

# RESEARCH PARK CORPORATION

Audits of Financial Statements

December 31, 2021 and 2020



## Contents

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<b>Independent Auditor's Report</b>	1 - 3
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### **Required Supplementary Information**

Management's Discussion and Analysis	5 - 9
--------------------------------------	-------

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### **Financial Statements**

Statements of Net Position	10
Statements of Revenues, Expenses, and Changes in Net Position	11 - 12
Statements of Cash Flows	13 - 14
Notes to Financial Statements	15 - 29

---

### **Other Supplementary Information**

Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	31
---	----

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<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	32 - 33
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<b>Schedule of Findings and Responses</b>	34
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## **Independent Auditor's Report**

To the Board of Directors  
Research Park Corporation  
Baton Rouge, Louisiana

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Research Park Corporation (the Corporation) which comprise the statements of net position as of December 31, 2021 and 2020, the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2021 and 2020, and changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **LOUISIANA • TEXAS**

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to chief executive officer, as required by Louisiana Revised Statute (R.S.) 24:513 A(3) is presented for the purpose of additional analysis and is 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 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 Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2022, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 the Corporation's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA  
May 19, 2022

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**RESEARCH PARK CORPORATION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

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The Management's Discussion and Analysis of Research Park Corporation's (the Corporation) financial performance presents a narrative overview and analysis of Research Park Corporation's financial activities for the years ended December 31, 2021 and 2020. This document focuses on the current year's activity, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements, which begins on page 10.

**FINANCIAL HIGHLIGHTS**

**2021**

The Corporation's assets exceed its liabilities (net position) at the close of fiscal year 2021 by \$23,026,562, which represents a 10% increase in net position from the prior fiscal year. The Corporation experienced operating losses of \$2,020,584 in 2021. The Corporation had investment gains of \$2,242,796 for the year. Capital assets also decreased by 18% as the Corporation depreciated existing assets and disposed out of service assets. The Corporation's main assets are a mix of capital assets of \$205,224, promissory note from Bon Carre' Business Center, LLC of \$3,251,498, and liquid assets of \$19,096,965, which consists primarily of investments in securities and cash.

**2020**

The Corporation's assets exceed its liabilities (net position) at the close of fiscal year 2020 by \$21,021,101, which represents a 4% increase in net position from the prior fiscal year. The Corporation experienced operating losses of \$2,057,876 in 2020. The Corporation had investment gains of \$2,054,821 for the year. Capital assets also decreased by 14% as the Corporation depreciated existing assets. The Corporation's main assets are a mix of capital assets of \$250,834, promissory note from Bon Carre' Business Center, LLC of \$3,453,247, and liquid assets of \$17,123,993, which consists primarily of investments in securities and cash.

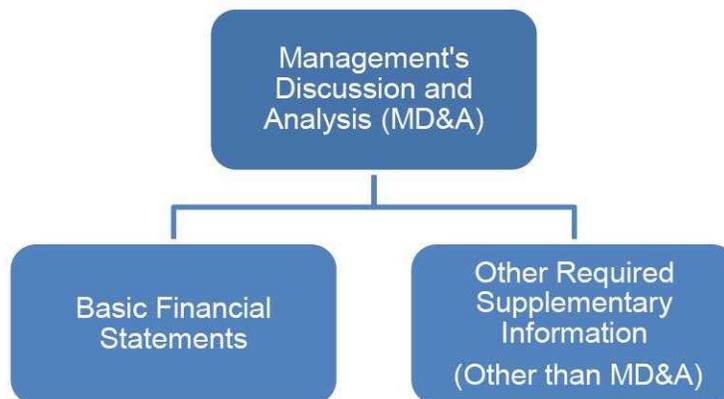
**RESEARCH PARK CORPORATION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.



These financial statements consist of two sections - Management's Discussion and Analysis (this section), and the financial statements (including the notes to the financial statements).

**Basic Financial Statements**

The financial statements present information for Research Park Corporation as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows.

The "Statements of Net Position" (page 10) present a summary of assets and liabilities with totals of each. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The "Statements of Revenues, Expenses, and Changes in Net Position" (pages 11 - 12) present information which shows how the Corporation's net position changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The "Statements of Cash Flows" (pages 13 - 14) present information showing how the Corporation's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income to net cash provided by operating activities (indirect method) as required by GASB 34.

**RESEARCH PARK CORPORATION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

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**FINANCIAL ANALYSIS OF THE CORPORATION**

**Condensed Statements of Net Position  
December 31, 2021, 2020, and 2019**

	2021	2020	2019
Current Assets	\$ 1,417,108	\$ 896,490	\$ 1,277,382
Investments	21,839,471	20,231,561	18,786,009
Capital Assets	205,224	250,834	290,877
<b>Total Assets</b>	<b>23,461,803</b>	<b>21,378,885</b>	<b>20,354,268</b>
Liabilities	435,241	357,784	168,511
<b>Total Net Position</b>	<b>\$ 23,026,562</b>	<b>\$ 21,021,101</b>	<b>\$ 20,185,757</b>

All of the assets of the Corporation are unrestricted as to their specific use; that is, they can be used for any lawful purpose consistent with the by-laws and articles of incorporation. The investment portfolio, which was created because of the sale of land in 2005, increased 11% in 2021, and increased 8% in 2020. However, due to economic conditions influenced by COVID-19, the Corporation withdrew \$425,000 of funds in 2021 to support operating losses. During 2021 the Corporation received \$353,018 in principal and interest payments on the Note Receivable from Bon Carre' Business Center II, LLC, which was generated by the sale of the Corporation's equity interest in that entity in 2013. Capital assets decreased 18% in 2021, as the Corporation continued to depreciate existing assets and dispose of obsolete and inoperative assets. Liabilities increased 22% in 2021 due to an outstanding loan obligation at year end.

**RESEARCH PARK CORPORATION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

**Condensed Statements of Revenues,  
Expenses and Changes in Net Position  
For the Years Ended December 31, 2021, 2020, and 2019**

	2021	2020	2019
Operating Revenues	\$ 517,705	\$ 484,345	\$ 599,607
Operating Expenses	<b>2,538,289</b>	2,542,221	2,618,353
<b>Operating Loss</b>	<b>(2,020,584)</b>	(2,057,876)	(2,018,746)
Non-Operating Revenues (Expenses)			
Tax Revenue - Cooperative Endeavor 2019	-	-	591,679
Tax Revenue - Cooperative Endeavor 2020	-	299,380	708,015
Tax Revenue - Cooperative Endeavor 2021	<b>697,012</b>	539,019	-
Tax Revenue - Cooperative Endeavor 2022	<b>748,249</b>	-	-
Investment Income (Loss), Net of Fees	<b>2,242,796</b>	2,054,821	3,029,910
Unrelated Business Income Tax Expense	-	-	(13,718)
Other Income	<b>337,988</b>	-	12,800
<b>Total Non-Operating Revenues, Net</b>	<b>4,026,045</b>	2,893,220	4,328,686
<b>Change in Net Position</b>	<b>\$ 2,005,461</b>	\$ 835,344	\$ 2,309,940

**2021**

Operating revenues consist of income received from incubator clients, grant and sponsorship income, and program income. For the year ended December 31, 2021, operating revenues increased 7%. Operating expenses decreased slightly. Non-operating revenues increased \$1,132,825 due to favorable market conditions that slightly increased the Corporation's investment income, increased receipt of tax revenue and the recognition of the forgiven Paycheck Protection Program (PPP).

