

**LAFAYETTE NEIGHBORHOODS'
ECONOMIC DEVELOPMENT
CORPORATION AND SUBSIDIARY**
Lafayette, Louisiana

**Combined Financial Report
Years Ended April 30, 2024 and 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lafayette Neighborhoods' Economic
Development Corporation
Lafayette, Louisiana

Opinion

We have audited the accompanying financial statements of Lafayette Neighborhoods' Economic Development Corporation (LNEDC) (a nonprofit organization), which comprise the combined statements of financial position as of April 30, 2024 and 2023, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of Lafayette Neighborhoods' Economic Development Corporation as of April 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lafayette Neighborhoods' Economic Development Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lafayette Neighborhoods' Economic Development Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Lafayette Neighborhoods' Economic Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lafayette Neighborhoods' Economic Development Corporation's ability to continue as a going concern for a reasonable period of time

We did not audit the 2024 and 2023 financial statements of Evangeline Apartments, a wholly owned subsidiary, which statements reflect total assets of \$2,132,369 and \$2,209,537 as of April 30, 2024 and 2023, and total revenues of \$568,411 and \$567,695 for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Evangeline Apartments as of April 30, 2024 and 2023, and the years then ended, is based solely on the report of the other auditors.

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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements on pages 16-19 are presented for purposes of additional analysis and is not a required part of the combining 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined 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 October 14, 2024, on our consideration of Lafayette Neighborhoods' Economic Development 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 Lafayette Neighborhoods' Economic Development 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 Lafayette Neighborhoods' Economic Development Corporation's internal control over financial reporting and compliance.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

October 14, 2024

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combined Statements of Financial Position
April 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 607,791	\$1,117,325
Certificates of deposit	262,727	-
Loans receivable, current (net of reserve)	77,482	77,553
Accrued interest receivable	8,736	2,484
Prepaid expenses	62,626	56,384
TOTAL CURRENT ASSETS	1,019,362	1,253,746
PROPERTY AND EQUIPMENT		
Buildings	1,500,000	1,500,000
Building improvements	597,937	476,416
Furniture and equipment	74,337	63,436
Less: accumulated depreciation	(935,043)	(825,620)
TOTAL PROPERTY AND EQUIPMENT	1,237,231	1,214,232
OTHER ASSETS		
Utility deposits	3,497	675
Loans receivable (net of reserve)	441,733	308,176
TOTAL OTHER ASSETS	445,230	308,851
TOTAL ASSETS	\$2,701,823	\$2,776,829
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 10,278	\$ 21,685
Notes payable	51,628	46,852
Tenant deposits	39,896	36,696
TOTAL CURRENT LIABILITIES	101,802	105,233
NET ASSETS		
Without donor restrictions	2,031,827	2,104,670
With donor restrictions	568,194	566,926
TOTAL NET ASSETS	2,600,021	2,671,596
TOTAL LIABILITIES AND NET ASSETS	\$2,701,823	\$2,776,829

See independent auditor's report and notes to the combined financial statements.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combined Statements of Activities
Years Ended April 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE		
Rent - Residential	\$ 474,543	\$ 479,588
Rent - Commercial	78,650	79,600
Other	<u>15,218</u>	<u>8,507</u>
Total revenue without donor restrictions	568,411	567,695
Net assets released from restrictions	<u>91,201</u>	<u>47,186</u>
TOTAL SUPPORT, REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>659,612</u>	<u>614,881</u>
EXPENSES		
Support services	<u>678,455</u>	<u>561,388</u>
Change in net assets without donor restrictions	<u>(18,843)</u>	<u>53,493</u>
NET ASSETS WITH DONOR RESTRICTIONS		
REVENUE AND SUPPORT		
Interest - loans	37,432	27,231
Other	<u>1,037</u>	<u>1,223</u>
Total revenue and support with donor restrictions	38,469	28,454
Net assets released from donor restrictions	<u>(91,201)</u>	<u>(47,186)</u>
Change in net assets with donor restrictions	<u>(52,732)</u>	<u>(18,732)</u>
CHANGE IN NET ASSETS	(71,575)	34,761
NET ASSETS, BEGINNING	<u>2,671,596</u>	<u>2,636,835</u>
NET ASSETS, ENDING	<u>\$2,600,021</u>	<u>\$2,671,596</u>

