

**LAFAYETTE CENTRAL PARK, INC.**

Financial Report

Years Ended December 31, 2018 and 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Lafayette Central Park, Inc.  
Lafayette, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Lafayette Central Park, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lafayette Central Park, Inc. as of December 31, 2018 and 2017, 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.

***Emphasis of Matter***

As described in Note 15 to the financial statements, Lafayette Central Park, Inc. implemented the provisions of the Financial Accounting Standards Board's Accounting Standard Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019, on our consideration of Lafayette Central Park, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Central Park, Inc.'s internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
June 28, 2019

**FINANCIAL STATEMENTS**

LAFAYETTE CENTRAL PARK, INC.  
Lafayette, Louisiana

Statements of Financial Position  
December 31, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
Assets:		
Cash and cash equivalents	\$ 5,335,207	\$ 7,077,297
Accounts receivable	108,190	70,100
Pledges receivable, net	2,004,134	3,882,556
Prepaid expenses	22,207	9,799
Property and equipment, net	5,493,831	1,134,005
Cash and cash equivalents restricted for endowment	455,956	360,000
Total assets	\$ 13,419,525	\$ 12,533,757
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 36,870	\$ 110,008
Other accrued liabilities	1,500	-
Contracts payable	526,641	-
Retainage payable	199,679	-
Total liabilities	764,690	110,008
Net assets:		
Without donor restrictions	9,045,445	7,213,354
With donor restrictions	3,609,390	5,210,395
Total net assets	12,654,835	12,423,749
Total liabilities and net assets	\$ 13,419,525	\$ 12,533,757

The accompanying notes are an integral part of this statement.

LAFAYETTE CENTRAL PARK, INC.  
Lafayette, Louisiana

Statements of Activities  
For the Years Ended December 31, 2018 and 2017

	2018	2017
Changes in net assets without donor restrictions -		
Revenues:		
Fundraising and other event income	\$ 287,614	\$ 281,894
Interest and other income	74,649	42,779
Other gifts and bequests	470,690	1,413,076
Total revenues without donor restrictions	832,953	1,737,749
Net assets released from restrictions	1,752,713	1,475,744
Total revenues and other support without donor restrictions	2,585,666	3,213,493
Expenses:		
Program expenses -		
Park development and operation	299,155	127,025
Supporting services -		
Management and general	234,611	190,913
Fundraising expense	219,809	209,941
Total supporting services	454,420	400,854
Total expenses	753,575	527,879
Change in net assets without donor restrictions	1,832,091	2,685,614
Changes in net assets with donor restrictions -		
Contributions and promises to give, including amortization of discount	180,938	1,580,690
Net endowment earnings (expense)	(29,230)	18,707
Net assets released from restrictions	(1,752,713)	(1,475,744)
Change in net assets with donor restrictions	(1,601,005)	123,653
Change in total net assets	231,086	2,809,267
Net assets, beginning	12,423,749	9,614,482
Net assets, ending	\$ 12,654,835	\$ 12,423,749

The accompanying notes are an integral part of this statement.

LAFAYETTE CENTRAL PARK, INC.  
Lafayette, Louisiana

Statement of Functional Expenses  
For the Year Ended December 31, 2018

	Program Services	Supporting Services		
	Park			
	Development and Operation	Management and General	Fundraising	Total
Administrative fee - CFA	\$ -	\$ 2,763	\$ -	\$ 2,763
Bank and credit card fees	-	116	3,743	3,859
Computer and internet	-	15,392	-	15,392
Consulting and other professional services	-	10,456	41,393	51,849
Dues and subscriptions	-	2,128	-	2,128
Event rentals and decorations	-	-	32,525	32,525
Food and entertainment	-	-	10,310	10,310
Cleaning and maintenance	30,427	-	-	30,427
Insurance	42,571	2,585	1,000	46,156
Legal and accounting	3,000	5,845	-	8,845
Marketing and advertising	7,860	-	7,859	15,719
Meetings, luncheons, dinners	5,484	-	5,484	10,968
Office expenses	-	5,586	-	5,586
Salaries and employee benefits	45,406	110,991	95,856	252,253
Architect and design fees	154,541	-	-	154,541
Security	3,050	-	647	3,697
Supplies and other direct costs	212	212	3,810	4,234
Permits and licensing	490	-	-	490
Postage	-	456	1,367	1,823
Printing	-	489	15,815	16,304
Website	1,789	596	-	2,385
Rent	1,200	42,883	-	44,083
Recruiting fees	-	28,333	-	28,333
Depreciation	3,125	5,780	-	8,905
	<u>3,125</u>	<u>5,780</u>	<u>-</u>	<u>8,905</u>
Total	<u>\$ 299,155</u>	<u>\$ 234,611</u>	<u>\$ 219,809</u>	<u>\$ 753,575</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE CENTRAL PARK, INC.  
Lafayette, Louisiana

