

LAFAYETTE CENTRAL PARK, INC.

Financial Report

Years Ended December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Lafayette Central Park, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lafayette Central Park, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2020, on our consideration of Lafayette Central Park, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lafayette Central Park, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
May 14, 2020

FINANCIAL STATEMENTS

LAFAYETTE CENTRAL PARK, INC.
Lafayette, Louisiana

Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
ASSETS		
Assets:		
Cash and cash equivalents	\$ 2,971,084	\$ 5,335,207
Accounts receivable	143,306	108,190
Pledges receivable, net	684,315	2,004,134
Prepaid expenses	21,820	22,207
Property and equipment, net	10,750,597	5,493,831
Cash and cash equivalents restricted for endowment	600,000	455,956
Total assets	\$ 15,171,122	\$ 13,419,525
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 12,952	\$ 36,870
Contracts payable	430,431	526,641
Retainage payable	447,126	199,679
Other accrued liabilities	1,500	1,500
Total liabilities	892,009	764,690
Net assets:		
Without donor restrictions	11,689,962	9,045,445
With donor restrictions	2,589,151	3,609,390
Total net assets	14,279,113	12,654,835
Total liabilities and net assets	\$ 15,171,122	\$ 13,419,525

The accompanying notes are an integral part of this statement.

LAFAYETTE CENTRAL PARK, INC.
Lafayette, Louisiana

Statements of Activities
For the Years Ended December 31, 2019 and 2018

	2019	2018
Changes in net assets without donor restrictions -		
Revenues:		
Fundraising and other event income	\$ 111,920	\$ 287,614
Interest and other income	49,945	74,649
Other gifts and bequests	1,131,345	470,690
Contributions in-kind	21,953	-
Total revenues without donor restrictions	1,315,163	832,953
Net assets released from restrictions	2,171,291	1,752,713
Total revenues and other support without donor restrictions	3,486,454	2,585,666
Expenses:		
Program expenses -		
Park development and operation	442,435	299,155
Supporting services -		
Management and general	214,495	234,611
Fundraising expense	185,007	219,809
Total supporting services	399,502	454,420
Total expenses	841,937	753,575
Change in net assets without donor restrictions	2,644,517	1,832,091
Changes in net assets with donor restrictions -		
Contributions and promises to give, including amortization of discount	1,064,616	180,938
Net endowment earnings (losses)	86,436	(29,230)
Net assets released from restrictions	(2,171,291)	(1,752,713)
Change in net assets with donor restrictions	(1,020,239)	(1,601,005)
Change in total net assets	1,624,278	231,086
Net assets, beginning	12,654,835	12,423,749
Net assets, ending	\$ 14,279,113	\$ 12,654,835

The accompanying notes are an integral part of this statement.

LAFAYETTE CENTRAL PARK, INC.
Lafayette, Louisiana

Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services	Supporting Services		Total
	Park Development and Operation	Management and General	Fundraising	
Administrative fee - CFA	\$ -	\$ 4,274	\$ -	\$ 4,274
Bank and credit card fees	-	134	4,343	4,477
Computer and internet	4,389	8,778	4,389	17,556
Consulting and other professional services	-	13,702	54,810	68,512
Dues and subscriptions	-	2,227	-	2,227
Event rentals and decorations	-	-	2,049	2,049
Food and entertainment	-	-	2,250	2,250
Cleaning and maintenance	79,753	-	-	79,753
Insurance	47,004	3,065	1,022	51,091
Legal and accounting	2,176	4,224	-	6,400
Marketing and advertising	5,367	-	5,366	10,733
Meetings, luncheons, dinners	5,014	-	5,014	10,028
Office expenses	4,451	8,903	4,451	17,805
Salaries and employee benefits	109,972	113,115	91,120	314,207
Architect and design fees	173,488	-	-	173,488
Security	2,253	-	478	2,731
Supplies and other direct costs	36	36	642	714
Permits and licensing	519	-	-	519
Postage	-	728	2,183	2,911
Printing	-	211	6,820	7,031
Website	2,165	722	-	2,887
Rent	1,200	49,012	-	50,212
Recruiting fees	1,775	-	-	1,775
Miscellaneous	-	29	70	99
Depreciation	2,873	5,335	-	8,208
Total	<u>\$ 442,435</u>	<u>\$ 214,495</u>	<u>\$ 185,007</u>	<u>\$ 841,937</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE CENTRAL PARK, INC.
Lafayette, Louisiana

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

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

The accompanying notes are an integral part of this statement.

