

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

**Combined Financial Report
Years Ended April 30, 2022 and 2021**

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A CORPORATION OF CERTIFIED
PUBLIC ACCOUNTANTS

OTHER LOCATIONS:

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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, 2022 and 2021, 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 2022 and 2021 financial statements of Evangeline Apartments, a wholly owned subsidiary, which statements reflect total assets of \$2,118,761 and \$1,979,485 as of April 30, 2022 and 2021, and total revenues of \$553,973 and \$500,486 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, 2022 and 2021, 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.

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, 2022 and 2021, 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, 2022 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 LNEDEC's internal control over financial reporting and compliance.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
October 20, 2022

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combined Statements of Financial Position
April 30, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,185,532	\$ 997,369
Rents receivable	-	8,000
Loans receivable, current (net of reserve)	49,748	49,778
Accrued interest receivable	1,715	623
Other receivables	675	675
Prepaid expenses	38,721	31,294
TOTAL CURRENT ASSETS	1,276,391	1,087,739
PROPERTY AND EQUIPMENT		
Buildings	1,500,000	1,500,000
Building improvements	375,954	345,005
Furniture and equipment	46,747	37,013
Less: accumulated depreciation	(735,277)	(653,460)
TOTAL PROPERTY AND EQUIPMENT	1,187,424	1,228,558
OTHER ASSETS		
Loans receivable (net of reserve)	241,130	261,341
TOTAL ASSETS	\$ 2,704,945	\$ 2,577,638
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 6,846	\$ 5,140
Notes payable	27,313	23,282
Tenant deposits	33,951	33,685
TOTAL CURRENT LIABILITIES	68,110	62,107
NET ASSETS		
Without donor restrictions	2,051,177	1,917,578
With donor restrictions	585,658	597,953
TOTAL NET ASSETS	2,636,835	2,515,531
TOTAL LIABILITIES AND NET ASSETS	\$ 2,704,945	\$ 2,577,638

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, 2022 and 2021

	2022	2021
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE		
Rent - Residential	\$ 477,413	\$ 432,434
Rent - Commercial	69,400	60,950
Other	7,160	7,102
Total revenue without donor restrictions	553,973	500,486
Net assets released from restrictions	38,721	66,249
TOTAL SUPPORT, REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	592,694	566,735
EXPENSES		
Support services	459,095	435,320
Change in net assets without donor restrictions	133,599	131,415
NET ASSETS WITH DONOR RESTRICTIONS		
REVENUE AND SUPPORT		
Interest - loans	26,110	13,101
Investment interest	25	26
Other	291	187
Total revenue and support with donor restrictions	26,426	13,314
Net assets released from donor restrictions	(38,721)	(66,249)
Change in net assets with donor restrictions	(12,295)	(52,935)
CHANGE IN NET ASSETS	121,304	78,480
NET ASSETS, BEGINNING	2,515,531	2,437,051
NET ASSETS, ENDING	\$ 2,636,835	\$ 2,515,531

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, 2022 and 2021

	2022	2021
Support Services:		
Management & General		
Accounting	\$ 12,350	\$ 12,235
Advertising	175	-
Bank Fees	402	735
Bad debts	3,445	19,260
Consulting	83,915	73,649
Depreciation expense	82,099	75,742
Insurance	60,847	52,609
Interest expense	1,350	1,212
Legal and professional	12,834	9,905
Meals	3,788	968
Meeting expense	2,372	1,831
Miscellaneous	1,535	1,665
Office expense	4,049	4,942
Payroll taxes	2,368	3,589
Postage	-	-
Property taxes	1,125	1,110
Repairs and maintenance	75,745	54,921
Resident services	5,644	1,966
Salaries	32,424	49,558
Security	21,480	20,093
Supplies	3,278	3,544
Telephone	6,564	7,026
Utilities	41,306	38,760
Total	\$ 459,095	\$ 435,320

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, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 121,304	\$ 78,480
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	82,099	75,742
(Increase) decrease in assets:		
Rent receivable	8,000	(8,000)
Loans receivable	20,241	70,777
Accrued interest receivable	(1,092)	12,805
Prepays	(7,427)	(3,758)
Increase (decrease) in liabilities:		
Accounts payable	1,706	(1,873)
Deposits	266	6,265
Net cash provided by operating activities	225,097	230,438
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments for the purchase of fixed assets	(40,965)	(66,437)
Net cash used by investing activities	(40,965)	(66,437)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in notes payable	4,031	365
Net cash provided by financing activities	4,031	365
Net increase in cash	188,163	164,366
CASH, beginning of year	997,369	833,003
CASH, end of year	\$ 1,185,532	\$ 997,369

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, 2022 and 2021.

