (without taking into consideration any period during which any event of force majeure affecting the Project or Sealy prevents Sealy from operating the Project at that level), Sealy shall pay to IDB a payment in lieu of tax payment in an amount equal to the taxes that would have been due on the Project if it were subject to ad valorem taxes. Sealy shall be entitled to include all full-time jobs at the Project, regardless of who is the employer.

Ivan Smith Furniture Company, Inc.

IDB is a party to an agreement dated August 26, 2004, with Ivan Smith Furniture Company, Inc., a limited liability company under the laws of the State of Louisiana, ("Ivan Smith"), in Shreveport, Louisiana.

Ivan Smith shall pay annually to the collector of taxes for the Parish of Caddo a PILOT payment in an amount equal to the taxes that would have been due on the Project if it were subject to ad valorem taxes commencing on February 1, 2015, and on the same date of each year thereafter.

In November 2014, an agreement was entered into between IDB and Ivan Smith to issue up to \$7,500,000 in Revenue Bonds. The agreement is set to expire, unless earlier terminated or extended, on December 31, 2030.

It is the intent of the IDB and Ivan Smith that the Project shall be exempt from ad valorem tax. Ivan Smith agrees to make a payment in lieu of tax on or before December 31 of each year as follows:

1. Unless an increased amount is required for years 2014 through 2030, Ivan Smith shall make a PILOT rent payment in the amount paid at the site of the Project in the 2013 tax year; and
2. Notwithstanding the foregoing, the favorable PILOT rent payments described above have been negotiated in exchange for:
 - a. Operations of the Project in Caddo Parish, Louisiana and
 - b. Ivan Smith's or its related persons and entities and successors and assigns maintaining certain combined employment levels at the Project, stores and other facilities of Ivan Smith operated by Ivan Smith or its related persons and entities and successors and assigns in the Parish of Caddo. Ivan Smith agrees to maintain records of its daily full-time employees at the Project and other facilities operated by Ivan Smith or its related persons and entities and successors and assigns in the Parish of Caddo and to file with IDB and the Caddo Parish Assessor, on or before December 1 of each year, commencing December 1, 2016, the average number of full-time employees at such facilities for the immediately preceding year. If in any of the years of this agreement, commencing 2016 the average number of full time employees falls below 140, the PILOT rent described shall be increased by the amount determined by multiplying the ad valorem property tax that would be paid on the Project for such year, if it were owned by Ivan Smith times 1 – (the number of actual full time employees verified for such period divided by 140).

Provided however, that if the Project and/or other facilities operated by Ivan Smith or its related persons and entities and successors and assigns in Caddo Parish are not operated due to "force majeure" during any calendar year, for 6 months or less, the days such

INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

facilities shall have been closed shall not be taken into account in determining the average annual full-time employment. Failure to meet the average annual full-time employment in any year shall not affect the abatement of ad valorem property tax or the PILOT provided for any other year. Any such increased PILOT rent shall be due and payable by December of the year of calculation.

Honeywell

IDB is a party to an agreement dated December 19, 2012, expiring on December 1, 2052, unless extended, with Honeywell International Inc. ("Honeywell") in Shreveport, Louisiana.

The agreement states the intent of the Project that the Plant be exempt from ad valorem property tax. Honeywell agrees to make a payment of the full amount of ad valorem taxes for the year 2012 on or before December 31, 2012, and thereafter a PILOT rental payment on or before December 31, of each year, commencing not later than December 31, 2013, and continuing each calendar year during the agreement term in the following amounts:

1. Honeywell shall make a PILOT rent payment with respect to the Existing Plant in the precalculated rates for future payments,
 - a. Using a constant millage rate of 152.52 mills
 - b. Taking into account the Louisiana Industrial Tax Exemptions granted by the Louisiana Board of Commerce and Industry (the "ITE") with regard to the Existing Plant absent this agreement and scheduled expiration of such exemptions,
 - c. Using a constant value of land, improvements and personal property comprising the Existing Plant based on the market values determined for the 2012 ad valorem tax purposes, and
 - d. Providing for depreciation and for reduction based on obsolescence, removal, and other factors.
2. Each component portion of the Expansion Project placed in service shall enjoy and be free of PILOTs for twenty (20) full calendar years succeeding the calendar year each component portion is placed in service in order to have the same effect as if an industrial tax exemption were granted by the Board of Commerce and Industry for each such component portion for a 20-year period. In the year following such 20 year period for each component portion placed in service, there shall be a payment in an amount equal to 10% of the amount that would be paid in ad valorem taxes if the component portion was not owned by an entity whose property is tax exempt and ratcheting up each year for 10 years in 10% increases such that an amount equal to 100% of what the taxes would be is required to be paid in the year following the 30th year after the component portion is placed in service.
3. In addition to the Existing Plant PILOT rent and the Expansion Project PILOT rent, Honeywell shall also make supplemental PILOT payments to be paid on or before December 31 of the first full calendar year following the placement in service of each component portion of an Expansion Project and for each year thereafter, until the 21st year after the Expansion Project PILOT rent attributable to such component portion would become applicable, in an amount equal to 5% of what the ad valorem property taxes would be if the component portion was not owned by an entity whose property is tax exempt.

INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

4. The favorable property tax abatements and reductions discussed above have been negotiated based on the economic benefits to Honeywell and the community of the retention of the Existing Plant and the development of the Expansion Project. IDB has concluded that the economic benefits of such retention and development exceeds the value of the property tax benefits. In the event that Honeywell does not meet minimum performance objections, additional payments shall be due and payable.
5. So long as this agreement remains in effect and all or any portion of the Plant is owned by IDB, the PILOT rent with respect to each component portion of the Plant shall (except with respect to the Supplemental PILOT payments) in no event be greater than the amount of ad valorem property tax that would otherwise be due in any year, assuming a ten year industrial tax exemption had been granted by the Louisiana Board of Commerce and Industry for each component part of the Plant commencing in the calendar year following the placed in service date of such component, pursuant to the applicable relevant tax regulations in Louisiana as the same may be amended from time to time during the term of this agreement.

In addition to other amounts due and payable hereunder, Honeywell shall, on the date of execution and delivery hereof and December 31 of each year, commencing December 31, 2013, pay an Annual Administrative Fee Rental payment of \$75,000 directly to IDB.

In any year that the lease expires or is cancelled or terminated prior to December 31 of such year, the payments required above shall survive and be payable by Honeywell on or before the December 31 next succeeding such expiration, termination, or cancellation.

Shreveport Business Park, LLC

IDB is a party to an agreement dated December 27, 2013, expiring on December 31, 2033, unless extended, with Shreveport Business Park, LLC, which includes the former General Motors plant facility in Shreveport, Louisiana.

While the Project is owned by IDB, the property will be exempt from ad valorem property tax as set forth in the paragraph Louisiana Revised Statutes 51:1160. It permits IDB to require a PILOT payment in an amount up to the amount of ad valorem property taxes that would be required if the Project were not owned by an entity whose property is exempt ad valorem property tax. IDB agrees that no PILOT payment will be required for the current tax year or the 2014 through 2025 years. Thereafter, until this agreement is terminated, there shall be a PILOT payment payable on or before December 31 of each year, commencing December 31, 2026, in an amount equal to the amount that would be paid for such year with respect to the Project, if it were owned by a party whose property is subject to ad valorem property taxes.

The following rental payments are agreed upon by IDB and SBP:

1. On the closing date and on the first day of each month thereafter, through and including December 1, 2016, the SBP shall make a rental payment in the amount of \$25,000 per month. Thereafter, commencing January 1, 2017, and on the first day of each month through and including December 1, 2033, such rent payable by SBC shall increase to \$60,500 per month. SBP at its own discretion may make payments in excess of the minimum rent.

INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

2. On December 31 of each year, SBP shall pay to the tax collector, as percentage rent, an amount equal to 15% of the tenant base rent (i.e., rent exclusive of all operating costs and expenses, taxes, or payments in lieu of taxes paid to IDB, insurance, etc.) received under each sublease paid to SBP for portions of the Project subleased, including without limitation, the Sublease, after SBP collects an amount of tenant base rent equal to the cost of all tenant improvements and capital expenditures required to be made by SBP related to each sublease. SBP shall furnish to IDB on December 10 of each year an accounting of all tenant improvements and capital expenditures required to be made by SBP and the aggregate amount of tenant base rent.
3. In addition to amounts due above, SBP shall on August 1, 2014, and on December 31 of each year thereafter, commencing December 31, 2014, pay an administrative fee rental payment in the amount of \$20,000 to IDB.