LAFAYETTE CENTRAL PARK, INC.
Lafayette, Louisiana

Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 1,624,278	\$ 231,086
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	8,208	8,905
Increase in accounts receivable	(35,116)	(38,090)
Decrease in pledges receivable	1,319,819	1,878,422
Increase in prepaid expenses	387	(12,408)
Increase (decrease) in operating liabilities -		
Decrease in accounts payable and other liabilities	(23,918)	(73,138)
Increase (decrease) in contracts payable	(96,210)	526,641
Increase in retainage payable	247,447	199,679
Contributions with donor restrictions	<u>(701,073)</u>	<u>(322,162)</u>
Net cash provided by operating activities	<u>2,343,822</u>	<u>2,398,935</u>
Cash flows from investing activities:		
Acquisition of furniture and equipment	(80,446)	(14,558)
Additions to work in process	<u>(5,184,528)</u>	<u>(4,354,173)</u>
Net cash used in investing activities	<u>(5,264,974)</u>	<u>(4,368,731)</u>
Cash flows from financing activities:		
Collections of contributions with donor restrictions	<u>701,073</u>	<u>322,162</u>
Net cash provided by financing activities	<u>701,073</u>	<u>322,162</u>
Net change in cash and cash equivalents	(2,220,079)	(1,647,634)
Cash and cash equivalents, beginning of year:		
Unrestricted	5,335,207	7,077,297
Restricted for endowment	<u>455,956</u>	<u>360,000</u>
Total, beginning of year	<u>5,791,163</u>	<u>7,437,297</u>
Cash and cash equivalents, end of year:		
Unrestricted	2,971,084	5,335,207
Restricted for endowment	<u>600,000</u>	<u>455,956</u>
Total, end of year	<u>\$ 3,571,084</u>	<u>\$ 5,791,163</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE CENTRAL PARK, INC.
Lafayette, Louisiana

Notes to Financial Statements

(1) Nature of Organization and Significant Accounting Policies

A. Organization and Purpose

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

B. Basis of Accounting

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

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

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations will either (1) expire by incurring expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time or other events (time restricted), or (2) will never expire (perpetual in nature). When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

C. Cash and Cash Equivalents

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

D. Prepaid Expenses

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

LAFAYETTE CENTRAL PARK, INC.
Lafayette, Louisiana

Notes to Financial Statements (Continued)

E. Pledges Receivable

Pledges receivable are promises to give. Unconditional promises to give are recorded at fair value, which is measured as the present value of their future cash flows. The discount rate of 3.4% used for the years ended December 31, 2019 and 2018 was based on risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

F. Allowance for Doubtful Accounts

Pledges receivable are stated net of an allowance for doubtful accounts. The Organization estimates the allowance based on specific donors, taking into consideration the age of past due amounts and an assessment of the donor's ability to pay. The allowance for doubtful accounts for pledges receivable was \$0 as of December 31, 2019 and 2018, respectively.

G. Property and Equipment

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

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

H. Endowment Net Asset Classifications and Spending Policy

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

LAFAYETTE CENTRAL PARK, INC.
Lafayette, Louisiana

Notes to Financial Statements (Continued)

I. Revenue and Expense Recognition

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

J. Functional Allocation of Expenses

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

K. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. All of the Organization's Form 990, *Return of Organization Exempt from Income Tax*, returns filed are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

L. Donated Services

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

M. Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense was \$10,733 and \$15,719 for the years ended December 31, 2019 and 2018, respectively.

N. Use of Estimates

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

LAFAYETTE CENTRAL PARK, INC.
Lafayette, Louisiana

Notes to Financial Statements (Continued)

O. Reclassifications

Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the current year's format. Total net assets and changes in net assets are unchanged due to these reclassifications.

