

STUDIO 114, LLC  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

STUDIO 114, LLC  
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DECEMBER 31, 2019 AND 2018

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## INDEPENDENT AUDITORS' REPORT

To the Members and Management  
of Studio 114, LLC  
Lafayette, Louisiana

We have audited the accompanying financial statements of Studio 114, LLC (a Louisiana Limited Liability Company), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

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 the financial statements that is free from material misstatement, whether due to fraud or error.

### **Auditors' 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. Those standards require that we plan and perform the audits 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 auditors' 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 auditors consider 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 balance sheets referred to above present fairly, in all material respects, the financial position of Studio 114, LLC as of December 31, 2019 and 2018, and the results of its operations, changes in member's equity, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenses and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the 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 audits 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 *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2020, on our consideration of Studio 114, LLC'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 Studio 114, LLC's internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Studio 114, LLC's internal control over financial reporting and compliance.

*Little & Associates, LLC*

Monroe, LA  
April 20, 2020

STUDIO 114, LLC  
BALANCE SHEETS  
DECEMBER 31,

ASSETS

	2019	2018
<b>CURRENT ASSETS</b>		
Cash - Operations	\$ 7,293	\$ 4,089
Accounts Receivable - Tenants	5,779	2,649
Prepaid Expenses	3,464	3,039
Total Current Assets	16,536	9,777
 <b>RESTRICTED DEPOSITS AND FUNDED RESERVES</b>		
Replacement Reserve	6,340	13,538
Tenants' Security Deposits	6,235	5,998
Total Restricted Deposits and Funded Reserves	12,575	19,536
 <b>PROPERTY AND EQUIPMENT</b>		
Buildings	2,313,551	2,313,551
Furniture and Equipment	281,756	281,756
Site Improvements	74,839	74,839
Total	2,670,146	2,670,146
Less: Accumulated Depreciation	(508,619)	(418,862)
Net Depreciable Assets	2,161,527	2,251,284
Land	61,826	61,826
Total Property and Equipment	2,223,353	2,313,110
 <b>OTHER ASSETS</b>		
Utility Deposits	800	800
Total Other Assets	800	800
 Total Assets	 \$ 2,253,264	 \$ 2,343,223

The accompanying notes are an integral part of these financial statements.

STUDIO 114, LLC  
BALANCE SHEETS  
DECEMBER 31,

LIABILITIES AND MEMBER'S EQUITY

	2019	2018
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 534	\$ 440
Accrued Expenses	826	1,855
Deferred Rent	276	1,367
Accrued Management Fees	523	-
Due to Related Parties	23,550	15,000
Accrued Interest Payable	1,044	1,044
Current Portion Long-Term Debt	14,232	13,641
Total Current Liabilities	40,985	33,347
<b>DEPOSITS</b>		
Tenant Security Deposits	6,235	5,998
Total Deposits	6,235	5,998
<b>LONG-TERM LIABILITIES</b>		
Notes Payable - LPTFA	555,805	555,805
Mortgage Note Payable - CFB, Net of Unamortized Debt Issuance Costs	587,395	601,430
Deferred Developer Fee Payable	43,173	43,173
Total Long-Term Liabilities	1,186,373	1,200,408
Total Liabilities	1,233,593	1,239,753
<b>MEMBER'S EQUITY</b>		
Member's Equity	1,019,671	1,103,470
Total Member's Equity	1,019,671	1,103,470
Total Liabilities and Member's Equity	\$ 2,253,264	\$ 2,343,223

The accompanying notes are an integral part of these financial statements.