See independent auditor's report and notes to the combined financial statements.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combed Statements of Functional Expenses
Years Ended April 30, 2024 and 2023

	2024	2023
<u>Support Services:</u>		
<u>Management & General</u>		
Accounting	\$ 9,610	\$ 11,750
Bank fees	1,023	390
Bad debts	17,292	9,722
Bad debt collection	400	-
Consulting	134,878	103,636
Depreciation expense	109,423	90,343
Insurance	103,534	79,308
Interest expense	3,178	2,250
Legal and professional	40,097	13,577
LNEDC board expenses	12,904	-
Marketing	150	4,510
Meals	3,083	4,011
Meeting expense	2,020	982
Miscellaneous	2,673	15
Office expense	8,720	4,438
Payroll taxes	-	2,453
Postage	4,090	-
Property taxes	1,121	1,121
Refund	-	60
Repairs and maintenance	133,816	102,066
Resident services	7,973	5,278
Salaries	-	32,136
Security	16,476	26,120
Supplies	3,058	3,117
Telephone	6,685	6,450
Utilities	56,251	57,655
Total	\$ 678,455	\$ 561,388

See independent auditor's report and notes to the combined financial statements

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combined Statements of Cash Flows
Years Ended April 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (71,575)	\$ 34,761
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	109,423	90,343
(Increase) decrease in assets:		
Loans receivable	(133,486)	(94,851)
Accrued interest receivable	(6,252)	(769)
Prepays	(6,242)	(17,663)
Utility deposits	(2,822)	-
Increase (decrease) in liabilities:		
Accounts payable	(11,407)	14,839
Deposits	3,200	2,745
Net cash provided (used) by operating activities	(119,161)	29,405
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments for the purchase of fixed assets	(132,422)	(117,151)
Cash payments for the purchase of certificates of deposits	(262,727)	-
Net cash used by investing activities	(395,149)	(117,151)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in notes payable	4,776	19,539
Net cash provided by financing activities	4,776	19,539
Net decrease in cash	(509,534)	(68,207)
CASH, beginning of year	1,117,325	1,185,532
CASH, end of year	\$ 607,791	\$1,117,325

See independent auditor's report and notes to combined financial statements.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Notes to Combined Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Lafayette Neighborhoods' Economic Development Corporation (the Corporation) is a non-profit corporation organized under the provisions of the Cooperative Economic Development Law of the State of Louisiana.

The Corporation operates a revolving loan fund and owns and operates a piece of residential real-estate (Evangeline Apartments). The operations of the Evangeline Apartments are separately reflected in the attached combining financial statements. All significant intercompany balances and transactions have been eliminated.

Nature of Activities

The Corporation was organized to help alleviate conditions of economic distress in the City of Lafayette's low and moderate-income neighborhoods by stimulating greater private capital investment in these target areas. To accomplish this goal, the corporation provides financing to new and expanding small businesses in Lafayette.

Evangeline Apartments is a rental building located in the downtown area of Lafayette, Louisiana. The building is used to lease ground level space to various retail businesses, while upper levels are rented to individuals as residential space. The individuals renting the residential space must meet various low income housing requirements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, Presentation of Financial Statements for Not-for-Profit Entities. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of restrictions. Accordingly, net assets of the Corporation and changes therein are classified as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations or grantor-imposed restrictions.

Net Assets with Donor Restrictions – Net assets with donor restrictions are resources that are subject to donor-imposed or grantor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature: such as those that are restricted by a donor that the resources be maintained in perpetuity.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
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Notes to Combined Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue with and without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service.

All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from donor restrictions.

Income Taxes

In accordance with Rev. Proc. 95-48, 1995-2 C.B. 418, the Corporation is exempt from federal income tax under section 501(a) of the Internal Revenue Code. As such, the Corporation is not required to file annual information return Form 990. The Revenue Procedure specifically exempts from filings affiliates of governmental units that are exempt from federal income tax under section 501(a).

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Corporation has no cash equivalents as of April 30, 2024 and 2023.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Notes to Combined Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans Receivable and Allowance for Loan Losses

Loans receivable are carried at unpaid principal balances, less an allowance for loan losses. The allowance for loan losses is increased by charges to the change in net assets and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Corporation's past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Past due status is determined based on contractual terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. The Corporation's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons.