Statement of Functional Expenses  
For the Year Ended December 31, 2017

	Program Services	Supporting Services		Total
	Park Development and Operation	Management and General	Fundraising	
Administrative fee - CFA	\$ -	\$ 8,698	\$ -	\$ 8,698
Bank and credit card fees	-	100	2,881	2,981
Computer and internet	-	9,702	-	9,702
Consulting and other professional services	-	12,795	27,922	40,717
Dues and subscriptions	-	1,471	-	1,471
Event rentals and decorations	-	-	24,223	24,223
Food and entertainment	-	-	33,635	33,635
Cleaning and maintenance	-	1,277	628	1,905
Insurance	1,165	1,165	805	3,135
Legal and accounting	5,990	325	-	6,315
Marketing and advertising	5,985	-	5,985	11,970
Meetings, luncheons, dinners	2,314	-	2,314	4,628
Office expenses	-	7,936	-	7,936
Salaries and employee benefits	39,576	94,688	80,853	215,117
Architect and design fees	61,789	-	-	61,789
Security	-	-	879	879
Supplies and other direct costs	881	881	15,957	17,719
Permits and licensing	4,640	-	-	4,640
Postage	-	347	1,042	1,389
Printing	-	332	11,510	11,842
Website	1,346	449	-	1,795
Rent	-	41,188	-	41,188
Miscellaneous	-	531	1,307	1,838
Depreciation	3,339	9,028	-	12,367
	<u>\$ 127,025</u>	<u>\$ 190,913</u>	<u>\$ 209,941</u>	<u>\$ 527,879</u>
Total	<u>\$ 127,025</u>	<u>\$ 190,913</u>	<u>\$ 209,941</u>	<u>\$ 527,879</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE CENTRAL PARK, INC.  
Lafayette, Louisiana

Statements of Cash Flows  
For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 231,086	\$ 2,809,267
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	8,905	12,367
Increase in accounts receivable	(38,090)	(69,475)
Decrease in pledges receivable	1,878,422	665,054
Increase in prepaid expenses	(12,408)	(111)
Increase (decrease) in operating liabilities -		
Increase (decrease) in accounts payable	(73,138)	69,361
Increase in contracts payable	526,641	-
Increase in retainage payable	199,679	-
Contributions with donor restrictions	(322,162)	(770,000)
Net cash provided by operating activities	2,398,935	2,716,463
Cash flows from investing activities:		
Acquisition of furniture and equipment	(14,558)	(2,208)
Additions to work in process	(4,354,173)	(479,086)
Net cash used in investing activities	(4,368,731)	(481,294)
Cash flows from financing activities:		
Contributions with donor restrictions	322,162	770,000
Net cash provided by financing activities	322,162	770,000
Net change in cash and cash equivalents	(1,647,634)	3,005,169
Cash and cash equivalents, beginning of year:		
Unrestricted	7,077,297	4,192,128
Restricted for endowment	360,000	240,000
Total, beginning of year	7,437,297	4,432,128
Cash and cash equivalents, end of year:		
Unrestricted	5,335,207	7,077,297
Restricted for endowment	455,956	360,000
Total, end of year	\$ 5,791,163	\$ 7,437,297

The accompanying notes are an integral part of this statement.

LAFAYETTE CENTRAL PARK, INC.  
Lafayette, Louisiana

Notes to Financial Statements

(1) Nature of Organization and Significant Accounting Policies

A. Organization and Purpose

The Lafayette Central Park, Inc. (Organization) is a non-profit corporation organized under the laws of the State of Louisiana on February 22, 2013. The Organization's purpose is the development, maintenance and operation of a public park, which is located on the 89.09 acre property ("Moncus Park") in the greater Lafayette region, by raising money for the design and construction of the park and for the creation of a fund for perpetual maintenance.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations.

*Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations will either (1) expire by incurring expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time or other events (time restricted), or (2) will never expire (perpetual in nature). 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 restrictions.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

D. Prepaid Expenses

Prepaid balances are the payments made by the Organization in the current fiscal year to provide services occurring in the subsequent fiscal year.

LAFAYETTE CENTRAL PARK, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

E. Pledges Receivable

Pledges receivable are promises to give. Unconditional promises to give are recorded at fair value, which is measured as the present value of their future cash flows. The discount rate of 3.4% used for the years ended December 31, 2018 and 2017 was based on risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

F. Allowance for Doubtful Accounts

Pledges receivable are stated net of an allowance for doubtful accounts. The Organization estimates the allowance based on specific donors, taking into consideration the age of past due amounts and an assessment of the donor's ability to pay. The allowance for doubtful accounts for pledges receivable was \$0 as of December 31, 2018 and 2017, respectively.

G. Property and Equipment

The Organization capitalizes all property and equipment which has a cost, if purchased, or an estimated fair market value, if donated, of at least \$1,000 and has a useful life which extends beyond one year. Donations of property and equipment are recorded as contributions at their estimated fair value. In the absence of donor stipulations regarding how long the contributed assets must be used, the Organization has adopted a policy of establishing time restrictions on contributions of such assets that expire over the useful lives of the assets. Maintenance and repairs are expensed as incurred; however, those that significantly increase asset values or extend useful lives are capitalized. Depreciation is computed by the straight line method at rates based on the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	3 - 7
Park elements	5 - 20

H. Endowment Net Asset Classifications and Spending Policy

Endowments include donor-restricted endowment funds whereby the stipulations of the gift require the preservation of the original donation with only the income derived used for specific purposes. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Income derived from endowment funds is classified as net assets without donor restrictions.

LAFAYETTE CENTRAL PARK, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

I. Revenue and Expense Recognition

Contributions are recognized when the donor makes a commitment to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

J. Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and support services benefited.

K. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. All of the Organization's Form 990, *Return of Organization Exempt from Income Tax*, returns filed are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

L. Donated Services

The Organization received donated services from unpaid volunteers who assisted in fundraising services during the year. These donated services are not reflected in the statement of activities because the criteria for recognition under professional standards have not been satisfied.

M. Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense was \$15,719 and \$11,970 for the years ended December 31, 2018 and 2017, respectively.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

LAFAYETTE CENTRAL PARK, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

O. Reclassifications

Certain reclassifications have been made to the 2017 financial statement presentation to correspond to the current year's format. Total net assets and changes in net assets are unchanged due to these reclassifications.

(2) Cash and Cash Equivalents

The Organization's cash and cash equivalents consisted of the following as of December 31, 2018 and 2017:

	2018	2017
Demand deposits	\$ 277,025	\$ 579,725
Time and savings -		
Money market funds	2,563,820	6,857,572
Other	2,950,318	-
Total	\$ 5,791,163	\$7,437,297

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Organization's deposits may not be recovered, or the Organization will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Deposit balances (bank balances) as of December 31, 2018 and 2017, respectively, are secured as follows:

	2018	2017
Federal Deposit Insurance Corporation (FDIC)	\$ 500,000	\$ 500,000
Securities Investor Protection Corporation (SIPC)	2,563,820	6,857,572
Pledged securities	447,244	-
Uninsured	2,319,752	86,687
Total	\$ 5,830,816	\$ 7,444,259

Deposits in the amount of \$2,563,820 and \$6,857,572 as of December 31, 2018 and 2017, respectively, were held by the custodian, Community Foundation of Acadiana (CFA), and therefore, were exposed to custodial credit risk. As of December 31, 2018 and 2017, respectively, deposits held by CFA were fully insured. Deposits uninsured of \$2,319,752 and \$86,687 as of December 31, 2018 and 2017, respectively, consisted of deposits held at financial institutions which exceeded FDIC coverage. The Organization has adopted a formal investment policy.

