

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

**Combined Financial Report
Years Ended April 30, 2025 and 2024**

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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, 2025 and 2024, 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, 2025. 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. 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 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 no instances of noncompliance or other matters that are required to be reported under Governmental Auditing Standards.

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, 2025

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 20, 2025 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 20, 2025

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combined Statements of Financial Position
April 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 654,295	\$ 607,791
Certificates of deposit	271,055	262,727
Loans receivable, current (net of reserve)	132,031	77,482
Accrued interest receivable	4,154	8,736
Prepaid expenses	<u>61,481</u>	<u>62,626</u>
TOTAL CURRENT ASSETS	1,123,016	1,019,362
PROPERTY AND EQUIPMENT		
Buildings	1,500,000	1,500,000
Building improvements	630,895	597,937
Furniture and equipment	79,442	74,337
Less: accumulated depreciation	<u>(1,054,905)</u>	<u>(935,043)</u>
TOTAL PROPERTY AND EQUIPMENT	1,155,432	1,237,231
OTHER ASSETS		
Utility deposits	3,497	3,497
Loans receivable (net of reserve)	<u>403,347</u>	<u>441,733</u>
TOTAL OTHER ASSETS	<u>406,844</u>	<u>445,230</u>
TOTAL ASSETS	<u>\$2,685,292</u>	<u>\$2,701,823</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 9,772	\$ 10,278
Notes payable	51,682	51,628
Tenant deposits	<u>42,011</u>	<u>39,896</u>
TOTAL CURRENT LIABILITIES	103,465	101,802
NET ASSETS		
Without donor restrictions	1,931,512	2,031,827
With donor restrictions	<u>650,315</u>	<u>568,194</u>
TOTAL NET ASSETS	<u>2,581,827</u>	<u>2,600,021</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,685,292</u>	<u>\$2,701,823</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, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE		
Rent - Residential	\$ 492,834	\$ 474,543
Rent - Commercial	73,100	78,650
Other	<u>13,391</u>	<u>15,218</u>
Total revenue without donor restrictions	579,325	568,411
Net assets released from restrictions	<u>36,783</u>	<u>91,201</u>
TOTAL SUPPORT, REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>616,108</u>	<u>659,612</u>
EXPENSES		
Support services	<u>638,423</u>	<u>678,455</u>
Change in net assets without donor restrictions	<u>(22,315)</u>	<u>(18,843)</u>
NET ASSETS WITH DONOR RESTRICTIONS		
REVENUE AND SUPPORT		
Interest - loans	40,754	37,432
Other	<u>150</u>	<u>1,037</u>
Total revenue and support with donor restrictions	40,904	38,469
Net assets released from donor restrictions	<u>(36,783)</u>	<u>(91,201)</u>
Change in net assets with donor restrictions	<u>4,121</u>	<u>(52,732)</u>
CHANGE IN NET ASSETS	<u>(18,194)</u>	<u>(71,575)</u>
NET ASSETS, BEGINNING	<u>2,600,021</u>	<u>2,671,596</u>
NET ASSETS, ENDING	<u><u>\$2,581,827</u></u>	<u><u>\$2,600,021</u></u>

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Support Services:		
Management & General		
Accounting	\$ 11,625	\$ 9,610
Bank fees	1,034	1,023
Loan losses (provision of loan losses)	(7,119)	17,292
Credit loss collection	1,260	400
Consulting	111,468	134,878
Depreciation expense	119,862	109,423
Insurance	108,200	103,534
Interest expense	3,330	3,178
Legal and professional	51,059	40,097
LNEDC board expenses	-	12,904
Marketing	-	150
Meals	2,594	3,083
Meeting expense	1,273	2,020
Miscellaneous	1,800	2,673
Office expense	12,799	8,720
Postage	4,203	4,090
Property taxes	1,134	1,121
Repairs and maintainance	111,466	133,816
Resident services	7,642	7,973
Security	14,568	16,476
Supplies	2,069	3,058
Telephone	7,270	6,685
Utilities	<u>70,886</u>	<u>56,251</u>
Total	<u>\$ 638,423</u>	<u>\$ 678,455</u>