**2020**

Operating revenues consist of income received from incubator clients, grant and sponsorship income, and program income. For the year ended December 31, 2020, operating revenues decreased 19%, and operating expenses decreased by 3%. Both decreases were primarily due to adverse effects of COVID-19, such as the forced closures implemented to halt the spread of the virus. These closures directly impacted the revenue generating programs and events held by the Corporation, which in turn forced decreased spending, while still conducting business in virtual environments. Non-operating revenues decreased 33% due to unfavorable market conditions that decreased the Corporation's investment income and tax revenue.

**RESEARCH PARK CORPORATION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

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**CAPITAL ASSETS**

As of December 31, 2021, the Corporation had \$205,224 invested in capital assets net of accumulated depreciation, primarily composed of data equipment, office equipment, radio frequency R&D equipment, leasehold improvements, and websites. This represented a decrease of 18% from the prior year as the Corporation continued to depreciate existing assets. The primary capital expenditure in 2021 was in new/updated computer equipment and leasehold improvements to the Louisiana Technology Park space.

As of December 31, 2020, the Corporation had \$250,834 invested in capital assets, net of accumulated depreciation, primarily composed of data equipment, office equipment, radio frequency R&D equipment, leasehold improvements, and websites. This represented a decrease of 14% from the prior year as the Corporation continued to depreciate existing assets. The primary capital expenditures in 2020 was in the building of a new website and leasehold improvements.

	2021	2020	2019
Capital Assets	<u>\$ 205,224</u>	<u>\$ 250,834</u>	<u>\$ 290,877</u>

**ECONOMIC FACTORS AND NEXT YEAR'S OPERATIONS**

The Corporation's management considered the following factors and indicators when setting 2022 budget and goals:

- Expansion of the Ignition Accelerator program to include a growth stage cohort.
- Continued growth of Baton Rouge Entrepreneurship Week and the BizTech Fellows and Challenge programs.
- Continued emphasis on raising funds from federal, state, and private entities.
- Commitment of funds to LSU Innovation Park.
- Increase in lodging tax income as the region recovers from the COVID-19 pandemic.

Management expects to incur a net loss in 2022 supported by cash withdrawals from the investment portfolio.

**CONTACTING RESEARCH PARK CORPORATION'S MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of Research Park Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Genevieve Silverman, President & CEO of Research Park Corporation.

**RESEARCH PARK CORPORATION**  
**Statements of Net Position**  
**December 31, 2021 and 2020**

	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 298,762	\$ 144,683
Taxes Receivable - Cooperative Endeavor 2022	748,249	-
Taxes Receivable - Cooperative Endeavor 2021	-	385,156
Interest Receivable	8,084	9,181
Other Receivables, Less Allowance for Uncollectible Accounts of \$5,366 and \$9,181 at 2021 and 2020, Respectively	102,803	83,013
Current Portion of Note Receivable - Bon Carre' Business Center	210,230	200,996
Prepaid Expenses	48,980	73,461
<b>Total Current Assets</b>	<b>1,417,108</b>	<b>896,490</b>
<b>Investments</b>		
Note Receivable - Bon Carre' Business Center	3,041,268	3,252,251
Investment in Securities (at Fair Value)	18,798,203	16,979,310
<b>Total Investments</b>	<b>21,839,471</b>	<b>20,231,561</b>
<b>Capital Assets</b>		
Furniture and Equipment	429,444	449,507
Leasehold Improvements	897,857	879,665
Software	-	273,430
Website	23,751	39,203
	1,351,052	1,641,805
Less: Accumulated Depreciation	(1,145,828)	(1,390,971)
<b>Total Capital Assets, Net</b>	<b>205,224</b>	<b>250,834</b>
<b>Total Assets</b>	<b>\$ 23,461,803</b>	<b>\$ 21,378,885</b>
<b>Liabilities and Net Position</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 67,576	\$ 51,950
Accrued Expenses	45,458	110,362
Paycheck Protection Program Loan	211,125	186,200
Security Deposits	11,535	9,272
Deferred Revenue	99,547	-
<b>Total Liabilities</b>	<b>435,241</b>	<b>357,784</b>
<b>Net Position</b>		
Net Investment in Capital Assets	205,224	250,834
Unrestricted	22,821,338	20,770,267
<b>Total Net Position</b>	<b>23,026,562</b>	<b>21,021,101</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 23,461,803</b>	<b>\$ 21,378,885</b>

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

**RESEARCH PARK CORPORATION**  
**Statements of Revenues, Expenses,**  
**and Changes in Net Position**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
<b>Revenues</b>		
Incubator Client Income	\$ 192,256	\$ 182,778
Grant and Sponsorship Income	299,213	282,513
Other Operating Income	26,236	19,054
<b>Total Revenues</b>	<b>517,705</b>	<b>484,345</b>
<b>Expenses</b>		
Salaries and Wages	848,271	933,919
Rent	370,731	363,608
Employee Benefits	237,266	260,730
Program Expenses	225,135	134,524
Innovation Catalyst, Inc. Contributions	199,748	171,134
IT Outsourcing Services	111,357	108,507
Utilities	84,743	49,281
Depreciation	84,740	84,004
Marketing	63,257	78,461
Payroll Taxes	60,570	65,413
Professional Fees	49,680	63,342
Dues and Professional Development	41,570	46,430
Consulting Fees	37,646	39,255
Facility Maintenance and Repair	33,254	45,552
Insurance	27,599	23,037
Telephone	23,528	26,853
Computer Expenses	14,102	13,001
Travel Expenses	11,373	9,528
Meals and Entertainment	7,273	4,717
Office Supplies and Equipment	5,381	3,987
Postage and Printing	1,065	1,391
Grants/Donations	-	15,547
<b>Total Expenses</b>	<b>2,538,289</b>	<b>2,542,221</b>
<b>Operating Loss</b>	<b>(2,020,584)</b>	<b>(2,057,876)</b>

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

**RESEARCH PARK CORPORATION**  
**Statements of Revenues, Expenses,**  
**and Changes in Net Position (Continued)**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
<b>Non-Operating Revenues (Expenses)</b>		
Hotel/Motel Tax Revenue - Cooperative Endeavor 2020	-	299,380
Hotel/Motel Tax Revenue - Cooperative Endeavor 2021	<b>697,012</b>	539,019
Hotel/Motel Tax Revenue - Cooperative Endeavor 2022	<b>748,249</b>	-
Investment Income, Net of Fees	<b>2,242,796</b>	2,054,821
Other Income	<b>337,988</b>	-
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<b>Total Non-Operating Revenues, Net</b>	<b>4,026,045</b>	2,893,220
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<b>Change in Net Position</b>	<b>2,005,461</b>	835,344
	<hr/>	<hr/>
<b>Net Position, Beginning of the Year</b>	<b>21,021,101</b>	20,185,757
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<b>Net Position, End of the Year</b>	<b>\$ 23,026,562</b>	<b>\$ 21,021,101</b>
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The accompanying notes are an integral part of these financial statements.