STUDIO 114, LLC  
 STATEMENTS OF OPERATIONS  
 FOR THE YEARS ENDED DECEMBER 31,

	<u>2019</u>	<u>2018</u>
REVENUE		
Rental Income	\$ 117,875	\$ 117,593
Vacancy	(14,313)	(7,472)
Late Fees, Forfeited Deposits, etc.	1,836	2,170
Concessions	(3,644)	(2,681)
Bad Debts	(2,432)	(2,280)
Total Revenue	<u>99,322</u>	<u>107,330</u>
EXPENSES		
Maintenance and Repairs	18,496	20,085
Utilities	9,568	11,883
Administrative	19,070	15,579
Management Fees	6,114	6,752
Taxes	1,429	2,546
Insurance	12,557	11,957
Interest	26,130	25,686
Depreciation and Amortization	89,757	89,756
Total Expenses	<u>183,121</u>	<u>184,244</u>
Net Income (Loss)	<u>\$ (83,799)</u>	<u>\$ (76,914)</u>

The accompanying notes are an integral part of these financial statements.

STUDIO 114, LLC  
 STATEMENTS OF MEMBER'S EQUITY  
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Total	Lafayette Public Trust Financing Authority
Member's Equity, December 31, 2017	\$ 1,180,384	\$ 1,180,384
Net Income (Loss)	(76,914)	(76,914)
Member's Equity, December 31, 2018	1,103,470	1,103,470
Net Income (Loss)	(83,799)	(83,799)
Member's Equity, December 31, 2019	\$ 1,019,671	\$ 1,019,671
Profit and Loss Percentages	100.00%	100.00%

The accompanying notes are an integral part of these financial statements.



STUDIO 114, LLC  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income (Loss)	\$ (83,799)	\$ (76,914)
Adjustments to Reconcile Net Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	89,949	89,997
(Increase) Decrease in Accounts Receivable - Tenants	(3,130)	21
(Increase) Decrease in Prepaid Expenses	(425)	(433)
Increase (Decrease) in Accounts Payable	94	(2,744)
Increase (Decrease) in Deferred Rent	(1,091)	41
Increase (Decrease) in Accrued Management Fee	523	-
Increase (Decrease) in Accrued Expenses	(1,029)	260
Increase (Decrease) in Accrued Interest Payable	-	91
Increase (Decrease) in Security Deposit Liability	237	198
Total Adjustments	85,128	87,431
Net Cash Provided (Used) by Operating Activities	1,329	10,517
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal Payments on Long-Term Debt	(13,636)	(7,416)
Net Change in Due to Related Parties	8,550	-
Net Cash Provided (Used) by Financing Activities	(5,086)	(7,416)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,757)	3,101
Cash and Cash Equivalents, Beginning of Year	23,625	20,524
Cash and Cash Equivalents, End of Year	\$ 19,868	\$ 23,625
 <b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash and Cash Equivalents		
Cash - Operations	\$ 7,293	\$ 4,089
Replacement Reserve	6,340	13,538
Tenants' Security Deposits	6,235	5,998
Total Cash and Cash Equivalents	\$ 19,868	\$ 23,625

The accompanying notes are an integral part of these financial statements.

STUDIO 114, LLC  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,

	<u>2019</u>	<u>2018</u>
Supplemental Disclosures of Cash Flow Information (Continued):		
Cash paid During the Year for:		
Interest	<u>\$ 25,938</u>	<u>\$ 25,354</u>

The accompanying notes are an integral part of these financial statements.

STUDIO 114, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

NOTE A – ORGANIZATION

Studio 114, LLC, (the “Company”), a Louisiana Limited Liability Company, was organized during the year ended December 31, 2010 to rehabilitate, develop, and operate a 15-unit apartment project, known as The Studios at LWG (the “Project”) in Lafayette, Louisiana. The Project consists of 8 HOME assisted and 7 market rate apartments. The Project is rented to low-income tenants and is operated in a manner necessary to comply with the Louisiana Housing Corporation, formally Louisiana Housing Finance Agency, Urban Rental Development Grant Agreement under the HOME Investment Partnership Program. The major activities of the Company are subject to the administrative directives, rules, and regulations of federal and state regulatory agencies, including but not limited to, the state housing finance agency. Such administrative directives, rules, and regulations are subject to change by federal and state agencies.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Accounting

The financial statements of the Company are prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles.