(2) Cash and Cash Equivalents

The Organization's cash and cash equivalents consisted of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Demand deposits	\$ 846,608	\$ 277,025
Time and savings -		
Money market funds	2,005,026	2,563,820
Other	719,450	2,950,318
Total	<u>\$ 3,571,084</u>	<u>\$ 5,791,163</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Organization's deposits may not be recovered, or the Organization will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Deposit balances (bank balances) as of December 31, 2019 and 2018, respectively, are secured as follows:

	<u>2019</u>	<u>2018</u>
Federal Deposit Insurance Corporation (FDIC)	\$ 250,000	\$ 250,000
Securities Investor Protection Corporation (SIPC)	2,005,026	2,563,820
Pledged securities	392,245	447,244
Uninsured	902,962	2,569,752
Total	<u>\$ 3,550,233</u>	<u>\$ 5,830,816</u>

Deposits in the amount of \$2,005,026 and \$2,563,820 as of December 31, 2019 and 2018, respectively, were held by the custodian, Community Foundation of Acadiana (CFA), and therefore, were exposed to custodial credit risk. As of December 31, 2019 and 2018, respectively, deposits held by CFA were fully insured. Deposits uninsured of \$902,962 and \$2,569,752 as of December 31, 2019 and 2018, respectively, consisted of deposits held at financial institutions which exceeded FDIC coverage. The Organization has adopted a formal investment policy.

Cash and cash equivalents included donor-restricted endowment funds of \$600,000 and \$455,956 as of December 31, 2019 and 2018, respectively.

LAFAYETTE CENTRAL PARK, INC.
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(3) Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year for general use as of December 31, 2019 and 2018 are as follows:

	2019	2018
Cash and cash equivalents	\$ 2,971,084	\$ 5,335,207
Less: cash and cash equivalents with donor-imposed purpose restrictions	(1,250,000)	(1,149,300)
Pledges receivable, due within one year	216,667	1,739,612
Accounts receivable	143,306	108,190
Financial assets available for general use within one year	\$ 2,081,057	\$ 6,033,709

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

(4) Pledges Receivable, Net

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

	2019			2018
	Due within 1 year	Due in 1-5 years	Total	
Restricted to future periods	\$ 216,667	\$ 542,166	\$ 758,833	\$ 2,058,862
Donor-restricted endowment	-	-	-	120,000
	\$ 216,667	\$ 542,166	758,833	2,178,862
Less: unamortized discount			(74,518)	(174,728)
			\$ 684,315	\$ 2,004,134

LAFAYETTE CENTRAL PARK, INC.
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(5) Property and Equipment

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

	2019	2018
Furniture and equipment	\$ 48,415	\$ 48,415
Park elements	89,876	9,430
	138,291	57,845
Less: accumulated depreciation	(47,426)	(39,217)
Total depreciable assets	90,865	18,628
Work in progress: phase 1 of park construction	10,659,732	5,475,203
Total	\$ 10,750,597	\$ 5,493,831

Total depreciation expense for the years ended December 31, 2019 and 2018 was \$8,208 and \$8,905, respectively.

(6) Net Assets with Donor Restrictions

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

	2019	2018
Unconditional promises to give	\$ 684,315	\$ 2,004,134
Contributions	1,250,000	1,149,300
Cumulative Moncus Endowment earnings (losses)	54,836	(24,044)
Moncus Endowment	600,000	480,000
Total	\$ 2,589,151	\$ 3,609,390

Unconditional promises to give as of December 31, 2019 and 2018, respectively, included an endowment gift and future promises to give of \$0 and \$120,000, net of unamortized discount of \$0 and \$8,487, restricted by the donor for the perpetual care of the Park.

LAFAYETTE CENTRAL PARK, INC.
Lafayette, Louisiana

Notes to Financial Statements (Continued)

The following is a summary of changes in net assets with donor restrictions as of December 31, 2019 and 2018:

	Time Restricted	Purpose Restricted	Perpetual in Nature	Total
Net assets, December 31, 2018	\$ 1,980,090	\$ 1,149,300	\$ 480,000	\$ 3,609,390
Donor-restricted contributions	504,767	431,073	-	935,840
Reclassifications	(270,000)	150,000	120,000	-
Total contributions	234,767	581,073	120,000	935,840
Amortization of discount	128,776	-	-	128,776
	<u>363,543</u>	<u>581,073</u>	<u>120,000</u>	<u>1,064,616</u>
Net endowment earnings (losses)				
Interest income and unrealized earnings, net	88,327	-	-	88,327
Investment administration fee	(1,891)	-	-	(1,891)
	<u>86,436</u>	<u>-</u>	<u>-</u>	<u>86,436</u>
Net assets released from restriction	(1,690,918)	(480,373)	-	(2,171,291)
Net assets, December 31, 2019	<u>\$ 739,151</u>	<u>\$ 1,250,000</u>	<u>\$ 600,000</u>	<u>\$ 2,589,151</u>
	Time Restricted	Purpose Restricted	Perpetual in Nature	Total
Net assets, December 31, 2017	\$ 3,900,395	\$ 950,000	\$ 360,000	\$ 5,210,395
Donor-restricted contributions	-	52,162	-	52,162
Reclassifications	(270,000)	150,000	120,000	-
Total contributions	(270,000)	202,162	120,000	52,162
Amortization of discount	128,776	-	-	128,776
	<u>(141,224)</u>	<u>202,162</u>	<u>120,000</u>	<u>180,938</u>
Net endowment earnings (losses)				
Interest income and unrealized losses, net	(28,071)	-	-	(28,071)
Investment administration fee	(1,159)	-	-	(1,159)
	<u>(29,230)</u>	<u>-</u>	<u>-</u>	<u>(29,230)</u>
Net assets released from restriction	(1,749,851)	(2,862)	-	(1,752,713)
Net assets, December 31, 2018	<u>\$ 1,980,090</u>	<u>\$ 1,149,300</u>	<u>\$ 480,000</u>	<u>\$ 3,609,390</u>

LAFAYETTE CENTRAL PARK, INC.
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(7) Donor-Restricted Endowments

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

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

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

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

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

LAFAYETTE CENTRAL PARK, INC.
Lafayette, Louisiana

Notes to Financial Statements (Continued)

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

(8) Operating Leases

Park lease-

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

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

Primary Term:

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

First Renewal Term:

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

Second Renewal Term:

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

Other leases-

The Organization leased office space under non-cancellable leases during the years ending December 31, 2019 and 2018 having the following terms:

- 1- Monthly payments of \$3,168, which expired August 31, 2019.
- 2- Monthly payments of \$4,948, expiring February 28, 2022.

LAFAYETTE CENTRAL PARK, INC.
Lafayette, Louisiana

Notes to Financial Statements (Continued)

Future minimum payments under non-cancellable leases as of December 31, 2019 were as follows:

<u>Year Ending December 31,</u>	
2020	59,382
2021	59,382
2022	<u>9,897</u>
Total	<u>\$ 128,661</u>

Rent expense for the years ending December 31, 2019 and 2018 was \$50,212 and \$44,083, respectively.

(9) Related Party Transactions

The Organization receives unrestricted contributions from board members and entities associated with board members. In addition, as of December 31, 2019 and 2018, respectively, the balance in other accrued liabilities of \$1,500 was due to the Chairman of the board.

(10) Commitments and Contingencies

Amounts received in prior years relative to a Cooperative Endeavor Agreement with the Lafayette Public Trust Financing Authority (LPTFA) are subject to audit and inspection by the LPTFA and any governmental agency exercising audit authority over the LPTFA. Management believes results of any future audits would not have a material adverse effect on the financial statements as of December 31, 2019 and 2018.

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

A detail of compensation, benefits, and other payments made to the Organization's executive director, Elizabeth Brooks, for the year ended December 31, 2019 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 95,000
Benefits - insurance	3,924
Benefits - retirement and other payroll taxes	10,179
Car allowance	900
Cell phone	900
Dues	970
Reimbursements	344
Registration fees	2,298
Special meals	<u>226</u>
Total	<u>\$ 114,741</u>

LAFAYETTE CENTRAL PARK, INC.
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(12) Risk Management

The Organization purchases commercial insurance policies by special event to address risks of loss in the areas of general liability and volunteer accidents. There have been no claims that have exceeded insurance coverage as of December 31, 2019 and 2018.

(13) Litigation

As of December 31, 2019, the Organization is not involved in any litigation.

(14) Subsequent Event Review

The Organization's management has evaluated subsequent events through May 14, 2020, the date which the financial statements were available to be issued.

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Lafayette Central Park, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated May 14, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lafayette Central Park, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lafayette Central Park, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lafayette Central Park, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suited for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
May 14, 2020

LAFAYETTE CENTRAL PARK, INC
Lafayette, Louisiana

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

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

A. Internal Control Findings -

There are no findings to report under this section.

B. Compliance Findings -

There are no findings to report under this section.

Part II. Prior Year Findings

A. Internal Control Findings -

There are no findings to report under this section.

B. Compliance Findings -

There are no findings to report under this section.