

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

**Combined Financial Report
Years Ended April 30, 2021 and 2020**

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OTHER LOCATIONS:

Eunice Morgan City Abbeville

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying combined financial statements of Lafayette Neighborhoods' Economic Development Corporation (LNEDC) (a nonprofit corporation) and subsidiary, which comprise the combined statements of financial position as of April 30, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 opinions on these combined financial statements based on our audits. We did not audit the 2021 and 2020 financial statements of Evangeline Apartments, a wholly owned subsidiary, which statements reflect total assets of \$1,979,485 and \$1,840,765 as of April 30, 2021 and 2020, and total revenues of \$500,486 and \$482,138 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, 2021 and 2020, and the years then ended, is based solely on the report of the other auditors. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

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

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Lafayette Neighborhoods' Economic Development Corporation and subsidiary as of April 30, 2021 and 2020, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combined statements on pages 16-18 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 20, 2021 on our consideration of the Lafayette Neighborhoods' Economic Development Corporation's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered LNEEDC's internal control over financial reporting and compliance

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

October 20, 2021

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combined Statements of Financial Position
April 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 997,369	\$ 833,003
Rents receivable	8,000	-
Loans receivable, current (net of reserve)	49,778	69,224
Accrued interest receivable	623	13,428
Other receivables	675	675
Prepaid expenses	31,294	27,536
TOTAL CURRENT ASSETS	1,087,739	943,866
PROPERTY AND EQUIPMENT		
Buildings	1,500,000	1,500,000
Building improvements	345,005	280,005
Furniture and equipment	37,013	35,576
Less: accumulated depreciation	(653,460)	(577,718)
TOTAL PROPERTY AND EQUIPMENT	1,228,558	1,237,863
OTHER ASSETS		
Loans receivable (net of reserve)	261,341	312,672
TOTAL ASSETS	<u>\$2,577,638</u>	<u>\$2,494,401</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 5,140	\$ 7,013
Notes payable	23,282	22,917
Tenant deposits	33,685	27,420
TOTAL CURRENT LIABILITIES	62,107	57,350
NET ASSETS		
Without donor restrictions	1,917,578	1,786,163
With donor restrictions	597,953	650,888
TOTAL NET ASSETS	2,515,531	2,437,051
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,577,638</u>	<u>\$2,494,401</u>

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, 2021 and 2020

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE		
Rent - Residential	\$ 432,434	\$ 403,692
Rent - Commercial	60,950	69,500
Other	7,102	8,946
Total revenue without donor restrictions	500,486	482,138
Net assets released from restrictions	66,249	64,816
TOTAL SUPPORT, REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	566,735	546,954
EXPENSES		
Support services	435,320	437,062
Change in net assets without donor restrictions	131,415	109,892
NET ASSETS WITH DONOR RESTRICTIONS		
REVENUE AND SUPPORT		
Grant revenue	-	22,000
Interest - loans	13,101	33,560
Investment interest	26	6
Other	187	423
Total revenue and support with donor restrictions	13,314	55,989
Net assets released from donor restrictions	(66,249)	(64,816)
Change in net assets with donor restrictions	(52,935)	(8,827)
CHANGE IN NET ASSETS	78,480	101,065
NET ASSETS, BEGINNING	2,437,051	2,335,986
NET ASSETS, ENDING	\$2,515,531	\$2,437,051

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

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combined Statements of Functional Expenses
Years Ended April 30, 2021 and 2020

	2021	2020
<u>Support Services:</u>		
<u>Management & General</u>		
Accounting	\$ 12,235	\$ 9,325
Advertising	-	344
Bank Fees	735	-
Bad debts	19,260	11,457
Consulting	73,649	65,806
Depreciation expense	75,742	72,732
Insurance	52,609	48,679
Interest expense	1,212	1,072
Legal and professional	9,905	29,999
Meals	968	1,234
Meeting expense	1,831	1,847
Miscellaneous	1,665	1,375
Office expense	4,942	5,844
Payroll taxes	3,589	3,651
Postage	-	134
Property taxes	1,110	1,078
Repairs and maintenance	54,921	59,570
Resident services	1,966	2,382
Salaries	49,558	53,829
Security	20,093	20,499
Supplies	3,544	3,241
Telephone	7,026	7,723
Utilities	38,760	35,241
Total	\$ 435,320	\$ 437,062