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, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (18,194)	\$ (71,575)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Depreciation	119,862	109,423
(Increase) decrease in assets:		
Loans receivable	(16,163)	(133,486)
Accrued interest receivable	4,582	(6,252)
Prepays	1,145	(6,242)
Utility deposits	2,115	(2,822)
Increase (decrease) in liabilities:		
Accounts payable	(506)	(11,407)
Deposits	-	3,200
Net cash provided (used) by operating activities	<u>92,841</u>	<u>(119,161)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments for the purchase of fixed assets	(38,063)	(132,422)
Cash payments for the purchase of certificates of deposits	<u>(8,328)</u>	<u>(262,727)</u>
Net cash used by investing activities	<u>(46,391)</u>	<u>(395,149)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in notes payable	<u>54</u>	<u>4,776</u>
Net cash provided by financing activities	<u>54</u>	<u>4,776</u>
Net increase (decrease) in cash	46,504	(509,534)
CASH, beginning of year	<u>607,791</u>	<u>1,117,325</u>
CASH, end of year	<u><u>\$ 654,295</u></u>	<u><u>\$ 607,791</u></u>

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
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.

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, 2025 and 2024.

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.

Assets	Years
Building	27
Building improvements	15-27
Furniture and equipment	5-7

Depreciation expense for the years ended April 30, 2025 and 2024 was \$119,862 and \$109,423, 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.

Subsequent Events

Management has evaluated events subsequent to the balance sheet date through October 20, 2025, 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, 2025:

<u>Financial assets at year end:</u>	
Cash	\$ 654,295
Certificates of deposits	271,055
Loans receivable	132,031
Accrued interest receivable	4,154
Prepaid expenses	<u>61,481</u>
Total financial assets	1,123,016
<u>Less: those unavailable for general expenditures within one year, due to:</u>	
Restricted for debt repayment	<u>(51,682)</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,071,334</u>

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.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Notes to Combined Financial Statements

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, 2025 and 2024 is as follows:

	2025	2024
Loans receivable outstanding	\$ 613,621	\$ 604,577
Less: Allowance for loan losses	<u>(78,243)</u>	<u>(85,362)</u>
Loans receivable, net	<u><u>\$ 535,378</u></u>	<u><u>\$ 519,215</u></u>

For the years ended April 30, 2025 and 2024, management has classified the net loans receivable into current and noncurrent maturities. Current maturities are those maturing within one year.

	2025	2024
Current loans receivable, net	\$ 132,031	\$ 77,482
Noncurrent loans receivable, net	<u>403,347</u>	<u>441,733</u>
	<u><u>\$ 535,378</u></u>	<u><u>\$ 519,215</u></u>

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, 2025 and 2024 is as follows:

	2025	2024
Balance, beginning	\$ 85,362	\$ 68,070
Loans written off	-	-
Increase (decrease) in provision for loan losses	<u>(7,119)</u>	<u>17,292</u>
Balance, ending	<u>\$ 78,243</u>	<u>\$ 85,362</u>

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, 2025 and 2024. 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, 2025

							Recorded
Greater Than				Total		Investment	
30-60 Days	61-90 Days	90 Days Past	Total Past	Financing	Receivables	90 Days and	
Past Due	Past Due	Due	Due	Current	Receivables	90 Days and	Accruing
\$ -	\$ -	\$ -	\$ -	\$ 613,621	\$ 613,621	\$ -	

					Total
Good		Sub-standard	Doubtful	Loss	Total
\$ 521,620		-	-	-	\$ 521,620

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

30-60 Days	61-90 Days	Greater Than	Total Past	Current	Total	Recorded
\$ -	\$ -	\$ -	\$ -	\$ 604,577	\$ 604,577	\$ -
Good	Sub-standard	Doubtful	Loss		Total	
\$ 604,577	-	-	-		\$ 604,577	

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, 2025 and 2024, no loans were on nonaccrual status. For the years ended April 30, 2025 and 2024, \$0 and \$0 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, 2025 and 2024, respectively.