**RESEARCH PARK CORPORATION**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Cash Received from:		
Operating Receipts	\$ 599,725	\$ 436,740
Cash Paid for:		
Salaries and Employee Benefits	(1,118,758)	(1,194,649)
General and Administrative Expenses	(823,348)	(844,413)
Grants and Contributions	(199,748)	(171,134)
Program Expenses	(225,135)	(134,524)
IT Outsourcing Services	(111,357)	(108,507)
<b>Net Cash Used in Operating Activities</b>	<b>(1,878,621)</b>	<b>(2,016,487)</b>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Proceeds from Paycheck Protection Program Loan	211,125	186,200
Taxes Received	1,082,168	838,460
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>1,293,293</b>	<b>1,024,660</b>
<b>Cash Flows from Capital Financing Activities</b>		
Capital Asset Purchases	(29,250)	(43,961)
<b>Net Cash Used in Capital Financing Activities</b>	<b>(29,250)</b>	<b>(43,961)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Investments and Certificates of Deposit	(5,050,026)	(4,619,553)
Proceeds from Sale of Investments and Certificates of Deposit	5,278,942	4,854,595
Principal Received from Bon Carre' Business Center	201,749	192,889
Interest and Dividend Income Received	337,992	160,382
<b>Net Cash Provided by Investing Activities</b>	<b>768,657</b>	<b>588,313</b>
<b>Change in Cash and Cash Equivalents</b>	<b>154,079</b>	<b>(447,475)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>144,683</b>	<b>592,158</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 298,762</b>	<b>\$ 144,683</b>

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

**RESEARCH PARK CORPORATION**  
**Statements of Cash Flows (Continued)**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
<b>Reconciliation of Operating Loss to Net</b>		
<b>Cash Used in Operating Activities</b>		
Operating Loss	\$ (2,020,584)	\$ (2,057,876)
Adjustments to Reconcile Operating Loss to		
Net Cash Used in Operating Activities		
Depreciation	84,740	84,004
Bad Debt Expense	-	15,000
Changes in Operating Assets and Liabilities:		
Other Receivables	(19,790)	(49,105)
Prepaid Expenses	24,481	(11,583)
Accounts Payable	15,626	28,693
Accrued Expenses	(64,904)	(27,120)
Security Deposits	2,263	1,500
Deferred Revenue	99,547	-
	<u>99,547</u>	<u>-</u>
<b>Net Cash Used in Operating Activities</b>	<b><u>\$ (1,878,621)</u></b>	<b><u>\$ (2,016,487)</u></b>

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

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

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### Note 1. Nature of Activities

The Research Park Corporation (the Corporation) was formed as a public nonprofit corporation in 1992. The State of Louisiana transferred a tract of land (at the State's cost) in 1993 to the Corporation to establish a research park. The purpose of the research park is to provide an area where various industries may set up their businesses while they are in the developmental stage. The research park is used to attract these businesses to Louisiana.

During the year ended December 31, 2001, the Corporation refocused its efforts to concentrate primarily on developing early-stage technology businesses. The Corporation formed Louisiana Technology Park, LLC (LTP) as a wholly-owned subsidiary of the Corporation to act as the technology business incubator for the development stage technology companies. LTP is adjacent to a commercial data center and commercial office space for technology companies. The commercial data center provides data storage and transmission capabilities to incubator companies.

During the year ended December 31, 2002, the Corporation formed Bon Carre' Development Company, LLC (BCDC) as a wholly-owned subsidiary of the Corporation, for the purpose of purchasing Bon Carre' Town Center's mortgage note and approximately 18½ acres of land relating to that development (see Note 7). BCDC currently holds a promissory note from Bon Carre Business Center, LLC as its only asset.

During the year ended December 31, 2016, the Corporation formed NexusLA, LLC (NexusLA) as a wholly-owned subsidiary of the Corporation to connect the innovation and entrepreneurship community to resources, opportunities, and solutions by implementing strategic initiatives that increase regional collaboration, access to capital, and technology workforce diversity. In 2020, the Corporation rebranded itself as Nexus Louisiana.

Two percent of the hotel-motel tax collections in East Baton Rouge Parish is dedicated to the East Baton Rouge Community Improvement Fund. A portion of the tax monies collected by the Community Improvement Fund is allocated to the Corporation (see Note 3).

### Note 2. Summary of Significant Accounting Policies

#### Reporting Entity

Government Accounting Standards Board (GASB) Statement No. 14, as amended, establishes criteria for determining the governmental reporting entity and component units that should be included within a reporting entity. Under provisions of this Statement, the Corporation is considered a primary government entity since it is a public nonprofit corporation that has a separately appointed governing body and is legally separate. The Corporation has three component units, Louisiana Technology Park, LLC, NexusLA, LLC, and Bon Carre' Development Company, LLC, defined by GASB Statement No. 14 as other legally separate organizations for which the Corporation is financially accountable. These entities are reported as blended component units and are thus with Research Park Corporation for reporting purposes. There are no other primary governments with which the Corporation has a significant relationship.

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

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### Note 2. Summary of Significant Accounting Policies (Continued)

#### **Basis of Accounting**

The Corporation is considered to be a proprietary-type fund and is presented as a business-type activity. Proprietary funds are used to account for governmental activities that are similar to those found in the private sector where the determination of operating income and changes in net assets is necessary or useful to sound financial administration. The accounting principles generally accepted in the United States of America (U.S. GAAP) used for proprietary funds are generally those applicable to similar businesses in the private sector (accrual basis of accounting). Under the accrual basis of accounting, revenues are recognized in the accounting period in which they were earned, and expenses are recognized in the period incurred.

#### **Income Taxes**

Research Park Corporation is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code. Generally, the income of these organizations is presumed to be tax exempt. However, this exemption is related to the purpose for which the organization was organized. In the event that the entity generates income from an unrelated trade or business, that income would be subject to unrelated business income tax (UBIT).

#### **Compensated Absences**

All full-time employees earn from 25 days of paid time off (PTO) leave each year, accrued bi-weekly up to a maximum of 135 hours. Upon separation, all earned unused PTO leave will be paid.