Estimates

The preparation of financial statements in conformity with U.S. 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.

Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires significant changes to the financial reporting model. The change includes presenting restricted cash or restricted cash equivalents (Restricted Deposits and Funded Reserves on the Balance Sheet) with cash and cash equivalents. The new standard is effective for the Company’s year ended December 31, 2019 and thereafter and must be applied on a retrospective basis. The Company adopted the ASU effective January 1, 2019. Adoption of the ASU did not result in any reclassifications or restatements to members’ equity or net income (loss).

STUDIO 114, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents represent unrestricted cash, restricted deposits, funded reserves and all highly liquid and unrestricted and restricted debt instruments purchased with a maturity of three months or less.

Cash and Other Deposits

The Company has a checking account at one or more financial institutions. Noninterest-bearing and interest-bearing accounts, in the aggregate, are insured up to \$250,000 at each financial institution by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2019, there were no uninsured deposits.

FASB ASC 360, *Property, Plant, and Equipment*

FASB ASC 360, *Property, Plant, and Equipment* requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Application of the impairment provisions of FASB ASC 360, *Property, Plant, and Equipment* has not materially affected the Company's reported earnings, financial condition or cash flows.

Collateralization Policy for Financial Instruments

The Company does not require collateral to support financial instruments subject to credit risk.

Property, Equipment, and Depreciation

Land, buildings, improvements, and equipment are recorded at cost. Upon completion of the project, depreciation will be provided for in amounts sufficient to relate the cost of depreciable assets to operations using the straight-line method over their estimated service lives as follows:

Buildings	40 years
Furniture, Fixtures and Equipment	10 years
Site Improvements	20 years

Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of operations.

Organization Costs

Organization costs are expensed as incurred.

STUDIO 114, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the interest method.

Income Taxes

The Company is a single member limited liability company and was structured as a disregarded entity for U.S. federal, state, and local income tax purposes. Accordingly, no provision for income taxes is made in the Company’s financial statements.

NOTE C – RESTRICTED RESERVES

Replacement Reserve

In accordance with the Louisiana Housing Finance Agency 2011-2012 Home NOFA Award Urban Rental Development Grant Agreement, the Company shall deposit the sum of \$4,500 (or \$300 per unit) each year (the “Reserve Deposit”) into an account to be maintained at Community First Bank under the control of the Company provided that such funds may only be used by the Company for reimbursement to the operating account of expenditures made for capital repairs and replacements (generally, items that are depreciated). For the year ended December 31, 2019, \$4,500 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2019 was \$1,875, which resulted in the account being underfunded by \$2,625 for the year ended December 31, 2019. For the year ended December 31, 2018, \$4,500 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2018 was \$5,625, which resulted in the account being adequately funded for the year ended December 31, 2018. As of December 31, 2019, the account was underfunded by a total amount of \$2,625. As of December 31, 2019 and 2018, the Replacement Reserve had a balance of \$6,340 and \$13,538, respectively.

Replacement Reserve Account activity for the years ended December 31, 2019 and 2018 is as follows:

Beginning Balance 12/31/2017	\$ 13,135
Deposits	5,625
Interest	–
Withdrawals	(5,222)
Ending Balance 12/31/2018	13,538
Deposits	1,875
Interest	–
Withdrawals	(9,073)
Ending Balance 12/31/2019	<u>\$ 6,340</u>

STUDIO 114, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

NOTE D – MEMBER AND CAPITAL CONTRIBUTIONS

The Company has one member (Lafayette Public Trust Financing Authority). The Company records capital contributions as received and distributions as paid. During the years ended December 31, 2019 and 2018, the Company did not receive any contributions from the Member and no distributions were paid to the Member. As of December 31, 2019, the total capital contributions provided by the Member were \$0.