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, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 78,480	\$ 101,065
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	75,742	72,732
(Increase) decrease in assets:		
Rent receivable	(8,000)	-
Loans receivable	70,777	41,907
Accrued interest receivable	12,805	2,635
Prepays	(3,758)	(2,272)
Increase (decrease) in liabilities:		
Accounts payable	(1,873)	(34,185)
Deposits	6,265	5,610
Net cash provided by operating activities	230,438	187,492
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments for the purchase of fixed assets	(66,437)	(15,777)
Net cash used by investing activities	(66,437)	(15,777)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in notes payable	365	5,764
Net cash provided by financing activities	365	5,764
Net increase in cash	164,366	177,479
CASH, beginning of year	833,003	655,524
CASH, end of year	\$ 997,369	\$ 833,003
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	\$ -	\$ 1,072

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 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
AND SUBSIDIARY

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.

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). The standard prescribes a single model for revenue recognition, with a set of principles to be used for determining when revenue should be recognized. It also requires expanded disclosures about the nature, amount, and timing of revenue and cash flows. This standard was effective beginning January 1, 2019. The adoption of this new guidance did not have a material impact on the Organization's financial statements.

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)".

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Notes to Combined Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021 and 2020.

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, 2021 and 2020 was \$75,742 and \$72,732, respectively.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Notes to Combined Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Advertising

Advertising costs are expensed as incurred. For the years ended April 30, 2021 and 2020, advertising expense was \$0 and \$344, respectively.

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.

Subsequent Events

Management has evaluated events subsequent to the balance sheet date through October 20, 2021, the date the combined 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, 2021:

<u>Financial assets at year end:</u>	
Cash	\$ 997,369
Rents receivable	8,000
Loans receivable	49,778
Accrued interest receivable	623
Other receivables	675
Prepaid expenses	<u>31,294</u>
Total financial assets	1,087,739
<u>Less: those unavailable for general expenditures</u>	
<u>within one year, due to:</u>	
Restricted for debt repayment	<u>(23,282)</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,064,457</u>

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

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, 2021 and 2020 is as follows:

	2021	2020
Loans receivable outstanding	\$ 366,022	\$ 465,037
Less: Allowance for loan losses	(54,903)	(83,141)
Loans receivable, net	\$ 311,119	\$ 381,896

For the years ended April 30, 2021 and 2020, management has classified the net loans receivable into current and noncurrent maturities. Current maturities are those maturing within one year.

	2021	2020
Current loans receivable, net	\$ 49,778	\$ 69,224
Noncurrent loans receivable, net	261,341	312,672
	\$ 311,119	\$ 381,896

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, 2021 and 2020 is as follows:

	2021	2020
Balance, beginning	\$ 83,141	\$ 99,891
Loans written off	(35,821)	(28,207)
Increase in provision for loan losses	7,583	11,457
Balance, ending	\$ 54,903	\$ 83,141

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, 2021 and 2020. 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, 2021

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
\$ -	\$ -	\$ -	\$ -	\$ 366,022	\$ 366,022	\$ -

Credit Quality Information
Age Analysis of Past Due Financing Receivables
April 30, 2020

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
\$ -	\$ -	\$ 29,748	\$ 29,748	\$ 435,289	\$ 465,037	\$ -

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, 2021 and 2020, no loans were on nonaccrual status. For the years ended April 30, 2021 and 2020, \$12,805 and \$2,634 of accrued unpaid interest was reversed against interest income, respectively. The total recorded investment in impaired loans amounted to approximately \$ and \$3,173, as of April 30, 2021 and 2020, respectively.

NOTE 5 NOTES PAYABLE

	2021	2020
Note payable to insurance financier, payable in 10 monthly payments of \$3,958 including interest at a rate of 6.878%, collateralized by the assignment of insurance policies.	<u>\$ 23,282</u>	<u>\$ 22,917</u>
Total	<u><u>\$ 23,282</u></u>	<u><u>\$ 22,917</u></u>

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, 2021 and 2020.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
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Notes to Combined Financial Statements

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, 2021.