NOTE 5 NOTES PAYABLE

	2025	2024
Note payable to insurance financier, payable in 10 monthly payments of \$8,804 including interest at a rate of 8.290%, collateralized by the assignment of insurance policies.	\$ 51,682	\$ -
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.	-	51,628
Total	<u><u>\$ 51,682</u></u>	<u><u>\$ 51,628</u></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, 2025 and 2024.

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, 2025.

NOTE 10 GRANT

On November 11, 2024, Management signed a new grant agreement with Lafayette City-Parish Consolidated Government. The amount of the grant is up to \$300,000 for additional Revolving Investment and Loan Funds. Funds shall be received from HUD pursuant to its CDBG Program.

NOTE 11 MANAGEMENT FEE

For the year ended April 30, 2025, the Corporation paid management fees to a third party for managing the daily operations of the Corporation. Under the Housing Management Agreement, the management fee has been approved at 7.00% of total monthly collected revenues including rental income and income from other sources such as coin-operated laundry equipment, commercial income, and forfeited security deposits. Management fees paid during the year ended April 30, 2025 and April 30, 2024 under this agreement were \$40,094 and \$40,678 respectively.

SUPPLEMENTARY INFORMATION

**LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY**

**Combining Statement of Financial Position
April 30, 2025**

	Lafayette Neighborhood's Economic Development Corporation	Evangeline Apartments	Eliminating and Combining	Combined Balance
ASSETS				
CURRENT ASSETS				
Cash	\$ 243,095	\$ 417,200	\$ (6,000)	\$ 654,295
Certificates of deposit	-	271,055	-	271,055
Loans receivable, current (net of reserve)	132,031	7,287	-	139,318
Accrued interest receivable	4,154	-	-	4,154
Prepaid expenses	-	61,481	-	61,481
TOTAL CURRENT ASSETS	379,280	757,023	(6,000)	1,130,303
PROPERTY AND EQUIPMENT				
Buildings	-	1,500,000	-	1,500,000
Building improvements	-	630,895	-	630,895
Furniture and equipment	-	79,442	-	79,442
Less: accumulated depreciation	-	<u>(1,054,905)</u>	-	<u>(1,054,905)</u>
TOTAL PROPERTY AND EQUIPMENT	-	1,155,432	-	1,155,432
OTHER ASSETS				
Utility deposits	-	3,497	-	3,497
Due from LNEDC	-	40,311	(40,311)	-
Loans receivable (net of reserve)	311,346	84,714	-	396,060
TOTAL OTHER ASSETS	311,346	128,522	(40,311)	399,557
TOTAL ASSETS	<u>\$ 690,626</u>	<u>\$2,040,977</u>	<u>\$ (46,311)</u>	<u>\$2,685,292</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ -	\$ 9,772	\$ -	\$ 9,772
Notes payable	-	51,682	-	51,682
Due to Evangeline Apartments	40,311	-	(40,311)	-
Tenant deposits	-	42,011	-	42,011
TOTAL CURRENT LIABILITIES	40,311	103,465	(40,311)	103,465
NET ASSETS				
Without donor restrictions	-	1,937,512	(6,000)	1,931,512
With donor restrictions	<u>650,315</u>	<u>-</u>	<u>-</u>	<u>650,315</u>
TOTAL NET ASSETS	<u>650,315</u>	<u>1,937,512</u>	<u>(6,000)</u>	<u>2,581,827</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 690,626</u>	<u>\$2,040,977</u>	<u>\$ (46,311)</u>	<u>\$2,685,292</u>

See independent auditor's report.

**LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY**

**Combining Statement of Activities
Year Ended April 30, 2025**

	Lafayette Neighborhood's Economic Development Corporation	Evangeline Apartments	Eliminating and Combining	Combined Balance
NET ASSETS WITHOUT DONOR RESTRICTIONS				
REVENUE				
Rent - Management fee	\$ 72,000	\$ -	\$ (72,000)	\$ -
Rent - Residential	- -	492,834	- -	492,834
Rent - Commercial	- -	73,100	- -	73,100
Other	<u>- -</u>	<u>13,391</u>	<u>- -</u>	<u>13,391</u>
Total revenue without donor restrictions	<u>72,000</u>	<u>579,325</u>	<u>(72,000)</u>	<u>579,325</u>
Net assets released from restrictions	<u>36,783</u>	<u>- -</u>	<u>- -</u>	<u>36,783</u>
TOTAL SUPPORT, REVENUES, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>108,783</u>	<u>579,325</u>	<u>(72,000)</u>	<u>616,108</u>
EXPENSES				
Support services	<u>36,783</u>	<u>673,640</u>	<u>(72,000)</u>	<u>638,423</u>
Change in net assets without donor restrictions	<u>72,000</u>	<u>(94,315)</u>	<u>- -</u>	<u>(22,315)</u>
NET ASSETS WITH DONOR RESTRICTIONS				
REVENUE				
Interest - loans	40,754	- -	- -	40,754
Other	<u>150</u>	<u>- -</u>	<u>- -</u>	<u>150</u>
Total revenue with donor restrictions	<u>40,904</u>	<u>- -</u>	<u>- -</u>	<u>40,904</u>
Net assets released from donor restrictions	<u>(36,783)</u>	<u>- -</u>	<u>- -</u>	<u>(36,783)</u>
Change in net assets with donor restrictions	<u>4,121</u>	<u>- -</u>	<u>- -</u>	<u>4,121</u>
CHANGE IN NET ASSETS	<u>76,121</u>	<u>(94,315)</u>	<u>- -</u>	<u>(18,194)</u>
NET ASSETS, BEGINNING	<u>574,194</u>	<u>2,025,827</u>	<u>- -</u>	<u>2,600,021</u>
NET ASSETS, ENDING	<u><u>\$ 650,315</u></u>	<u><u>\$ 1,931,512</u></u>	<u><u>\$ - -</u></u>	<u><u>\$ 2,581,827</u></u>

See independent auditor's report.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combining Schedule of Functional Expenses
Year Ended April 30, 2025

	Lafayette Neighborhood's Economic Development Corporation	Evangeline Apartments	Eliminating and Combining	Combined Balance
Accounting	\$ 11,625	\$ -	\$ -	\$ 11,625
Bank fees	1,034	-	-	1,034
Provision of loan losses	(7,119)	-	-	(7,119)
Loan loss collection	1,260	-	-	1,260
Consulting	17,061	94,407	-	111,468
Depreciation expense	-	119,862	-	119,862
Insurance	-	108,200	-	108,200
Interest expense		3,330	-	3,330
Legal and professional	2,253	48,806	-	51,059
Meals	548	2,046	-	2,594
Meeting expense	-	1,273	-	1,273
Miscellaneous	-	1,800	-	1,800
Office expense	8,613	4,186	-	12,799
Management overhead	-	4,203	-	4,203
Property taxes	-	1,134	-	1,134
Rent	-	72,000	(72,000)	-
Repairs and maintenance	-	111,466	-	111,466
Resident services	-	7,642	-	7,642
Security	-	14,568	-	14,568
Supplies	-	2,069	-	2,069
Telephone	1,508	5,762	-	7,270
Utilities	<u>-</u>	<u>70,886</u>	<u>-</u>	<u>70,886</u>
 Total	 <u>\$ 36,783</u>	 <u>\$ 673,640</u>	 <u>\$ (72,000)</u>	 <u>\$ 638,423</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, 2025 and 2024, 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, 2025. 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. 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 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 no instances of noncompliance or other matters that are required to be reported under Governmental Auditing Standards.

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, 2025

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION AND
SUBSIDIARY

Summary Schedule of Prior Year Findings
Year Ended April 30, 2025

2024-001 Finding: Incomplete Loan Files

Status: This finding is resolved.