Loans are placed on nonaccrual when management believes, after considering economic conditions, business conditions, and collection efforts that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received.

Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

Depreciation

Property and equipment are recorded at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets.

<u>Assets</u>	<u>Years</u>
Building	27
Building improvements	15-27
Furniture and equipment	10

Depreciation expense for the years ended April 30, 2024 and 2023 was \$109,423 and \$90,343, respectively.

Uses 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Notes to Combined Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among supporting services benefited.

Adoption of FASB ASC 842

Effective May 1, 2022, LNEDEC adopted FASB ASC 842, Leases. The Corporation determines if an arrangement contains a lease at inception based on whether the Corporation has the right to control the asset during the contract period and other facts and circumstances. The Corporation elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 did not result in the recognition of a right-of-use asset or operating lease liabilities due to the lease terms considered to be short-term.

Subsequent Events

Management has evaluated events subsequent to the balance sheet date through October 14, 2024, the date the combining financial statements were available to be issued

NOTE 2 AVAILABILITY AND LIQUIDITY

The following represents the Corporation's financial assets available for general expenditures that is, without donor or other restrictions limiting their use as of April 30, 2024:

<u>Financial assets at year end</u>	
Cash	\$ 607,791
Certificates of deposits	262,727
Loans receivable	81,086
Accrued interest receivable	8,736
Prepaid expenses	<u>62,626</u>
Total financial assets	1,022,966
<u>Less: those unavailable for general expenditures</u>	
<u>within one year, due to:</u>	
Accounts payable	(10,278)
Restricted for debt repayment	<u>(51,628)</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 961,060</u>

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
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Notes to Combined Financial Statements

NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the loans receivable calculated using current rates for loans with similar maturities approximates their carrying amount.

Based on current borrowing rates, the fair value of notes payable approximates their carrying value.

NOTE 4 LOANS RECEIVABLE

Loans receivable are comprised of loans to local business owners in a specific geographical area who are unable to obtain loan approval through conventional methods. These loans were made for working capital, debt refinancing, and fixed asset acquisition. Collateral is comprised of chattel mortgages on business equipment and collateral mortgages on real estate. Interest is accrued on outstanding loans from the date of the last principal payment. The loan portfolio at April 30, 2024 and 2023 is as follows:

	2024	2023
Loans receivable outstanding	\$ 604,577	\$ 453,799
Less: Allowance for loan losses	(85,362)	(68,070)
Loans receivable, net	\$ 519,215	\$ 385,729

For the years ended April 30, 2024 and 2023, management has classified the net loans receivable into current and noncurrent maturities. Current maturities are those maturing within one year.

	2024	2023
Current loans receivable, net	\$ 77,482	\$ 77,553
Noncurrent loans receivable, net	441,733	308,176
	\$ 519,215	\$ 385,729

Allowance for Loan Losses

Management has an established methodology to determine the adequacy of the allowance for loan losses that assesses the risks and losses inherent in the loan portfolio. The allowance requires significant judgment to determine the estimation method that fits the credit risk characteristics of its portfolio. Management uses internally developed models in this process. Management must use judgment in establishing additional input metrics for the modeling processes.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Notes to Combined Financial Statements

NOTE 4 LOANS RECEIVABLE (Continued)

An analysis of the allowance for loan losses for the years ended April 30, 2024 and 2023 is as follows:

	2024	2023
Balance, beginning	\$ 68,070	\$ 58,348
Loans written off	-	-
Increase in provision for loan losses	17,292	9,722
Balance, ending	\$ 85,362	\$ 68,070

Age Analysis of Past Due Financing Receivables

Following is a table that includes an aging analysis of the recorded investment of past due financial receivables as of April 30, 2024 and 2023. Also included are loans that are 90 days or more past due, as to interest and principal, and still accruing, because they are well-secured and in the process of collection.

