Espee Lafayette, LLC

Financial Report

Year Ended December 31, 2019

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KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Espee Lafayette, LLC
Lafayette LA

Report on the Financial Statements

We have audited the accompanying financial statements of Espee Lafayette, LLC (a limited liability company), which comprise the balance sheet as of December 31, 2019, and the related statements of income, changes in member's equity, and cash flows for the year 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 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 Espee Lafayette, LLC, as of December 31, 2019, and the changes of its operations and its cash flows for the year 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 September 5, 2020, on our consideration of Espee Lafayette, LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Espee Lafayette, LLC'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 Espee Lafayette, LLC's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
September 5, 2020

FINANCIAL STATEMENTS

ESPEE LAFAYETTE, LLC
Lafayette, Louisiana

Balance Sheet
December 31, 2019

ASSETS

Current assets:	
Cash	$ 7,238
Property:	
Land	263,384
Buildings	531,845
Less: accumulated depreciation	(9,091)
Total property and equipment, net	786,138
Total assets	$ 793,376

LIABILITIES AND MEMBER'S EQUITY

Liabilities:	
Due to member	$ 7,021
Member's equity	786,355
Total liabilities and member's equity	$ 793,376

The accompanying notes are an integral part of this statement.

ESPEE LAFAYETTE, LLC
Lafayette, Louisiana

Statement of Income
For the Year Ended December 31, 2019

Revenues:	
Rental income	$ 10,963
Operating expenses:	
Bank Service	363
Depreciation	9,091
Dues and subscriptions	1,038
Insurance	5,090
Repairs and maintenance	3,491
Utilities	1,302
	20,375
Net loss	$ (9,412)

The accompanying notes are an integral part of this statement.

ESPEE LAFAYETTE, LLC
Lafayette, Louisiana

Statement of Changes In Member's Equity
For the Year Ended December 31, 2019

	Lafayette Public Trust Financing Authority
Member's equity, December 31, 2018	$ 158,212
Net loss	(9,412)
Contribution	637,555
Member's equity, December 31, 2019	$ 786,355

The accompanying notes are an integral part of this statement.

ESPEE LAFAYETTE, LLC
Lafayette, Louisiana

Statement of Cash Flows
For the Year Ended December 31, 2019

Cash flows from operating activities:	
Net loss	$ (9,412)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	9,091
Changes in operating assets and liabilities -	
Increase in due to member	7,021
Net cash provided by operating activities	6,700
Cash flows used by investing activities:	
Acquisition of property and equipment	(638,117)
Cash flows used by financing activities:	
Contributions from member	637,555
Increase in cash and cash equivalents	6,138
Cash and cash equivalents, beginning of year	1,100
Cash and cash equivalents, end of year	$ 7,238

The accompanying notes are an integral part of this statement.

ESPEE LAFAYETTE, LLC
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Business

Espee Lafayette LLC, a Louisiana Limited Liability Company, was organized during the year ended December 31, 2018 by Lafayette Public Trust Financing Authority (LPTFA) for the purpose of acquiring real estate on behalf of LPTFA. The Company's focus is to enhance and promote commercial activity in the Lafayette downtown area. The major activities of the Company are property rental income and the purchase of additional assets.

B. Property

Property is stated at cost. Depreciation is computed using the straight-line method over the useful lives of the assets for financial reporting purposes. Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to operations as incurred. The estimated lives are as follows:

Buildings	39 years

C. Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

D. Revenue and Expense Recognition

The Company's revenue is generated from the rental of commercial property. These revenues are recognized when earned. Expenses are recognized when incurred.

E. Concentration of Credit Risk

The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage up to $250,000 for cash on deposit at each institution. In the event of a failure of the institution, the FDIC is not obligated to pay uninsured deposits. The Company's balance, at times, may exceed federally insured limits. At December 31, 2019, the Company had no uninsured balances.

F. Concentration of Revenue

During 2019, all of the Company's rental revenues were with one non-affiliate company.

G. Income Taxes

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

H. Use of Estimates

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

(2) Property and Equipment

The following is a summary of property and equipment as of December 31, 2019:

Land	$ 263,384
Buildings	531,845
	795,229
Less accumulated depreciation	(9,091)
Total	$ 786,138

Depreciation expense for the year ended December 31, 2019 was $9,091.

(3) Related Party Transactions

At December 31, 2019, the Company owed $7,021 to its sole member for various operating expenses. Additionally, the Company received a capital contribution in the amount of $637,555 from its sole member to purchase commercial rental properties.

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

There no compensation, benefits, or other payments to Patrick Magee for the period January 1, 2019 through September 23, 2019 and Anthony Daniel for the period September 24, 2019 through December 31, 2019.

(5) Subsequent Event Review

A. On March 22, 2020, the Governor declared a Public Health emergency in Proclamation Number 25 JBE 2020 in response to the threat posed by COVID-19. Effective March 23, 2020, all individuals within the State of Louisiana are under a general stay-at-home order and are directed to stay home unless performing an essential activity. As a result, economic uncertainties have arisen which may impact the ongoing operations of Espee Lafayette, LLC; however, the extent and severity of the potential impact in unknown at this time.

B. The Organization's management has evaluated subsequent events through September 5, 2020, the date which the financial statements were available to be issued.

INTERNAL CONTROL,
COMPLIANCE AND
OTHER MATTERS

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

The Board of Trustees
Espee Lafayette, LLC
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Espee Lafayette, LLC (a limited liability company), which comprise the balance sheet as of December 31, 2019 and the related statements of income, changes in member's equity, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 5, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
September 5, 2020

ESPEE LAFAYETTE, LLC
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 -

2019-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2019

CONDITION: The Company did not have adequate segregation of functions within the accounting system.

CRITERIA: The Company should have a control policy according to which no person should be given responsibility for more than one related function.

CAUSE: Due to the size of the Company, there are a small number of available employees.

EFFECT: The Company has employees that are performing more than one related function.

RECOMMENDATION: The Company should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Part II. Prior Year Findings

There were no findings reported.