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, 2022 and 2021 was \$82,099 and \$75,742, respectively.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
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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.

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, 2022, 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, 2022:

<u>Financial assets at year end:</u>	
Cash	\$ 1,185,532
Loans receivable	49,748
Accrued interest receivable	1,715
Other receivables	675
Prepaid expenses	<u>38,721</u>
Total financial assets	1,276,391
<u>Less: those unavailable for general expenditures</u>	
<u>within one year, due to:</u>	
Restricted for debt repayment	<u>(27,313)</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,249,078</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 October 31, 2022 and 2021 is as follows:

	2022	2021
Loans receivable outstanding	\$ 349,226	\$ 366,022
Less: Allowance for loan losses	(58,348)	(54,903)
Loans receivable, net	\$ 290,878	\$ 311,119

For the years ended October 31, 2022 and 2021, management has classified the net loans receivable into current and noncurrent maturities. Current maturities are those maturing within one year.

	2022	2021
Current loans receivable, net	\$ 49,748	\$ 49,778
Noncurrent loans receivable, net	241,130	261,341
	\$ 290,878	\$ 311,119

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 October 31, 2022 and 2021 is as follows:

	2022	2021
Balance, beginning	\$ 54,903	\$ 83,141
Loans written off	-	(35,821)
Increase (Decrease) in provision for loan losses	3,445	7,583
Balance, ending	\$ 58,348	\$ 54,903

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, 2022 and 2021. 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, 2022

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
\$ 1,829	\$ 700	\$ -	\$ 2,529	\$ 346,697	\$ 349,226	\$ -

FY2022

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	\$ -

FY2021

Good	Sub-standard	Doubtful	Loss	Total
\$ 289,586	59,640	-	-	\$ 349,226

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, 2022 and 2021, no loans were on nonaccrual status. For the years ended April 30, 2022 and 2021, \$1,092 and \$12,805 of accrued unpaid interest was reversed against interest income, respectively. The total recorded investment in impaired loans amounted to approximately \$0 and \$3,173, as of April 30, 2022 and 2021, respectively.

NOTE 5 NOTES PAYABLE

	2022	2021
Note payable to insurance financier, payable in 10 monthly payments of \$4,644 including interest at a rate of 6.878%, collateralized by the assignment of insurance policies.	\$ 27,313	\$ 23,282
Total	\$ 27,313	\$ 23,282

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, 2022 and 2021.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

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, 2022.

SUPPLEMENTARY INFORMATION

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combining Statement of Financial Position
April 30, 2022

	Lafayette Neighborhood's Economic Development Corporation	Evangeline Apartments	Eliminating and Combining	Combined Balance
ASSETS				
CURRENT ASSETS				
Cash	\$ 293,591	\$ 891,941	\$ -	\$ 1,185,532
Loans receivable, current (net of reserve)	49,748	-	-	49,748
Accrued interest receivable	1,715	-	-	1,715
Utility Deposits	-	675	-	675
Prepaid expenses	-	38,721	-	38,721
	345,054	931,337	-	1,276,391
PROPERTY AND EQUIPMENT				
Buildings	-	1,500,000	-	1,500,000
Building improvements	-	375,954	-	375,954
Furniture and equipment	-	46,747	-	46,747
Less: accumulated depreciation	-	(735,277)	-	(735,277)
	-	1,187,424	-	1,187,424
OTHER ASSETS				
Loans receivable (net of reserve)	241,130	-	-	241,130
	241,130	-	-	241,130
TOTAL ASSETS	<u>\$ 586,184</u>	<u>\$ 2,118,761</u>	<u>\$ -</u>	<u>\$ 2,704,945</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 526	\$ 6,320	\$ -	\$ 6,846
Notes payable	-	27,313	-	27,313
Tenant deposits	-	33,951	-	33,951
	526	67,584	-	68,110
NET ASSETS				
Without donor restrictions	-	2,051,177	-	2,051,177
With donor restrictions	585,658	-	-	585,658
	585,658	2,051,177	-	2,636,835
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 586,184</u>	<u>\$ 2,118,761</u>	<u>\$ -</u>	<u>\$ 2,704,945</u>