#### **Cash**

For purposes of reporting cash flows, cash includes highly liquid investments with original maturities of three months or less, with the exception of money markets. Money markets are utilized as part of the long-term investment portfolio and are therefore classified as investments.

#### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

#### **Revenue Recognition**

Non-exchange transactions, in which the Corporation receives value without directly giving value in return, include funding related to the cooperative endeavor agreements entered into for the State of Louisiana's fiscal years ending June 30, 2020 through June 30, 2022 (see Note 3). Funds received from cooperative endeavor agreements that are unrelated to capital outlay are recognized in the period in which the Corporation is eligible to receive the funding. The state fiscal 2020 through 2022 cooperative endeavor agreements are considered to be non-operating activities as they are funded by hotel/motel tax revenue. Hotel/motel tax revenue is considered measurable when the underlying transaction generating the tax occurs. All funds received in the form of a donation are considered non-operating revenue.

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

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### Note 2. Summary of Significant Accounting Policies (Continued)

#### Investments

Investments in securities are reported at estimated fair value except for short-term and money market investments with a maturity of one year or less, which are reported at cost which approximates fair value. Fair value is based on the last reported sales price if available; if not available, fair value is based on estimated fair value. Realized gains and losses and changes in unrealized gains and losses on investments recorded at estimated fair value are included in investment income. Investments include money market accounts, investments in domestic and foreign common stock, investments in domestic and foreign corporate and government debt, commodities and gold, hedge funds, mutual funds, real estate investment trusts, and master limited partnerships.

#### Capital Assets

All capital assets are capitalized at historical cost or estimated historical costs for assets where actual cost is not available. The Corporation maintains a threshold level of \$500 or more for capitalizing assets.

All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed by the Corporation, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 8 years.

#### Net Position

In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 63, net position is classified into three components: net investment in capital assets, restricted, and unrestricted.

These classifications are defined as follows:

- *Net Investment in Capital Assets* - This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- *Restricted* - This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* - All other net position is reported in this category.

## RESEARCH PARK CORPORATION

### Notes to Financial Statements

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#### Note 3. Cooperative Endeavor Agreements - State of Louisiana

Two percent of the hotel/motel sales tax collections for East Baton Rouge Parish is dedicated to the East Baton Rouge Parish Community Improvement Fund (the Fund). The Corporation receives a line item appropriation equal to 50% of the Fund. For the State's fiscal year ending June 30, 2022 and 2021, the line item appropriation to the Fund was \$1,287,936 for each year. Governor Edwards issued Executive Order JBE 2016-38, dated July 22, 2016, which requires a comprehensive cooperative endeavor agreement (CEA) between the transferring agency and the Corporation in order to receive funding from the line item appropriation. The Corporation entered into this CEA with the State for the State's fiscal years ending June 30, 2022 and 2021 and must submit quarterly cost reports for review and approval by the Department of the Treasury before funds are released to the Corporation.

#### Note 4. Cash and Investments

GASB Statement No. 40 (GASB 40), *Deposits and Investment Risk Disclosures*, established and modified disclosure requirements related to investment risk. This section describes various types of investment risk and the Corporation's exposure to each type.

The following table presents the estimated fair value of investments permissible under the rules, objectives, and guidelines of the Corporation as of December 31, 2021 and 2020:

Investment Type	2021	2020
	Estimated Fair Value	Estimated Fair Value
Cash and Cash Equivalents	\$ 1,048,201	\$ 791,728
Domestic Equity	10,088,183	8,977,607
International and Emerging Markets Equity	3,482,479	3,433,199
Domestic Fixed Income	2,335,130	2,340,599
International and Emerging Markets Debt	379,943	339,180
REITs, MLPs, and Other Alternative Assets	1,464,267	1,096,997
<b>Total</b>	<b>\$ 18,798,203</b>	<b>\$ 16,979,310</b>

#### Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of bank failure, the Corporation's deposits may not be returned to it. Deposits are carried at cost. The carrying amount of deposits is separately displayed on the balance sheet as cash and cash equivalents. At year-end, the carrying amount of the Corporation's deposits was \$298,762 and the bank balance was \$414,472. The bank balance was not in excess of the federally insured amount at December 31, 2021.

## RESEARCH PARK CORPORATION

### Notes to Financial Statements

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#### Note 4. Cash and Investments (Continued)

##### Custodial Credit Risk (Continued)

For investments, custodial credit risk is the risk that the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the Corporation. The Corporation had no custodial credit risk related to investments for the years ended December 31, 2021 and 2020.

##### Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The standardized rating systems are a good tool with which to assess credit risk on debt obligations.

The following table shows the ratings for the years ended December 31, 2021 and 2020:

Standard & Poor's Rating	2021	2020
	Estimated Fair Value	Estimated Fair Value
AAA	\$ 335,733	\$ 444,843
AA	53,426	179,546
A	1,393,391	1,042,434
BBB	454,119	511,838
BB	-	-
B	104,423	80,393
Not Rated	373,981	420,725
<b>Total</b>	<b>\$ 2,715,073</b>	<b>\$ 2,679,779</b>

U.S. Treasury notes, although not rated by S&P, are included in the chart above in the AAA category, which is the Moody's rating. Alternative or structured investments have not been included in the ratings above as they are not traded and, therefore, have not been rated. Redemption of these investments relies solely on the companies which provide the contracts and their ability to repay the underlying obligation.

Concentration of credit risk relates to the risk of loss attributed to a magnitude of the Corporation's investments in a single issuer. The Corporation has no investments in any single issuer that represented 5% or more of the total investments other than the U.S. Government.

##### Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The risk is applicable to debt investments with fair values that are sensitive to changes in interest rates. One indicator of the measure of interest rate risk is the dispersion of maturity dates for debt instruments, excluding fixed income mutual funds.

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

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### Note 4. Cash and Investments (Continued)

#### Interest Rate Risk (Continued)

The following table shows the maturity dates for the years ended December 31, 2021 and 2020:

Maturity in Years	2021	2020
	Estimated Fair Value	Estimated Fair Value
Less than 1	\$ 50,421	\$ 11,609
1 - 5	1,378,958	338,698
5 - 10	565,291	101,298
10 or More	720,403	160,437
Perpetual	-	2,067,737
<b>Total</b>	<b>\$ 2,715,073</b>	<b>\$ 2,679,779</b>

Net investment income (loss) for the years ended December 31, 2021 and 2020 consisted of the following:

	2021	2020
Interest and Dividend Income (Net of Fees)	\$ 234,279	\$ 233,580
Realized Gains	1,191,110	285,548
Unrealized Gains	817,407	1,535,693
<b>Total</b>	<b>\$ 2,242,796</b>	<b>\$ 2,054,821</b>

#### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The following table presents those foreign investment instruments which have potential exposure to foreign currency risk for the years ended December 31, 2021 and 2020:

	2021	2020
Global/Emerging Markets Equity Funds	\$ 1,508,174	\$ 1,516,284
Individual Foreign Bonds	379,943	339,180
Individual Foreign Stocks	1,974,305	1,916,915
<b>Total</b>	<b>\$ 3,862,422</b>	<b>\$ 3,772,379</b>

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

### Note 5. Capital Assets

A summary of changes in capital assets at December 31, 2021 and 2020 was as follows:

	2021			
	Beginning Balance	Additions	Deletions	Ending Balance
Furniture and Equipment	\$ 449,507	\$ 14,587	\$ (34,650)	\$ 429,444
Software	273,430	-	(273,430)	-
Website	39,203	6,351	(21,803)	23,751
Leasehold Improvements	879,665	18,192	-	897,857
	<u>1,641,805</u>	<u>39,130</u>	<u>(329,883)</u>	<u>1,351,052</u>
Less: Accumulated Depreciation	(1,390,971)	(84,740)	329,883	(1,145,828)
Total	<u>\$ 250,834</u>	<u>\$ (45,610)</u>	<u>\$ -</u>	<u>\$ 205,224</u>

	2020			
	Beginning Balance	Additions	Deletions	Ending Balance
Furniture and Equipment	\$ 658,732	\$ 5,284	\$ (214,509)	\$ 449,507
Software	273,430	-	-	273,430
Website	21,803	17,400	-	39,203
Leasehold Improvements	858,388	21,277	-	879,665
	<u>1,812,353</u>	<u>43,961</u>	<u>(214,509)</u>	<u>1,641,805</u>
Less: Accumulated Depreciation	(1,521,476)	(84,004)	214,509	(1,390,971)
Total	<u>\$ 290,877</u>	<u>\$ (40,043)</u>	<u>\$ -</u>	<u>\$ 250,834</u>

### Note 6. Fair Value

The Corporation's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 Investments reflect prices quoted in active markets.
- Level 2 Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

### Note 6. Fair Value (Continued)

Investments classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

The valuation of the Corporation's investments measured at fair value at December 31, 2021 and 2020 was as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 1,048,201	\$ -	\$ -	\$ 1,048,201
Equity Securities	12,202,153	-	-	12,202,153
Mutual Funds	2,490,819	-	-	2,490,819
Fixed Income Securities				
U.S. Treasury Obligations	335,733	-	-	335,733
Corporate Bonds	1,484,971	547,664	-	2,032,635
Convertible Bonds	-	60,078	-	60,078
<b>Total Investments by Fair Value Level</b>	<b>\$ 17,561,877</b>	<b>\$ 607,742</b>	<b>\$ -</b>	<b>18,169,619</b>
Investments Measured at the Net Asset Value				
Multi-Adviser Hedge Fund				628,584
<b>Total Investments</b>				<b>\$ 18,798,203</b>
December 31, 2020	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 791,728	\$ -	\$ -	\$ 791,728
Equity Securities	10,904,687	-	-	10,904,687
Mutual Funds	2,397,323	-	-	2,397,323
Fixed Income Securities				
U.S. Treasury Obligations	375,822	-	-	375,822
U.S. Agency Obligations	-	-	-	-
Corporate Bonds	1,059,032	952,328	-	2,011,360
<b>Total Investments by Fair Value Level</b>	<b>\$ 15,528,592</b>	<b>\$ 952,328</b>	<b>\$ -</b>	<b>16,480,920</b>
Investments Measured at the Net Asset Value				
Multi-Adviser Hedge Fund				498,390
<b>Total Investments</b>				<b>\$ 16,979,310</b>

## RESEARCH PARK CORPORATION

### Notes to Financial Statements

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#### Note 6. Fair Value (Continued)

The fair value of the multi-adviser hedge fund has been determined using the net asset value (NAV) per share (or its equivalent) of the investment. The investment objective of the multi-adviser hedge fund is to achieve capital appreciation principally through investing in investment funds managed by third-party investment managers that employ a variety of alternative investment strategies. No redemptions are permitted.

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>December 31, 2021</b>				
Multi-Adviser Hedge Fund	\$ 628,584	N/A	N/A	N/A

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>December 31, 2020</b>				
Multi-Adviser Hedge Fund	\$ 498,390	N/A	N/A	N/A

#### Note 7. Note Receivable from Bon Carre' Business Center

On December 31, 2002, the Corporation, through its subsidiary, Bon Carre' Development Company, LLC, purchased the mortgages, consent judgment, and, to the extent they had any viability, the notes of Bon Carre' Town Center from First Tennessee Bank for \$8,160,121. In connection with the above transaction, the Corporation also purchased land at a cost of \$839,879. On March 28, 2003, the Corporation sold its entire interest in the above land and mortgage note to Bon Carre' Business Center II, LLC for which it received \$9 million. The Corporation subsequently purchased a 26.56% interest in Bon Carre' Business Center II, LLC's and BCBC Land, LLC's (collectively, referred to as BCBC) common stock for \$2,125,900, plus 3,000 units of cumulative non-voting 9% preferred stock totaling \$3,000,000 for a total purchase price of \$5,125,900.

On December 1, 2013, the Corporation sold its entire equity interest in BCBC, including common stock, preferred stock, and outstanding dividends receivable, to Bon Carre' Business Center II in exchange for \$750,000 cash and a promissory note of \$4,650,000.

#### Note 8. Paycheck Protection Program

As a response to the Coronavirus (COVID-19) outbreak, the U.S. government responded with relief legislation. Certain legislation, under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), authorized emergency loans to businesses by establishing, and providing funding for, forgivable bridge loans under the Paycheck Protection Program. The Corporation obtained a \$186,200 loan from b1BANK under the PPP in April 2021.

## RESEARCH PARK CORPORATION

### Notes to Financial Statements

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#### Note 8. Paycheck Protection Program (Continued)

Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven by the Small Business Administration (SBA), if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. The portion that is not forgiven, if any, is converted to an unsecured term note payable in equal installments, including interest at 1%, through April 2022. The Corporation applied for forgiveness with the lender and received forgiveness of \$186,200 from the SBA on January 22, 2021.

The Corporation obtained a PPP loan through the second round of funding in the amount of \$211,125 in March 2021. On March 7, 2022, the Corporation received notification from the SBA of forgiveness of the \$211,125 loan.

#### Note 9. Federal Grants

As COVID-19 began to spread, higher education institutions closed, moved to virtual and/or remote learning and training for current programs. The State of Louisiana incrementally progressed to the stay-in-place mandate, allowing only essential personnel to remain at companies. Companies across industries instituted hiring-freezes, evaluated HR practices and current employment measures. They forecasted and ultimately implemented furloughs, layoffs, reduced hours, etc. for current workforce in an effort to mitigate lost revenue. All this had a direct impact on the Apprenti Louisiana Apprenticeship Program, delaying training and resulting in conversations with industry on workforce needs and adjusted timelines.