All payments above, with the exception of the annual administrative fee rental payment, will be reimbursed to the Caddo Parish Commission as PILOT payments.

The Caddo Parish Commission has the option at any time to request transfer of title of the facility from Industrial Development Board of the Parish of Caddo, Inc. if the request is made in writing. After such a request is received, Industrial Development Board of the Parish of Caddo, Inc. has ten (10) days to transfer title to the Commission.

CF Tamarin SHV, LLC

IDB is a party to an agreement dated August 1, 2022, expiring on December 31, 2032, unless extended, with CF Tamarin SHV, LLC, in Shreveport, Louisiana.

While the Project is owned by IDB, the property will be exempt from ad valorem property tax as set forth in the paragraph Louisiana Revised Statutes 51:1160. It permits IDB to require a PILOT payment in an amount up to the amount of ad valorem property taxes that would be required if the Project were not owned by an entity whose property is exempt ad valorem property tax. IDB agrees that no PILOT payment will be required for the current tax year. Thereafter, until this agreement is terminated, there shall be a PILOT payment payable on or before December 31 of each year, commencing December 31, 2023, in an amount equal to the amount that would be paid for such year with respect to the Project, if it were owned by a party whose property is subject to ad valorem property taxes.

The following rental payments are agreed upon by IDB and CF Tamarin SHV, LLC:

1. On the closing date of the agreement, CF Tamarin SHV, LLC shall pay the costs of the transaction associated with the agreement consisting of IDB's closing fees in the fixed amount of \$50,000, plus the legal fees and out-of-pocket expenses of IDB's legal counsel in connection with the execution and delivery of the agreement and initial conveyance of the equipment to IDB.
2. On December 31 of each year, beginning December 31, 2023, CF Tamrin SHV, LLC shall pay, as Base PILOT Rent Payments, to the tax collector, and amount equal to the sum of:
 - a. \$8,099, being the full amount of 2020 taxes paid with respect to the site; plus
 - b. An amount equal to the full amount of ad valorem taxes that would otherwise be payable to the Caddo Parish School Board and its financing district(s) on the buildings and improvements for the applicable year; plus

INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

- c. An amount equal to the full amount of ad valorem taxes that would otherwise be payable to the Caddo Parish Sheriff and Caddo Parish Law Enforcement District on the buildings and improvements for the applicable year.
3. In addition to amounts due above, CF Tamarin SHV, LLC shall, on December 31 of each year, commencing December 31, 2022, pay an administrative fee rental payment in the amount of \$50,000 to IDB.
4. The favorable Base PILOT Rent Payments described in (2) above have been negotiated by and between IDB and CF Tamarin SHV, LLC as an incentive to encourage the development of the building project and the purchase of equipment, and to create and retain jobs and payroll. In consideration of that promise, IDB and CF Tamarin SHV, LLC have structured the agreement in a manner that results in no local property taxes being owed by CF Tamarin SHV, LLC on the project. In order to protect the benefits being received by IDB in terms of jobs and payroll, CF Tamarin SHV, LLC agrees that it will report to IDB by December 31 of each year (or the next succeeding business day), commencing December 31, 2023, the actual employment for the prior one-year period ending on the previous September 30. CF Tamarin SHV, LLC shall also pay by such December 31 of each year, commencing December 31, 2023, solely after a determination that the actual employment was less than the targeted employment for the applicable period, an amount of additional clawback rent in arrears with respect to the one-year period ending on the preceding September 30 equal to:
 - a. The whole number by which the actual employment was less than the targeted employment for the one-year period ending September 30, multiplied by
 - b. A clawback penalty amount equal to the annual PILOT savings for the calendar year divided by 50% of the targeted employment for the year in question.

Targeted employment refers to the number of full-time permanent jobs with employee benefits for each twelve-month period. Targeted employment numbers are 500 for the year 2023 and 1,000 for the years 2024 through 2032.