See independent auditor's report.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combining Statement of Activities
Year Ended April 30, 2022

	Lafayette Neighborhood's Economic Development Corporation	Evangeline Apartments	Eliminating and Combining	Combined Balance
NET ASSETS WITHOUT DONOR RESTRICTIONS				
REVENUE				
Rent - Residential	\$ -	\$ 477,413	\$ -	\$ 477,413
Rent - Commercial	-	69,400	-	69,400
Other	-	7,160	-	7,160
Total revenue without donor restrictions	-	553,973	-	553,973
Net assets released from restrictions	38,721	-	-	38,721
TOTAL SUPPORT, REVENUES, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	38,721	553,973	-	592,694
EXPENSES				
Support services	38,721	420,374	-	459,095
Change in net assets without donor restrictions	-	133,599	-	133,599
NET ASSETS WITH DONOR RESTRICTIONS				
REVENUE				
Interest - loans	26,110	-	-	26,110
Investment interest	25	-	-	25
Other	291	-	-	291
Total revenue with donor restrictions	26,426	-	-	26,426
Net assets released from donor restrictions	(38,721)	-	-	(38,721)
Change in net assets with donor restrictions	(12,295)	-	-	(12,295)
CHANGE IN NET ASSETS	(12,295)	133,599	-	121,304
NET ASSETS, BEGINNING	597,953	1,917,578	-	2,515,531
NET ASSETS, ENDING	\$ 585,658	\$ 2,051,177	\$ -	\$ 2,636,835

See independent auditor's report.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Combining Schedule of Functional Expenses
Year Ended April 30, 2022

	Lafayette Neighborhood's Economic Development Corporation	Evangeline Apartments	Eliminating and Combining	Combined Balance
Accounting	\$ 12,350	\$ -	\$ -	\$ 12,350
Advertising	-	175	-	175
Bank Fees	402	-	-	402
Bad debts	3,445	-	-	3,445
Consulting	13,891	70,024	-	83,915
Depreciation expense	-	82,099	-	82,099
Insurance	-	60,847	-	60,847
Interest expense		1,350	-	1,350
Legal and professional	2,284	10,550	-	12,834
Meals	2,543	1,245	-	3,788
Meeting expense	-	2,372	-	2,372
Miscellaneous		1,535	-	1,535
Office expense	490	3,559	-	4,049
Payroll taxes	-	2,368	-	2,368
Property taxes	-	1,125	-	1,125
Repairs and maintenance	-	75,745	-	75,745
Resident services	-	5,644	-	5,644
Salaries	-	32,424	-	32,424
Security	-	21,480	-	21,480
Supplies	1,135	2,143	-	3,278
Telephone	2,181	4,383	-	6,564
Utilities	-	41,306	-	41,306
Total	<u>\$ 38,721</u>	<u>\$ 420,374</u>	<u>\$ -</u>	<u>\$ 459,095</u>

See independent auditor's report.

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**



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**DARNALL SIKES
& FREDERICK**

A CORPORATION OF CERTIFIED
PUBLIC ACCOUNTANTS

OTHER LOCATIONS:

Eunice Morgan City Abbeville

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, 2022 and 2021, 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, 2022. 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, 2022

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION AND
SUBSIDIARY

Summary Schedule of Prior Year Findings
Year Ended April 30, 2022

2021-001 Finding: Incomplete Loan Files

Status: This finding is unresolved. See current year finding 2022-001.

2021-002 Finding: Inadequate Segregation of Accounting Functions

Status: This finding is unresolved. See current year finding 2022-002.

2021-003 Finding: Internal Control Over Cash Reconciliations and Loans Receivable

Status: This finding is unresolved. See current year finding 2022-003.

LAFAYETTE NEIGHBORHOODS' ECONOMIC DEVELOPMENT CORPORATION
AND SUBSIDIARY

Schedule of Findings and Questioned Costs
Year Ended April 30, 2022

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, 2022.

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 2022-001, 2022-002 and 2022-003 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 2022-001 in Part 2.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended April 30, 2022.

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

2022-001 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, 2022

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.

2022-002 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, 2022

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.

2022-003 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, 2022

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, 2022, the Corporation did not meet the requirements to have a single audit in accordance with OMB *Uniform Guidance*; therefore, this section is not applicable.