NOTE E – NOTES PAYABLE

Permanent Loan

During the year ended December 31, 2014, the Company converted its construction loan to a permanent loan with Community First Bank (CFB). The maximum loan amount that will be drawn is 800,000. The interest rate is a fixed rate at 4.25% per annum. Monthly payments of principal and interest in the amount of \$3,298 are due. The final payment will be due on July 16, 2024, the maturity date. The loan is primarily collateralized by a first mortgage on the Company’s land and all subsequent improvements and assignment of the project’s architectural plans, leases and rents, and all committed subsidies for the project. As of December 31, 2019 and 2018, the balance of the loan was \$602,765 and \$616,401, respectively. As of December 31, 2019 and 2018, the loan accrued interest in the amount of \$1,044 and \$1,044, respectively.

	2019	2018
Note Payable – CFB	\$ 602,765	\$ 616,401
Less: Unamortized Debt Issuance Costs	(1,138)	(1,330)
Note Payable – CFB, Net	\$ 601,627	\$ 615,071

Notes Payable – Lafayette Public Trust Financing Authority (LPTFA)

On October 24, 2012, the Company entered into a loan agreement with Lafayette Public Trust Financing Authority, the Member, in the amount of \$1,010,000. The interest rate is a fixed rate of 0%. Commencing January 1, 2014, annual payments are required consisting of fifty percent (50%) of the net cash flow for the twelve (12) month period immediately preceding each payment. All outstanding principle shall be due and payable at the earlier to occur of December 30, 2030, the maturity date, or the sale, refinance, recapitalization or other material capital event related to the Project. The loan is collateralized by a second mortgage on the property. As of December 31, 2019 and 2018, the balance of the loan was \$549,000 and \$549,000, respectively.

On May 24, 2018, the Company entered into a loan agreement with Lafayette Public Trust Financing Authority, the Member, in the amount of \$6,805. The interest rate is a fixed rate of 0%. All outstanding principle shall be due and payable at the earlier to occur of May 24, 2048, the maturity date, or the sale, refinance, recapitalization or other material capital event related to the Project. The loan is collateralized by the land and property. As of December 31, 2019 and 2018, the balance of the loan was \$6,805 and \$6,805, respectively.

STUDIO 114, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

NOTE E – NOTES PAYABLE (CONTINUED)

Maturities of Long-Term Debt

Aggregate maturities of long-term debt for the next five years and thereafter are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2020	\$ 14,232
2021	\$ 14,849
2022	\$ 15,492
2023	\$ 16,164
2024	\$ 16,864
Thereafter	\$ 1,080,969

NOTE F – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Developer Fee

On June 1, 2012, the Company entered into a Project Consultant Agreement with The Cartesian Company, Inc. in the amount of \$145,000 and a developer services agreement with the Lafayette Public Trust Financing Authority, the Member, in the amount of \$205,349 for services rendered for overseeing the construction and development of the apartment complex. These developer fees are capitalized into the basis of the building. As of December 31, 2019 and 2018, developer fees in the amount of \$43,173 and \$43,173, respectively, were payable and considered deferred. The remaining developer fees payable as of December 31, 2019 and 2018 were owed to Lafayette Public Trust Financing Authority.

Due to Related Party

During the years ended December 31, 2019 and 2017, Lafayette Public Trust Financing Authority, the Member, paid operating costs in the amount of \$8,550 and \$15,000 on behalf of the Company, respectively. As of December 31, 2019 and 2018, the Company owed \$23,550 and \$15,000 to Lafayette Public Trust Financing Authority, respectively.