Cash and cash equivalents included donor-restricted endowment funds of \$455,956 and \$360,000 as of December 31, 2018 and 2017, respectively.

LAFAYETTE CENTRAL PARK, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(3) Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year for general use as of December 31, 2018 and 2017 are as follows:

	2018	2017
Cash and cash equivalents	\$ 5,335,207	\$ 7,077,297
Less: cash and cash equivalents with donor-imposed purpose restrictions	(1,149,300)	\$ (950,000)
Pledges receivable, due within one year	1,739,612	1,744,152
Accounts receivable	108,190	70,100
Financial assets available for general use within one year	\$ 6,033,709	\$ 7,941,549

In order to manage liquidity, the Organization has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations become due.

(4) Pledges Receivable, Net

Included in pledges receivable are the following promises to give as of December 31:

	2018			2017
	Due within 1 year	Due in 1-5 years	Total	
Restricted to future periods	\$ 1,739,612	\$ 319,250	\$ 2,058,862	\$ 3,946,060
Donor-restricted endowment	120,000	-	120,000	240,000
	\$ 1,859,612	\$ 319,250	2,178,862	4,186,060
Less: unamortized discount			(174,728)	(303,504)
			\$ 2,004,134	\$ 3,882,556

LAFAYETTE CENTRAL PARK, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(5) Property and Equipment

Property and equipment consist of the following as of December 31:

	2018	2017
Furniture and equipment	\$ 48,415	\$ 43,286
Park elements	9,430	-
	57,845	43,286
Less: accumulated depreciation	(39,217)	(30,311)
Total depreciable assets	18,628	12,975
Work in progress: phase 1 of park construction	5,475,203	1,121,030
Total	\$5,493,831	\$1,134,005

Total depreciation expense for the years ended December 31, 2018 and 2017 was \$8,905 and \$12,367, respectively.

(6) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31:

	2018	2017
Unconditional promises to give	\$ 2,004,134	\$ 3,882,556
Contributions	1,149,300	950,000
Cummulative Moncus Endowment earnings (loss)	(24,044)	17,839
Moncus Endowment	480,000	360,000
Total	\$ 3,609,390	\$ 5,210,395

Unconditional promises to give as of December 31, 2018 and 2017, respectively, included an endowment gift and future promises to give of \$120,000 and \$240,000, net of unamortized discount of \$8,487 and \$16,974, restricted by the donor for the perpetual care of the Park.

LAFAYETTE CENTRAL PARK, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

The following is a summary of changes in net assets with donor restrictions as of December 31, 2018 and 2017:

	<u>Time Restricted</u>	<u>Purpose Restricted</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Net assets, December 31, 2017	<u>\$3,900,395</u>	<u>\$ 950,000</u>	<u>\$ 360,000</u>	<u>\$ 5,210,395</u>
Donor-restricted contributions	-	52,162	-	52,162
Reclassifications	<u>(270,000)</u>	<u>150,000</u>	<u>120,000</u>	<u>-</u>
Total contributions	<u>(270,000)</u>	<u>202,162</u>	<u>120,000</u>	<u>52,162</u>
Amortization of discount	<u>128,776</u>	<u>-</u>	<u>-</u>	<u>128,776</u>
	<u>(141,224)</u>	<u>202,162</u>	<u>120,000</u>	<u>180,938</u>
Net endowment earnings (expense)				
Interest income and unrealized gains (losses), net	<u>(28,071)</u>	<u>-</u>	<u>-</u>	<u>(28,071)</u>
Investment administration fee	<u>(1,159)</u>	<u>-</u>	<u>-</u>	<u>(1,159)</u>
	<u>(29,230)</u>	<u>-</u>	<u>-</u>	<u>(29,230)</u>
Net assets released from restriction	<u>(1,749,851)</u>	<u>(2,862)</u>	<u>-</u>	<u>(1,752,713)</u>
Net assets, December 31, 2018	<u>\$1,980,090</u>	<u>\$ 1,149,300</u>	<u>\$ 480,000</u>	<u>\$ 3,609,390</u>
	<u>Time Restricted</u>	<u>Purpose Restricted</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Net assets, December 31, 2016	<u>\$4,512,203</u>	<u>\$ 334,539</u>	<u>\$ 240,000</u>	<u>\$ 5,086,742</u>
Donor-restricted contributions	-	500,000	-	500,000
Unconditional promises to give	956,735	-	-	956,735
Reclassifications	<u>(226,974)</u>	<u>106,974</u>	<u>120,000</u>	<u>-</u>
Total contributions	<u>729,761</u>	<u>606,974</u>	<u>120,000</u>	<u>1,456,735</u>
Amortization of discount	<u>115,468</u>	<u>8,487</u>	<u>-</u>	<u>123,955</u>
	<u>845,229</u>	<u>615,461</u>	<u>120,000</u>	<u>1,580,690</u>
Net endowment earnings (expense)				
Interest income and unrealized gains (losses), net	<u>19,690</u>	<u>-</u>	<u>-</u>	<u>19,690</u>
Investment administration fee	<u>(983)</u>	<u>-</u>	<u>-</u>	<u>(983)</u>
	<u>18,707</u>	<u>-</u>	<u>-</u>	<u>18,707</u>
Net assets released from restriction	<u>(1,475,744)</u>	<u>-</u>	<u>-</u>	<u>(1,475,744)</u>
Net assets, December 31, 2017	<u>\$3,900,395</u>	<u>\$ 950,000</u>	<u>\$ 360,000</u>	<u>\$ 5,210,395</u>