NOTE 10 COVID-19 PANDEMIC

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has characterized COVID-19 as a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

SUPPLEMENTARY INFORMATION

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combining Statement of Financial Position
April 30, 2021

	Lafayette Neighborhoods' Economic Development Corporation	Evangeline Apartments	Eliminating and Combining	Combined Balance
ASSETS				
CURRENT ASSETS				
Cash	\$ 286,411	\$ 710,958	\$ -	\$ 997,369
Rents receivable	-	8,000	-	8,000
Loans receivable, current (net of reserve)	49,778	-	-	49,778
Accrued interest receivable	623	-	-	623
Utility Deposits	-	675	-	675
Prepaid expenses	-	<u>31,294</u>	-	<u>31,294</u>
TOTAL CURRENT ASSETS	336,812	750,927	-	1,087,739
PROPERTY AND EQUIPMENT				
Buildings	-	1,500,000	-	1,500,000
Building improvements	-	345,005	-	345,005
Furniture and equipment	-	37,013	-	37,013
Less: accumulated depreciation	<u>-</u>	<u>(653,460)</u>	<u>-</u>	<u>(653,460)</u>
TOTAL PROPERTY AND EQUIPMENT	-	<u>1,228,558</u>	-	<u>1,228,558</u>
OTHER ASSETS				
Loans receivable (net of reserve)	<u>261,341</u>	<u>-</u>	<u>-</u>	<u>261,341</u>
TOTAL ASSETS	<u>\$ 598,153</u>	<u>\$1,979,485</u>	<u>\$ -</u>	<u>\$2,577,638</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 200	\$ 4,940	\$ -	\$ 5,140
Notes payable	-	23,282	-	23,282
Tenant deposits	<u>-</u>	<u>33,685</u>	<u>-</u>	<u>33,685</u>
TOTAL CURRENT LIABILITIES	200	61,907	-	62,107
NET ASSETS				
Without donor restrictions	-	1,917,578	-	1,917,578
With donor restrictions	<u>597,953</u>	<u>-</u>	<u>-</u>	<u>597,953</u>
TOTAL NET ASSETS	<u>597,953</u>	<u>1,917,578</u>	<u>-</u>	<u>2,515,531</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 598,153</u>	<u>\$1,979,485</u>	<u>\$ -</u>	<u>\$2,577,638</u>

See independent auditor's report.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combining Statement of Activities
Year Ended April 30, 2021

	Lafayette Neighborhood's Economic Development Corporation	Evangeline Apartments	Eliminating and Combining	Combined Balance
NET ASSETS WITHOUT DONOR RESTRICTIONS				
REVENUE				
Rent - Residential	\$ -	\$ 432,434	\$ -	\$ 432,434
Rent - Commercial	-	60,950	-	60,950
Other	<u>-</u>	<u>7,102</u>	<u>-</u>	<u>7,102</u>
Total revenue without donor restrictions	-	500,486	-	500,486
Net assets released from restrictions	<u>66,249</u>	<u>-</u>	<u>-</u>	<u>66,249</u>
TOTAL SUPPORT, REVENUES, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>66,249</u>	<u>500,486</u>	<u>-</u>	<u>566,735</u>
EXPENSES				
Support services	<u>66,249</u>	<u>369,071</u>	<u>-</u>	<u>435,320</u>
Change in net assets without donor restrictions	<u>-</u>	<u>131,415</u>	<u>-</u>	<u>131,415</u>
NET ASSETS WITH DONOR RESTRICTIONS				
REVENUE				
Interest - loans	13,101	-	-	13,101
Investment interest	26	-	-	26
Other	<u>187</u>	<u>-</u>	<u>-</u>	<u>187</u>
Total revenue with donor restrictions	13,314	-	-	13,314
Net assets released from donor restrictions	<u>(66,249)</u>	<u>-</u>	<u>-</u>	<u>(66,249)</u>
Change in net assets with donor restrictions	<u>(52,935)</u>	<u>-</u>	<u>-</u>	<u>(52,935)</u>
CHANGE IN NET ASSETS	(52,935)	131,415	-	78,480
NET ASSETS, BEGINNING	<u>650,888</u>	<u>1,786,163</u>	<u>-</u>	<u>2,437,051</u>
NET ASSETS, ENDING	<u>\$ 597,953</u>	<u>\$1,917,578</u>	<u>\$ -</u>	<u>\$2,515,531</u>

See independent auditor's report.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combining Schedule of Functional Expenses
Year Ended April 30, 2021