NOTE G – SUBSEQUENT EVENTS

In March 2020, the worldwide Coronavirus (Covid 19) outbreak was declared a pandemic by the World Health Organization. On March 22, 2020, the Governor of Louisiana issued a stay-at-home order; whereby, only essential businesses were allowed to remain open. The stay-at-home order may impact the Partnership's collection of revenues due to tenants' potential inability to work and pay monthly rents. If the Partnership should experience a disruption in collection of rents, this could adversely affect the Partnership's ability to meet its obligations in the future. Although the Partnership has not experienced a material negative impact to its results of

STUDIO 114, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

NOTE G – SUBSEQUENT EVENTS (CONTINUED)

operations, cash flows and financial position as of the report date, any future material negative impact is unknown at this time due to the highly unpredictable nature of this virus and its effects and disruption to businesses in the future.

The Company has evaluated subsequent events through April 20, 2020, which is the date the financial statements were available for issue.



SUPPLEMENTARY INFORMATION

STUDIO 114, LLC  
SCHEDULE OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31,

	<u>2019</u>	<u>2018</u>
<b>MAINTENANCE AND REPAIRS</b>		
Salaries	\$ 6,332	\$ -
Supplies and Repairs	1,397	6,867
Painting and Decorating	510	-
Grounds	1,485	2,129
Services	1,833	1,322
Pest Control	1,666	2,556
Garbage and Trash Removal	5,234	5,063
Other Operating Expenses	39	2,148
Total Maintenance and Repairs	<u>\$ 18,496</u>	<u>\$ 20,085</u>
<b>UTILITIES</b>		
Electricity	\$ 8,416	\$ 6,887
Water	579	1,268
Sewer	573	3,728
Total Utilities	<u>\$ 9,568</u>	<u>\$ 11,883</u>
<b>ADMINISTRATIVE</b>		
Salaries	\$ 5,477	\$ 3,083
Accounting	1,825	2,700
Legal and Professional Expenses	6,241	7,319
Administrative Fee - LBPMI	250	600
Telephone	1,411	1,006
Office Expenses	3,375	52
Postage	-	113
Bank Charges	106	80
Credit Bureau	-	240
Travel	71	98
Training	125	-
Other Administrative Expenses	189	288
Total Administrative	<u>\$ 19,070</u>	<u>\$ 15,579</u>
<b>TAXES</b>		
Payroll Taxes	\$ 1,429	\$ 2,546
Total Taxes	<u>\$ 1,429</u>	<u>\$ 2,546</u>
<b>INSURANCE</b>		
Property and Liability Insurance	\$ 12,557	\$ 11,750
Health Insurance and Other Employee Benefits	-	207
Total Insurance	<u>\$ 12,557</u>	<u>\$ 11,957</u>
<b>INTEREST EXPENSE</b>		
Interest on Mortgage	\$ 26,130	\$ 25,686
Total Interest Expense	<u>\$ 26,130</u>	<u>\$ 25,686</u>



**Independent Auditors' 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***

To the Members and Management of  
Studio 114, LLC  
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 Studio 114, LLC, which comprise the balance sheet as of December 31, 2019, and the related statements of operations, changes in member's equity, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Studio 114, LLC'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Studio 114, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of Studio 114, LLC'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 Studio 114, LLC'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 Studio 114, LLC'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 Studio 114, LLC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Studio 114, LLC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Little & Associates, LLC*

Monroe, Louisiana  
April 20, 2020

STUDIO 114, LLC

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO THE AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

FOR THE YEAR ENDED DECEMBER 31, 2019

Please refer to the Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer included in the Lafayette Public Trust Finance Authority's audit report for information relative to compensation, benefits and other payments to the agency head or chief executive officer.

Studio 114, LLC  
Schedule of Findings and Responses  
For the Year Ended December 31, 2019

**SECTION I – SUMMARY OF AUDIT RESULTS**

**Financial Statement Audit**

Type of auditors' report issued:		Unmodified
Internal Control over financial reporting: Material Weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Noted
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Noted

**SECTION II – FINDINGS - FINANCIAL STATEMENTS AUDIT**

There were no finding for the year ended December 31, 2019.

Studio 114, LLC  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2019

The status of the prior year audit findings are summarized as follows:

None