LAFAYETTE CENTRAL PARK, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(7) Donor-Restricted Endowments

The Organization's endowment consists of one fund. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law* - The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. Currently, the Organization classifies as donor-restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction (if any) of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in donor-restricted net assets is classified as without donor-restriction until those amounts are appropriated for expenditure by the Organization in a manner consistent with management's policies and procedures.

*Spending Policy and How the Investment Objectives Relate to Spending Policy* - The Organization spends what is necessary to fulfill the endowment purpose. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowments to grow annually. This is consistent with the objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) Duration and preservation of the fund.
- (2) Purposes of the Organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) Possible effect of inflation and deflation.
- (5) Expected total return from income and the appreciation of investments.
- (6) Other resources of the Organization.
- (7) Investment policies of the Organization.

*Investment Return Objectives, Risk Parameters and Strategies* - The Organization has adopted an investment policy, approved by the Board of Directors, for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment fund while also maintain the purchasing power of those endowment assets over the long-term. Endowment assets are invested in funds held by CFA that are intended to result in a consistent inflation-protected rate of return. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

LAFAYETTE CENTRAL PARK, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

*Underwater Endowment* - From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires to retain as a fund of perpetual duration. Deficiencies of this nature exist in the donor-restricted endowment fund, which has an original gift value of \$480,000, a current fair value of \$455,956, and a deficiency of \$24,044 as of December 31, 2018. These deficiencies, resulting from unrealized losses in endowment fund assets, are due to unfavorable market fluctuations that occurred at December 31, 2018.

(8) Operating Leases

On July 26, 2013, the Organization entered into a lease agreement with the City of Lafayette for the property identified as the Horse Farm, now Moncus Park. The lease agreement is executed in accordance and concurrently with a Cooperative Endeavor Agreement with the City of Lafayette. Under the Cooperative Endeavor Agreement, the Organization is to construct improvements on the property of not less than \$6,800,000 and to develop means to provide for maintenance and insurance of the property over the lease term.

The lease effective date began in March 2018, with an initial thirty year term, a first renewal term of thirty years and successive renewal terms of thirty-eight years so long as the park and improvements, as developed, remain intact, or are reconstructed by the end of the then term in the event of Force Majeur and provided the Organization is not in default of the lease and continues to meet all conditions of the lease. The annual rental for the primary term and the renewal terms are as follows:

Primary Term:

Lease effective date through end of 10th calendar year:	\$1,200
11th calendar year through end of 20th calendar year:	\$1,500
21st calendar year through end of 30th calendar year:	\$1,875

First Renewal Term:

31st calendar year through end of 40th calendar year:	\$2,344
41st calendar year through end of 50th calendar year:	\$2,930
51st calendar year through end of 60th calendar year:	\$3,662

Second Renewal Term:

61st calendar year through end of 70th calendar year:	\$4,578
71st calendar year through end of 80th calendar year:	\$5,722
81st calendar year through end of 90th calendar year:	\$7,153
91st calendar year through end of 98th calendar year:	\$8,941

The Organization leased office space under a non-cancellable lease during the year ending December 31, 2018 having monthly payments of \$3,168, expiring in February 2019. Future minimum rentals under non-cancellable leases amounted to \$6,336 for the year ending December 31, 2019.