In late 2019, the Corporation was awarded a \$100,000 grant from the Delta Regional Authority's State's Economic Development Assistance Program (SEDAP) to support the expansion of the Apprenti Louisiana IT apprenticeship program. The original grant period was November 6, 2020 to May 6, 2022 and required the Corporation to expend the \$100,000 of federal funds, as well as the matching contributions of \$388,186, consistent with the scope of the work outlined in the Financial Assistance Award. The Corporation also provided reporting on a quarterly basis as stated in the Award and receive funds on a cost reimbursement basis. The Corporation submitted and was granted an extension to December 31, 2021. In addition, a budget modification was submitted and approved to move funds amongst the approved expense line items and to increase the match amount to \$399,173 based on updated training projections. The Corporation submitted and was granted a final extension to June 30, 2022.

## RESEARCH PARK CORPORATION

### Notes to Financial Statements

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#### **Note 9. Federal Grants (Continued)**

In 2019, the Corporation was awarded a \$150,000 grant from the Delta Regional Authority's Delta Workforce Program (DWP 2020) to support the expansion of the Apprenti Louisiana IT apprenticeship program. The approved grant period is January 1, 2021 to December 31, 2021 and requires the Corporation to expend the \$150,000 of federal funds, as well as the matching contributions of \$589,440, consistent with the scope of the work outlined in the Financial Assistance Award. The Corporation must also provide reporting on a quarterly basis as stated in the Award and receive funds on a cost reimbursement basis. A modification was submitted and approved in 2021 to extend the grant period through December 31, 2021.

In December 2020, the Corporation was awarded a \$150,000 grant from the Delta Regional Authority's Delta Workforce Program (DWP 2021) to support the continued expansion of the Apprenti Louisiana IT apprenticeship program. The approved grant period is December 22, 2020 to December 31, 2022 and requires the Corporation to expend the \$150,000 of federal funds, as well as the matching contributions consistent with the scope of the work outlined in the Financial Assistance Award. The Corporation must also provide reporting on a quarterly basis as stated in the Award and receive funds on a cost reimbursement basis.

#### **Note 10. Cooperative Endeavor Agreement - Innovation Catalyst, Inc.**

In September 2019, the Corporation entered into a CEA with Innovation Catalyst, Inc. (ICI) to help reposition ICI for future growth in alignment with the Corporation's mission, leading to investment in new businesses, creation of jobs, and private investment. ICI is a 501(c)(3) non-profit corporation established to address local and regional entrepreneurial needs by developing and investing in high-potential startups with the goal of growing them into sustainable operations that deliver strong and consistent returns. The CEA commits the Corporation to provide a grant of \$300,000 through December 31, 2021, paid as needed in quarterly payments not required to exceed \$33,333. The Corporation also agrees to provide in-kind operational support that may include office space, secretarial and experienced staff member support, marketing/PR support, controllership duties, and additional related administrative and managerial support. The CEA also allows the Corporation to appoint a new Board of Directors for ICI. In March 2021, the Corporation approved an amendment to this agreement to fund an additional \$140,000 grant to ICI to support operations.

#### **Note 11. Retirement Plan**

The Corporation adopted a 401(k) plan in 2002 which covers substantially all of its employees. The Corporation contributes 4% of all eligible employees' salaries and matches 100% of each employee's salary deferrals up to 3% of their compensation. The contributions for the years ended December 31, 2021 and 2020 were \$53,865 and \$59,633, respectively.

## RESEARCH PARK CORPORATION

### Notes to Financial Statements

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#### Note 12. Commitments and Contingencies

Beginning January 1, 2005, LTP entered into a formal lease agreement for a term of 10 years with Bon Carre' Business Center II, LLC. Effective January 1, 2015, the Corporation exercised a 5-year option agreement, which extended the lease term to December 31, 2020. Rent during the option period 2015 through 2019 is \$9.69 per square foot. On March 26, 2019, the third amendment to the agreement extended the lease term until December 31, 2021 with rates remaining the same. After coming under new ownership, the Corporation executed a fourth amendment to the agreement which extended the lease term until June 30, 2023 with rates remaining the same. Rental payments for the years ended December 31, 2021 and 2020 were \$370,731 and \$363,608, respectively, under this lease.

During 2015, LTP entered into a lease agreement for telephone equipment and software with a 36-month term. At the end of the term, the agreement renews for a one-year term. Effective November 1, 2019, LTP entered into a contract for data storage and services with a 36-month term. At the end of the term, the agreement renews for a one-year term.

The future minimum lease payments for all leases is \$456,530 and 186,705 for the years ended December 31, 2022 and 2023, respectively.

#### Note 13. Recently Issued Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of GASB 87 to reporting periods beginning after June 15, 2021.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information-technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022.

#### Note 14. Subsequent Events

Subsequent to year end, the Corporation applied for forgiveness, with the lender, of the PPP loan obtained through the second round of funding. On March 7, 2022, the Corporation received notification from the SBA of forgiveness of the \$211,125 loan.

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

### Note 15. Combining Component Unit Information

The following tables include condensed combining statements of net position information for the Corporation and its component units as of December 31, 2021 and 2020:

December 31, 2021	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	NexusLA	Eliminations	Total
<b>Assets</b>						
Current Assets	\$ 947,593	\$ 130,139	\$ 242,919	\$ 96,457	\$ -	\$ 1,417,108
Other Assets	22,382,536	-	3,041,268	-	(3,584,333)	21,839,471
Capital Assets	1,759	178,017	-	25,448	-	205,224
<b>Total Assets</b>	<b>\$ 23,331,888</b>	<b>\$ 308,156</b>	<b>\$ 3,284,187</b>	<b>\$ 121,905</b>	<b>\$ (3,584,333)</b>	<b>\$ 23,461,803</b>
<b>Liabilities and Net Position</b>						
Current Liabilities	\$ 305,326	\$ 76,745	\$ -	\$ 53,170	\$ -	\$ 435,241
<b>Total Liabilities</b>	<b>305,326</b>	<b>76,745</b>	<b>-</b>	<b>53,170</b>	<b>-</b>	<b>435,241</b>
<b>Net Position</b>						
Net Investment in Capital Assets	1,759	178,017	-	25,448	-	205,224
Unrestricted	23,024,803	53,394	3,284,187	43,287	(3,584,333)	22,821,338
<b>Total Net Position</b>	<b>23,026,562</b>	<b>231,411</b>	<b>3,284,187</b>	<b>68,735</b>	<b>(3,584,333)</b>	<b>23,026,562</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 23,331,888</b>	<b>\$ 308,156</b>	<b>\$ 3,284,187</b>	<b>\$ 121,905</b>	<b>\$ (3,584,333)</b>	<b>\$ 23,461,803</b>
December 31, 2020	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	NexusLA	Eliminations	Total
<b>Assets</b>						
Current Assets	\$ 647,775	\$ 45,029	\$ 203,686	\$ -	\$ -	\$ 896,490
Other Assets	20,604,676	-	3,252,251	-	(3,625,366)	20,231,561
Capital Assets	23,390	227,444	-	-	-	250,834
<b>Total Assets</b>	<b>\$ 21,275,841</b>	<b>\$ 272,473</b>	<b>\$ 3,455,937</b>	<b>\$ -</b>	<b>\$ (3,625,366)</b>	<b>\$ 21,378,885</b>
<b>Liabilities and Net Position</b>						
Current Liabilities	\$ 254,740	\$ 103,044	\$ -	\$ -	\$ -	\$ 357,784
<b>Total Liabilities</b>	<b>254,740</b>	<b>103,044</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>357,784</b>
<b>Net Position</b>						
Net Investment in Capital Assets	23,390	227,444	-	-	-	250,834
Unrestricted	20,997,711	(58,015)	3,455,937	-	(3,625,366)	20,770,267
<b>Total Net Position</b>	<b>21,021,101</b>	<b>169,429</b>	<b>3,455,937</b>	<b>-</b>	<b>(3,625,366)</b>	<b>21,021,101</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 21,275,841</b>	<b>\$ 272,473</b>	<b>\$ 3,455,937</b>	<b>\$ -</b>	<b>\$ (3,625,366)</b>	<b>\$ 21,378,885</b>