	Lafayette Neighborhood's Economic Development Corporation	Evangeline Apartments	Eliminating and Combining	Combined Balance
Accounting	\$ 12,235	\$ -	\$ -	\$ 12,235
Bank Fees	735	-	-	735
Bad debts	19,260	-	-	19,260
Consulting	29,332	44,317	-	73,649
Depreciation expense	-	75,742	-	75,742
Insurance	-	52,609	-	52,609
Interest expense		1,212	-	1,212
Legal and professional	355	9,550	-	9,905
Meals	418	550	-	968
Meeting expense	-	1,831	-	1,831
Miscellaneous		1,665	-	1,665
Office expense	1,206	3,736	-	4,942
Payroll taxes	-	3,589	-	3,589
Property taxes	-	1,110	-	1,110
Repairs and maintenance	-	54,921	-	54,921
Resident services	-	1,966	-	1,966
Salaries	-	49,558	-	49,558
Security	-	20,093	-	20,093
Supplies	913	2,631	-	3,544
Telephone	1,795	5,231	-	7,026
Utilities	-	38,760	-	38,760
Total	<u>\$ 66,249</u>	<u>\$ 369,071</u>	<u>\$ -</u>	<u>\$ 435,320</u>

See independent auditor's report.

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

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, 2021 and 2020, 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 20, 2021. 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.

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 2021-001, 2021-002 and 2021-003 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 2021-001.

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 20, 2021

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION AND
SUBSIDIARY

Summary Schedule of Prior Year Findings
Year Ended April 30, 2021

- 2020-001 Finding: Incomplete Loan Files
Status: This finding is unresolved. See current year finding 2021-001.
- 2020-002 Finding: Inadequate Segregation of Accounting Functions
Status: This finding is unresolved. See current year finding 2021-002.
- 2020-003 Finding: Reconciliation of Net Assets
Status: This finding has been resolved.
- 2020-004 Finding: Internal Control Over Cash Reconciliations and Loans Receivable
Status: This finding is unresolved. See current year finding 2021-003.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Schedule of Findings and Questioned Costs
Year Ended April 30, 2021

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, 2021.

Material Weaknesses - Financial Reporting

Three material weaknesses in internal control over financial reporting were disclosed during the audit of the financial statements and are shown as items 2021-001, 2021-002 and 2021-003 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 2021-001 in Part 2.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended April 30, 2021.

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

2021-001 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, 2021

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.

2021-002 Finding: Inadequate Segregation of Accounting Functions

Condition:

The Corporation did not have adequate segregation of functions within the accounting system.

Criteria:

The Corporation should have a system of internal controls in place which provides proper segregation of accounting functions.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Schedule of Findings and Questioned Costs (Continued)
Year Ended April 30, 2021

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

Cause:

Due to a small number of personnel in the accounting system, the Corporation does not have enough staff members to facilitate proper segregation of accounting functions.

Effect:

Uncorrected misstatements may occur due to the lack of proper segregation of accounting functions.

Recommendation:

Based on the size of the operation and the cost-benefit of additional accounting personnel, it may not be feasible to achieve complete segregation of accounting functions.

Management's Response:

Management has evaluated the cost vs. benefit and has determined that hiring additional staff solely for the benefit of segregation of duties is not in the best interest of the organization at this time.

2021-003 Finding: Internal Controls over Cash Reconciliations and Loans Receivable

Condition:

The Corporation failed to properly reconcile the loan cash account and loans receivable throughout the year.

Criteria:

Accounts should be reconciled to supporting documentation and budgets in a timely manner to ensure accuracy of financial reporting.

Cause:

The Corporation did not reconcile account balances consistently throughout the year to supporting documentation.

Effect:

Failure to reconcile and adjust accounts hinders accurate financial statements. In addition, it creates a greater risk of errors and fraud.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Schedule of Findings and Questioned Costs (Continued)
Year Ended April 30, 2021

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

Recommendation:

We recommend the Corporation implement a process to closely monitor the recording, collecting and reconciling of accounts to the support.

Management's Response:

The corporation will implement procedures to ensure account balances are reconciled on a monthly basis and operations are in-line with expectations.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At April 30, 2021, the Corporation did not meet the requirements to have a single audit in accordance with OMB *Uniform Guidance*; therefore, this section is not applicable.