All payments above, with the exception of the annual administrative fee rental payment, will be reimbursed to the Caddo Parish Commission as PILOT payments.

Amazon.com Services, LLC

IDB is a party to an agreement dated August 1, 2022, expiring on December 31, 2032, unless extended, with Amazon.com Services, LLC, in Shreveport, Louisiana.

While the Project is owned by IDB, the property will be exempt from ad valorem property tax as set forth in the paragraph Louisiana Revised Statutes 51:1160. It permits IDB to require a PILOT payment in an amount up to the amount of ad valorem property taxes that would be required if the Project were not owned by an entity whose property is exempt ad valorem property tax. IDB agrees that no PILOT payment will be required for the current tax year. Thereafter, until this agreement is terminated, there shall be a PILOT payment payable on or before December 31 of each year, commencing December 31, 2023, in an amount equal to the amount that would be paid for such year with respect to the Project, if it were owned by a party whose property is subject to ad valorem property taxes.

INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

The following rental payments are agreed upon by IDB and Amazon.com Services, LLC:

1. On the closing date of the agreement, Amazon.com Services, LLC shall pay the costs of the transaction associated with the agreement consisting of IDB's closing fees in the fixed amount of \$50,000, plus the legal fees and out-of-pocket expenses of IDB's legal counsel in connection with the execution and delivery of the agreement and initial conveyance of the equipment to IDB.
2. On December 31 of each year, beginning December 31, 2023, Amazon.com Services, LLC shall pay, as Base PILOT Rent Payments, to the tax collector, and amount equal to the sum of:
 - a. An amount equal to the full amount of ad valorem taxes that would otherwise be payable to the Caddo Parish School Board and its financing district(s) on the machinery and equipment for the applicable year; plus
 - b. An amount equal to the full amount of ad valorem taxes that would other be payable to the Caddo Parish Sheriff and Caddo Parish Law Enforcement District on the machinery and equipment for the applicable year.
3. In addition to amounts due above, Amazon.com Services, LLC shall, on December 31 of each year, commencing December 31, 2022, pay an administrative fee rental payment in the amount of \$50,000 to IDB.
4. The favorable Base PILOT Rent Payments described in (2) above have been negotiated by and between IDB and Amazon.com Services, LLC as an incentive to encourage the development of the building project and the purchase of equipment, and to create and retain jobs and payroll. In consideration of that promise, IDB and Amazon.com Services, LLC have structured the agreement in a manner that results in no local property taxes being owed by Amazon.com Services, LLC on the project.

In order to protect the benefits being received by IDB in terms of jobs and payroll, Amazon.com Services, LLC agrees that it will report to IDB by December 31 of each year (or the next succeeding business day), commencing December 31, 2023, the actual employment for the prior one-year period ending on the previous September 30. Amazon.com Services, LLC shall also pay by such December 31 of each year, commencing December 31, 2023, solely after a determination that the actual employment was less than the targeted employment for the applicable period, an amount of additional clawback rent in arrears with respect to the one-year period ending on the preceding September 30 equal to:

- a. The whole number by which the actual employment was less than the targeted employment for the one-year period ending September 30, multiplied by
- b. A clawback penalty amount equal to the annual PILOT savings for the calendar year divided by 50% of the targeted employment for the year in question.

Targeted employment refers to the number of full-time permanent jobs with employee benefits for each twelve-month period. Targeted employment numbers are 500 for the year 2023 and 1,000 for the years 2024 through 2032.

All payments above, with the exception of the annual administrative fee rental payment, will be reimbursed to the Caddo Parish Commission as PILOT payments.

INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

Edgemont Holdings, LLC

IDB is a party to an agreement dated November 1, 2021, expiring on December 31, 2038, unless extended, with Edgemont Holdings, LLC, in Hosston, Louisiana.