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

### Note 15. Combining Component Unit Information (Continued)

The following tables include condensed combining statements of revenues, expenses, and changes in net position information for the Corporation and its component units for the years ended December 31, 2021 and 2020:

December 31, 2021	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	NexusLA	Eliminations	Total
<b>Revenues</b>						
Incubator Client Income	\$ -	\$ 192,256	\$ -	\$ -	\$ -	\$ 192,256
Grant and Sponsorship Income	-	11,500	-	287,713	-	299,213
Other Operating Income	1,743	13,339	-	11,154	-	26,236
<b>Total Revenues</b>	<b>1,743</b>	<b>217,095</b>	<b>-</b>	<b>298,867</b>	<b>-</b>	<b>517,705</b>
<b>Expenses</b>						
Operating Expenses	428,244	1,166,003	-	859,302	-	2,453,549
Depreciation	220	72,323	-	12,197	-	84,740
<b>Total Expenses</b>	<b>428,464</b>	<b>1,238,326</b>	<b>-</b>	<b>871,499</b>	<b>-</b>	<b>2,538,289</b>
<b>Operating Loss</b>	<b>(426,721)</b>	<b>(1,021,231)</b>	<b>-</b>	<b>(572,632)</b>	<b>-</b>	<b>(2,020,584)</b>
<b>Non-Operating Revenues</b>						
Tax Revenue	1,445,261	-	-	-	-	1,445,261
Investment Income, Net	2,201,763	-	-	-	41,033	2,242,796
Transfers	(1,401,304)	1,082,956	(323,019)	641,367	-	-
Other	186,462	257	151,269	-	-	337,988
<b>Total Non-Operating Revenues (Expenses)</b>	<b>2,432,182</b>	<b>1,083,213</b>	<b>(171,750)</b>	<b>641,367</b>	<b>41,033</b>	<b>4,026,045</b>
<b>Change in Net Position</b>	<b>2,005,461</b>	<b>61,982</b>	<b>(171,750)</b>	<b>68,735</b>	<b>41,033</b>	<b>2,005,461</b>
<b>Net Position - Beginning of the Year</b>	<b>21,021,101</b>	<b>169,429</b>	<b>3,455,937</b>	<b>-</b>	<b>(3,625,366)</b>	<b>21,021,101</b>
<b>Net Position - End of the Year</b>	<b>\$ 23,026,562</b>	<b>\$ 231,411</b>	<b>\$ 3,284,187</b>	<b>\$ 68,735</b>	<b>\$ (3,584,333)</b>	<b>\$ 23,026,562</b>
December 31, 2020	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	NexusLA	Eliminations	Total
<b>Revenues</b>						
Incubator Client Income	\$ -	\$ 182,778	\$ -	\$ -	\$ -	\$ 182,778
Grant and Sponsorship Income	-	10,000	-	272,513	-	282,513
Other Operating Income	832	882	-	17,340	-	19,054
<b>Total Revenues</b>	<b>832</b>	<b>193,660</b>	<b>-</b>	<b>289,853</b>	<b>-</b>	<b>484,345</b>
<b>Expenses</b>						
Operating Expenses	411,545	1,196,878	-	849,794	-	2,458,217
Depreciation	4,224	79,780	-	-	-	84,004
<b>Total Expenses</b>	<b>415,769</b>	<b>1,276,658</b>	<b>-</b>	<b>849,794</b>	<b>-</b>	<b>2,542,221</b>
<b>Operating Loss</b>	<b>(414,937)</b>	<b>(1,082,998)</b>	<b>-</b>	<b>(559,941)</b>	<b>-</b>	<b>(2,057,876)</b>
<b>Non-Operating Revenues (Expenses)</b>						
Tax Revenue	838,399	-	-	-	-	838,399
Investment Income, Net	1,575,369	42	160,130	-	319,280	2,054,821
Transfers	(1,163,487)	1,018,452	(414,906)	559,941	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>1,250,281</b>	<b>1,018,494</b>	<b>(254,776)</b>	<b>559,941</b>	<b>319,280</b>	<b>2,893,220</b>
<b>Change in Net Position</b>	<b>835,344</b>	<b>(64,504)</b>	<b>(254,776)</b>	<b>-</b>	<b>319,280</b>	<b>835,344</b>
<b>Net Position - Beginning of the Year</b>	<b>20,185,757</b>	<b>233,933</b>	<b>3,710,713</b>	<b>-</b>	<b>(3,944,646)</b>	<b>20,185,757</b>
<b>Net Position - End of the Year</b>	<b>\$ 21,021,101</b>	<b>\$ 169,429</b>	<b>\$ 3,455,937</b>	<b>\$ -</b>	<b>\$ (3,625,366)</b>	<b>\$ 21,021,101</b>

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

### Note 15. Combining Component Unit Information (Continued)

The following tables include condensed combining statements of cash flows information for the Corporation and its component units for the years ended December 31, 2021 and 2020:

December 31, 2021	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	NexusLA	Eliminations	Total
Net Cash Provided by (Used in) Operating Activities	\$ (268,660)	\$ (968,594)	\$ -	\$ (641,367)	\$ -	\$ (1,878,621)
Net Cash Provided by (Used in) Noncapital Financing Activities	(108,011)	1,082,956	(323,019)	641,367	-	1,293,293
Net Cash Provided by (Used in) Capital and Related Financing Activities	(6,351)	(22,899)	-	-	-	(29,250)
Net Cash Provided by (Used in) Investing Activities	415,382	257	353,018	-	-	768,657
Change in Cash and Cash Equivalents	32,360	91,720	29,999	-	-	154,079
Cash and Cash Equivalents - Beginning of Year	132,173	9,820	2,690	-	-	144,683
Cash and Cash Equivalents - End of Year	\$ 164,533	\$ 101,540	\$ 32,689	\$ -	\$ -	\$ 298,762
December 31, 2020	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	NexusLA	Eliminations	Total
Net Cash Provided by (Used in) Operating Activities	\$ (470,695)	\$ (983,541)	\$ -	\$ (562,251)	\$ -	\$ (2,016,487)
Net Cash Provided by (Used in) Noncapital Financing Activities	(93,561)	970,876	(414,906)	562,251	-	1,024,660
Net Cash Provided by (Used in) Capital and Related Financing Activities	(21,018)	(22,943)	-	-	-	(43,961)
Net Cash Provided by (Used in) Investing Activities	235,294	-	353,019	-	-	588,313
Change in Cash and Cash Equivalents	(349,980)	(35,608)	(61,887)	-	-	(447,475)
Cash and Cash Equivalents - Beginning of Year	482,153	45,428	64,577	-	-	592,158
Cash and Cash Equivalents - End of Year	\$ 132,173	\$ 9,820	\$ 2,690	\$ -	\$ -	\$ 144,683

## **OTHER SUPPLEMENTARY INFORMATION**

**RESEARCH PARK CORPORATION**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Agency Head or Chief Executive Officer**  
**For the Year Ended December 31, 2021**

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Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees be reported as a supplemental report within the financial statements of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

**President/CEO**  
Genevieve Silverman

<b>Salary and Other Direct Compensation</b>	
Gross Salary	\$ 195,189
<b>Total Salary and Other Direct Compensation</b>	<u>195,189</u>
<b>Employee Benefits</b>	
Group Health Insurance*	33,465
401k Contributions	<u>13,663</u>
<b>Total Employee Benefits</b>	<u>47,128</u>
<b>Other Payments</b>	
Travel	1,661
Meals/Entertainment	697
Telephone	1,000
Computer Supplies	2,634
Dues/Development	<u>21,370</u>
<b>Total Other Payments</b>	<u>27,362</u>
<b>Total Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer</b>	<u><u>\$ 269,679</u></u>

\* The plan includes medical, dental, life, and long-term disability insurance.

See independent auditor's report.

**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**

Independent Auditor's Report

To the Board of Directors  
Research Park Corporation  
Baton Rouge, 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 Research Park Corporation (the Corporation), a nonprofit organization, which comprise the statement of net position as of December 31, 2021, the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 19, 2022.

**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) as a basis for designing 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Research Park Corporation'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA  
May 19, 2022

**RESEARCH PARK CORPORATION**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2021**

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**Part I - Summary of Auditor's Results**

**Financial Statements**

Type of Auditor's Report Issued	Unmodified
Internal Control Over Financial Reporting:	
• Material Weaknesses Identified?	No
• Significant Deficiencies Identified?	None reported
Noncompliance Material to Financial Statements Noted?	No

**Part II - Financial Statement Findings**

None.

**AGREED-UPON PROCEDURES REPORT**  
Research Park Corporation

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period January 1, 2021 - December 31, 2021**

To the Board of Directors  
Research Park Corporation  
7117 Florida Boulevard  
Baton Rouge, LA 70806

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2021 through December 31, 2021. Research Park Corporation's (the Corporation) management is responsible for those C/C areas identified in the SAUPs.

The Corporation has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year January 1, 2021 through December 31, 2021. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and results are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** The Corporation's written policies and procedures address each of the applicable financial/business functions listed above in items a) through h). An exception was noted in item k) as items (4) and (5) were not addressed in the policy. Items i), j), and l) were not applicable to the entity.

### **Board or Finance Committee**

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

**Results:** No exceptions were found as a result of this procedure.

### ***Bank Reconciliations***

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- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** No exceptions were found as a result of this procedure.

### ***Collections (excluding electronic funds transfers )***

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- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

**Results:** No exceptions were found as a result of this procedure.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

**Results:** No exceptions were found as a result of this procedure.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

**Results:** No exceptions were found as a result of this procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**Results:** No exceptions were found as a result of this procedure.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

**Results:** No exceptions were found as a result of this procedure.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties) and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

**Results:** No exceptions were found as a result of this procedure.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Results:** No exceptions were found as a result of this procedure.

***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**Results:** No exceptions were found as a result of this procedure.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

[Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

- b) Observe that finance charges and late fees were not assessed on the selected statements.

**Results:** No exceptions were found as a result of this procedure.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Results:** No exceptions were found as a result of this procedure.

### **Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** No exceptions were found as a result of this procedure.

### ***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Results:** No exceptions were found as a result of this procedure.

### ***Payroll and Personnel***

---

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**Results:** No exceptions were found as a result of this procedure.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe that the rate paid to the employees or officials agree to the authorized salary/ pay rate found within the personnel file.

**Results:** No exceptions were found as a result of this procedure.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, and the entity policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

**Results:** No exceptions were found as a result of this procedure.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Results:** No exceptions were found as a result of this procedure.

### ***Ethics***

---

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

**Results:** This procedure is not applicable to the entity.

### ***Debt Service***

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

**Results:** This procedure is not applicable to the entity.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Results:** This procedure is not applicable to the entity.

### ***Fraud Notice***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Results:** No exceptions were found as a result of this procedure.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** No exceptions were found as a result of this procedure.

### ***Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures, verbally discuss the results with management, and report: "We performed the procedure and discussed the results with management."
- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
  - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

**Results:** We performed the procedure and discussed the results with management.

## ***Sexual Harassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

**Results:** This procedure is not applicable to the entity.

27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

**Results:** This procedure is not applicable to the entity.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1<sup>st</sup>, and observe that it includes the applicable requirements of R.S. 42:344:

- a. Number and percentage of public servants in the agency who have completed the training requirements;
- b. Number of sexual harassment complaints received by the agency;
- c. Number of complaints which resulted in a finding that sexual harassment occurred;
- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e. Amount of time it took to resolve each complaint.

**Results:** This procedure is not applicable to the entity.

We were engaged by the Corporation to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing on those C/C areas identified in Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Covington, LA  
May 19, 2022



**RESEARCH PARK CORPORATION**

May 13, 2022

RE: Management response to agreed-upon procedures report for the period January 1, 2021 – December 31, 2021

Item 1k: Management will add the language to the policy for the processes already in place regarding all computers and the cloud based WebRoot antivirus software with daily signature updates and automatic software updated managed by Connectwise Automate. These additions will be approved by the Board of Directors in 2022.

I can be reached at (225) 218-1100 or [gen@nexus-la.org](mailto:gen@nexus-la.org) if you have any questions regarding this response.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Genevieve Silverman'.

Genevieve Silverman  
President and CEO