Credit Quality Information
Age Analysis of Past Due Financing Receivables
April 30, 2024

30-60 Days Past Due	61-90 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Total Financing Receivables	Recorded Investment 90 Days and Accruing
\$ -	\$ -	\$ -	\$ -	\$ 604,577	\$ 604,577	\$ -
	Good	Sub-standard	Doubtful	Loss	Total	
	\$ 604,577	-	-	-	\$ 604,577	

Credit Quality Information
Age Analysis of Past Due Financing Receivables
April 30, 2023

30-60 Days Past Due	61-90 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Total Financing Receivables	Recorded Investment 90 Days and Accruing
\$ -	\$ -	\$ -	\$ -	\$ 453,799	\$ 453,799	\$ -
	Good	Sub-standard	Doubtful	Loss	Total	
	\$ 453,799	-	-	-	\$ 453,799	

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Notes to Combined Financial Statements

NOTE 4 LOANS RECEIVABLE (Continued)

Nonaccrual Loans

Management generally places loans on nonaccrual status when the full and timely collection of interest or principal becomes uncertain, part of the principal balance has been charged off and no restructuring has occurred, or the loans reach a certain number of days past due. All loans are placed on nonaccrual status once they are 360 days past due.

When management places a loan on nonaccrual status, management reverses the accrued unpaid interest receivable against interest income and accounts for the loan on the cash or cost recovery method until it qualifies for return to accrual status. Generally, management returns a loan to accrual status when either: (a) all delinquent interest and principal become current under the terms of the loan agreement or (b) the loan is both well-secured and in the process of collection, and collectability is no longer doubtful.

Management has determined that the entire balance of a loan is contractually delinquent if the minimum payment is not received by the specified due date. Interest and fees continue to accrue on past due loans until the date the loan goes into nonaccrual status, if applicable.

As of April 30, 2024 and 2023, no loans were on nonaccrual status. For the years ended April 30, 2024 and 2023, \$0 and \$769 of accrued unpaid interest was reversed against interest income, respectively. The total recorded investment in impaired loans amounted to approximately \$0 and \$0, as of April 30, 2024 and 2023, respectively.

NOTE 5 NOTES PAYABLE

	<u>2024</u>	<u>2023</u>
Note payable to insurance financier, payable in 10 monthly payments of \$7,986 including interest at a rate of 7.750%, collateralized by the assignment of insurance policies.	\$ -	\$ 46,852
Note payable to insurance financier, payable in 10 monthly payments of \$8,826 including interest at a rate of 8.750%, collateralized by the assignment of insurance policies.	<u>51,628</u>	<u>-</u>
Total	<u>\$ 51,628</u>	<u>\$ 46,852</u>

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Notes to Combined Financial Statements

NOTE 6 COMPENSATION OF BOARD OF DIRECTORS

Members of the Board of Directors were not paid per diem or other compensation during the years ended April 30, 2024 and 2023.

NOTE 7 CONCENTRATION OF CREDIT RISK

The Corporation provides financing to a diversified group of businesses located primarily in the Lafayette area. This assistance is provided based on an evaluation of each customer's financial condition, business knowledge, sufficiency of collateral, etc. Credit losses, upon occurrence, are provided for within the financial statements.

NOTE 8 FINANCIAL INSTRUMENTS

The Corporation maintains its cash deposits in high quality financial institutions. Cash balances may, at times, exceed FDIC insurance coverage. The Corporation has not experienced any losses in such accounts and believes that there is not any significant credit risk associated with cash.

NOTE 9 LITIGATION AND CLAIMS

There was no pending litigation against the Corporation at April 30, 2024.

NOTE 10 GRANT

On April 5, 2024, Management signed a new grant agreement with Lafayette City-Parish Consolidated Government. The amount of the grant is up to \$200,000 for additional Revolving Investment and Loan Funds. Funds shall be received from HUD pursuant to its CDBG Program.

SUPPLEMENTARY INFORMATION

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combining Statement of Financial Position
April 30, 2024