While the Project is owned by IDB, the property will be exempt from ad valorem property tax as set forth in the paragraph Louisiana Revised Statutes 51:1160. It permits IDB to require a PILOT payment in an amount up to the amount of ad valorem property taxes that would be required if the Project were not owned by an entity whose property is exempt ad valorem property tax. IDB agrees that no PILOT payment will be required for the 2022 tax year. Thereafter, until this agreement is terminated, there shall be a PILOT payment payable on or before December 31 of each year, commencing December 31, 2023, in an amount equal to the amount that would be paid for such year with respect to the Project, if it were owned by a party whose property is subject to ad valorem property taxes.

The following rental payments are agreed upon by IDB and Edgemont Holdings, LLC:

1. On the closing date of the agreement, Edgemont Holdings, LLC shall pay the costs of the transaction associated with the agreement consisting of IDB's closing fees in the fixed amount of \$3,375, plus the legal fees and out-of-pocket expenses of IDB's legal counsel in connection with the execution and delivery of the agreement and initial conveyance of the equipment to IDB.
 - a. On December 31 of each year, beginning December 31, 2023, Edgemont Holdings, LLC shall pay, as Base PILOT Rent Payments, to the tax collector, an amount equal to the amount of property taxes paid on the site of the Project for tax year 2021, as documented in the certification provided upon completion of the Project.
2. In addition to amounts due above, Edgemont Holdings, LLC shall, on December 31 of each year, commencing December 31, 2022, pay an administrative fee rental payment in the amount of \$3,375 to IDB.
3. The favorable Base PILOT Rent Payments described in (2) above have been negotiated by and between IDB and Edgemont Holdings, LLC as an incentive to encourage the development of the building project and the purchase of equipment, and to create and retain jobs and payroll. In consideration of that promise, IDB and Edgemont Holdings, LLC have structured the agreement in a manner that results in no local property taxes being owed by Edgemont Holdings, LLC on the project.

All payments above, with the exception of the annual administrative fee rental payment, will be reimbursed to the Caddo Parish Commission as PILOT payments.

4. Related Party Transactions

PILOT payments were made directly to the Caddo Parish Commission, according to the agreement between the Industrial Development Board of the Parish of Caddo, Inc. and Shreveport Business Park, LLC as of December 31, 2022, these reimbursements totaled \$726,000. No payables are recorded to the Commission as of December 31, 2022.

5. Subsequent Events

IDB has evaluated subsequent events through June 16, 2023, the date which the financial statements were available for distribution, for potential recognition and disclosure. No such events were noted.

SUPPLEMENTARY INFORMATION

INDUSTRIAL DEVELOPEMTN BOARD OF THE PARISH OF CADDO, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2022

Louisiana Revised Statute 24:513 (A)(3) requires reporting total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2016 Regular Session of the Louisiana Legislature to clarify that nongovernmental or not-for-profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer from public funds.

The Industrial Development Board of the Parish of Caddo, Inc. is not required to report the total compensation, reimbursements, and benefits paid to Mr. Kyle McInnis, President, during the year December 31, 2022, as there were no payments made.

OTHER REPORTS



REGIONS TOWER
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Board of Directors
Industrial Development Board of the Parish of Caddo, Inc.
Shreveport, Louisiana

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Industrial Development Board of the Parish of Caddo, Inc. (a non-profit organization), a component unit of the Caddo Parish Commission, which comprise the statement of financial position as of December 31, 2022, and the related statements 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 16, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the organization'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 Industrial Development Board of the Parish of Caddo, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Industrial Development Board of the Parish of Caddo, 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 Industrial Development Board of the Parish of Caddo, Inc.'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Industrial Development Board of the Parish of Caddo, 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 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 matters that are required to be reported under *Government Auditing Standards*.

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. Although the intended use of those reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the office of the Louisiana Legislative Auditor as a public document.

HEARD, McELROY & VESTAL, L.L.C.

Shreveport, Louisiana
June 16, 2023

INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2022

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Industrial Development Board of the Parish of Caddo, Inc.
2. No material weaknesses or significant deficiencies in internal control relating to the audit of the basic financial statements are reported.
3. No instances of noncompliance material to the basic financial statements of the Industrial Development Board of the Parish of Caddo, Inc. were disclosed during the audit.
4. The Industrial Development Board of the Parish of Caddo, Inc. was not subject to a Federal Single Audit for the year ended December 31, 2022.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

Not applicable.

INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2022

No prior year findings were reported.