Rent expense for the years ending December 31, 2018 and 2017 was \$44,083 and \$41,188, respectively.

LAFAYETTE CENTRAL PARK, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(9) Related Party Transactions

Included in pledges receivable is \$7,500 as of December 31, 2018 and 2017, respectively, pledged by board members. Other accrued liabilities as of December 31, 2018 consisted of \$1,500 owed to the Chairman of the board due March 2019. Additionally, the Organization receives unrestricted contributions from board members and entities associated with board members.

(10) Commitments and Contingencies

Amounts received in accordance with a Cooperative Endeavor Agreement with the Lafayette Public Trust Financing Authority (LPTFA) are subject to audit and inspection by the LPTFA and any governmental agency exercising audit authority over the LPTFA. Management believes results of any future audits would not have a material adverse effect on the financial statements as of December 31, 2018 and 2017.

(11) Compensation, Benefits and Other Payments to Agency Head

A detail of compensation, benefits, and other payments made to the Organization's executive director, Elizabeth Brooks, for the year ended December 31, 2018 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 85,833
Benefits - insurance	4,104
Benefits - retirement and other payroll taxes	9,175
Car allowance	900
Cell phone	900
Dues	905
Reimbursements	318
Registration fees	2,262
Special meals	338
Total	<u>\$ 104,735</u>

(12) Risk Management

The Organization purchases commercial insurance policies by special event to address risks of loss in the areas of general liability and volunteer accidents. There have been no claims that have exceeded insurance coverage as of December 31, 2018 and 2017.

LAFAYETTE CENTRAL PARK, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(13) Litigation

As of December 31, 2018, the Organization is not involved in any litigation.

(14) New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) has issued the following Accounting Standards Update (ASU) 2016-15, (Topic 230) "Statement of Cash Flows", which will be effective for the Organization year ending December 31, 2019. The ASU provides guidance for the classification of eight specific cash flow issues, with the objective of reducing existing diversity in practice on the cash flow statement. The effect of implementation of this update on the Organization's financial statements has not yet been determined.

(15) Change in Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): "Presentation of Financial Statements of Not-for-Profit Entities". The Organization has changed the presentation of its financial statements accordingly, applying the changes retrospectively to beginning net assets. The new standard changed the following aspects of the Organization's financial statements: Temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class: net assets with donor restrictions. The unrestricted net asset class has been changed to net assets without donor restrictions. In addition, the financial statements include new disclosures relative to the liquidity and availability of resources and underwater endowments.

The adoption of ASU 2016-14 had the following effect on previously reported net assets.

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted	\$ 7,213,354	\$ -
Temporarily restricted	4,627,369	-
Permanently restricted	583,026	-
Net assets without donor restrictions	-	7,213,354
Net assets with donor restrictions	-	5,210,395
	<u>\$ 12,423,749</u>	<u>\$ 12,423,749</u>

(16) Subsequent Event Review

The Organization's management has evaluated subsequent events through June 28, 2019, the date which the financial statements were available to be issued.

**INTERNAL CONTROL, COMPLIANCE**

**AND**

**OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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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*

\* A Professional Accounting Corporation

To the Board of Directors  
Lafayette Central Park, Inc.  
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 Central Park, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2019.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lafayette Central Park, Inc.'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 Lafayette Central Park, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. 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 the Lafayette Central Park, 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 suited for any other purpose. However, this report is a matter of public record and its distribution is not limited.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
June 28, 2019

LAFAYETTE CENTRAL PARK, INC  
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Findings  
and Management's Corrective Action Plan

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Findings -

There are no findings to report under this section.

B. Compliance Findings -

There are no findings to report under this section.

Part II. Prior Year Findings

A. Internal Control Findings -

There are no findings to report under this section.

B. Compliance Findings -

There are no findings to report under this section.