	Lafayette Neighborhood's Economic Development Corporation	Evangeline Apartments	Eliminating and Combining	Combined Balance
ASSETS				
CURRENT ASSETS				
Cash	\$ 159,943	\$ 530,788	\$ (82,940)	\$ 607,791
Certificates of deposit	-	262,727	-	262,727
Loans receivable, current (net of reserve)	77,482	3,604	-	81,086
Accrued interest receivable	8,736	-	-	8,736
Prepaid expenses	-	62,626	-	62,626
TOTAL CURRENT ASSETS	246,161	859,745	(82,940)	1,022,966
PROPERTY AND EQUIPMENT				
Buildings	-	1,500,000	-	1,500,000
Building improvements	-	597,937	-	597,937
Furniture and equipment	-	74,337	-	74,337
Less: accumulated depreciation	-	(935,043)	-	(935,043)
TOTAL PROPERTY AND EQUIPMENT	-	1,237,231	-	1,237,231
OTHER ASSETS				
Utility deposits	-	3,497	-	3,497
Loans receivable (net of reserve)	406,233	31,896	-	438,129
TOTAL OTHER ASSETS	406,233	35,393	-	441,626
TOTAL ASSETS	\$ 652,394	\$2,132,369	\$ (82,940)	\$2,701,823
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 1,260	\$ 9,018	\$ -	\$ 10,278
Notes payable	-	51,628	-	51,628
Due to Evangeline Apartments	76,940	-	(76,940)	-
Tenant deposits	-	39,896	-	39,896
TOTAL CURRENT LIABILITIES	78,200	100,542	(76,940)	101,802
NET ASSETS				
Without donor restrictions	-	2,031,827	-	2,031,827
With donor restrictions	574,194	-	(6,000)	568,194
TOTAL NET ASSETS	574,194	2,031,827	(6,000)	2,600,021
TOTAL LIABILITIES AND NET ASSETS	\$ 652,394	\$2,132,369	\$ (82,940)	\$2,701,823

See independent auditor's report.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combining Statement of Activities
Year Ended April 30, 2024

	Lafayette Neighborhoods Economic Development Corporation	Evangelme Apartments	Eliminating and Combining	Combined Balance
NET ASSETS WITHOUT DONOR RESTRICTIONS				
REVENUE				
Rent - Management fee	\$ 60,000	-	\$ (60,000)	\$ -
Rent - Residential	-	474,543		474,543
Rent - Commercial	-	78,650	-	78,650
Other	<u>-</u>	<u>15,218</u>	<u>-</u>	<u>15,218</u>
Total revenue without donor restrictions	60,000	568,411	(60,000)	568,411
Net assets released from restrictions	<u>91,201</u>	<u>-</u>	<u>-</u>	<u>91,201</u>
TOTAL SUPPORT, REVENUES, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS				
	<u>151,201</u>	<u>568,411</u>	<u>(60,000)</u>	<u>659,612</u>
EXPENSES				
Support services	<u>91,201</u>	<u>641,254</u>	<u>(54,000)</u>	<u>678,455</u>
Change in net assets without donor restrictions	<u>60,000</u>	<u>(72,843)</u>	<u>(6,000)</u>	<u>(18,843)</u>
NET ASSETS WITH DONOR RESTRICTIONS				
REVENUE				
Interest - loans	37,432	-	-	37,432
Other	<u>1,037</u>	<u>-</u>	<u>-</u>	<u>1,037</u>
Total revenue with donor restrictions	38,469	-	-	38,469
Net assets released from donor restrictions	<u>(91,201)</u>	<u>-</u>	<u>-</u>	<u>(91,201)</u>
Change in net assets with donor restrictions	<u>(52,732)</u>	<u>-</u>	<u>-</u>	<u>(52,732)</u>
CHANGE IN NET ASSETS	7,268	(72,843)	(6,000)	(71,575)
NET ASSETS, BEGINNING	<u>566,926</u>	<u>2,104,670</u>	<u>-</u>	<u>2,671,596</u>
NET ASSETS, ENDING	<u>\$ 574,194</u>	<u>\$2,031,827</u>	<u>\$ (6,000)</u>	<u>\$2,600,021</u>

See independent auditor's report.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combining Schedule of Functional Expenses
Year Ended April 30, 2024

	Lafayette Neighborhoods Economic Development Corporation	Evangeline Apartments	Eliminating and Combining	Combined Balance
Accounting	\$ 9,610	\$ -	\$ -	\$ 9,610
Bank fees	1,023	-	-	1,023
Bad debts	17,292	-	-	17,292
Bad debt collection	400	-	-	400
Consulting	40,481	94,397	-	134,878
Depreciation expense	-	109,423	-	109,423
Insurance	-	103,534	-	103,534
Interest expense	-	3,178	-	3,178
Legal and professional	13,247	26,850	-	40,097
LNEDC board expenses	-	12,904	-	12,904
Marketing	150	-	-	150
Meals	1,330	1,753	-	3,083
Meeting expense	-	2,020	-	2,020
Miscellaneous	-	2,673	-	2,673
Office expense	5,037	3,683	-	8,720
Management overhead	-	4,090	-	4,090
Property taxes	-	1,121	-	1,121
Rent	-	54,000	(54,000)	-
Repairs and maintenance	-	133,816	-	133,816
Resident services	-	7,973	-	7,973
Security	-	16,476	-	16,476
Supplies	1,011	2,047	-	3,058
Telephone	1,620	5,065	-	6,685
Utilities	-	56,251	-	56,251
Total	<u>\$ 91,201</u>	<u>\$ 641,254</u>	<u>\$ (54,000)</u>	<u>\$ 678,455</u>

See independent auditor's report.

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**



**DARNALL SIKES
& FREDERICK**

A CORPORATION OF CERTIFIED
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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*

The Board of Directors
Lafayette Neighborhoods' Economic
Development Corporation
Lafayette, 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 the Lafayette Neighborhood's Economic Development Corporation (the Corporation) (a nonprofit corporation), as of and for the years ended April 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated October 14, 2024. Our report includes a reference to other Certified Public Accountants who audited the financial statements of Evangeline Apartments, as described in our report on the Corporation's combined financial statements. This report does not include the results of the other Certified Public Accountant's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those Certified Public Accountants.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Corporation 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards*. We describe this instance in the accompanying schedule of findings and questioned costs as item 2024-001.

The Corporation's Response to Findings

The Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended solely for the information and use of the board of directors, management, others within the organization and is not intended to be and should not be used by anyone other than those specified parties. However, Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

October 14, 2024

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION AND
SUBSIDIARY

Summary Schedule of Prior Year Findings
Year Ended April 30, 2024

2023-001 Finding: Incomplete Loan Files

Status: This finding is unresolved. See current year finding 2024-001.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Schedule of Findings and Questioned Costs
Year Ended April 30, 2024

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report - Financial Statements

An unmodified opinion has been issued on the Lafayette Neighborhoods' Economic Development Corporation's (the Corporation) financial statements as of and for the year ended April 30, 2024.

Material Weaknesses - Financial Reporting

Three material weakness in internal control over financial reporting was disclosed during the audit of the financial statements and are shown as items 2024-001 in Part 2.

Material Noncompliance - Financial Reporting

One material instance of non-compliance was disclosed during the audit of the financial statements, and is shown as item 2024-001 in Part 2.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended April 30, 2024.

Part 2: Findings Relating to an Audit in Accordance with Government Auditing Standards

2024-001 Finding. Incomplete Loan Files and Annual Monitoring

Condition:

The Corporation was noted to have various loans which did not contain required documentation.

Criteria.

The Corporation has a standard checklist for loans which details the documentation required on each loan. There is also a monitoring checklist which needs to be completed annually

Cause:

The Corporation was noted to have loan files deficient of required documentation despite vigorous request attempts made of their borrowers.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Schedule of Findings and Questioned Costs (Continued)
Year Ended April 30, 2024

Part 2: Findings Relating to an Audit in Accordance with Government Auditing Standards
(Continued)

Effect:

Loan files are not in compliance with lending requirements due to required documents not being maintained.

Recommendation:

We recommend that the Corporation perform a thorough examination of the outstanding loan files and determine if the required documentation is on file. For those loans which lack required documentation or annual monitoring, the Corporation should obtain the necessary information; also, the Corporation should review the loan files subsequent to issuance and preferably annually, to ensure that documentation is current for all information required.

Management's Response:

The Corporation's management believes that non-compliance exists in only a small portion of loans outstanding. Various loans, which are currently receiving regular monthly payments, were lent to businesses which are no longer in operation and therefore obtaining required business documentation is not possible.

Management has re-stated that loan reviews utilizing contract services of a consultant are continuing in the current period under audit. Reviews are also being performed on existing loans and will continue with future loans to determine that all required documentation is present in the loan files maintained.

Management has also implemented various protocols and procedures to encourage and assist borrowers in providing needed documentation. The protocols and procedures include but are not limited to personal one-on-one assistance.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At April 30, 2024, the Corporation did not meet the requirements to have a single audit in accordance with OMB *Uniform Guidance*; therefore, this section is not applicable.