

RESEARCH PARK CORPORATION

Audits of Financial Statements

December 31, 2020 and 2019



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Research Park Corporation (the Corporation), a nonprofit organization, which comprise the statements of net position as of December 31, 2020 and 2019, 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.

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.

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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 Research Park Corporation as of December 31, 2020 and 2019, and the changes in its net position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The schedule of compensation, benefits, and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of compensation, benefits, and other payments to agency head or chief executive officer 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. Such 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 schedule of compensation, benefits, and other payments to agency head or chief executive officer 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 June 8, 2021 on our consideration of Research Park 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 Research Park Corporation's internal control over financial reporting and compliance.

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

A Professional Accounting Corporation

Covington, LA
June 8, 2021

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

**RESEARCH PARK CORPORATION
BATON ROUGE, LOUISIANA**

Management's Discussion and Analysis

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, 2020 and 2019. 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

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.

2019

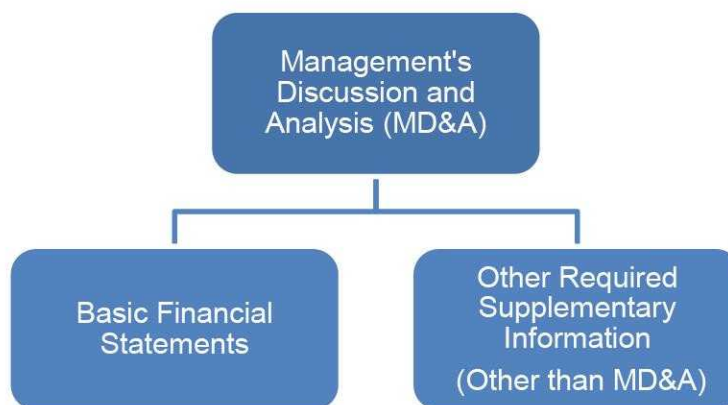
The Corporation's assets exceed its liabilities (net position) at the close of fiscal year 2019 by \$20,185,757, which represents a 13% increase in net position from the prior fiscal year. The Corporation experienced operating losses of \$2,018,746 in 2019. The Corporation had investment gains of \$3,029,910 for the year. Capital assets also decreased by 22% as the Corporation depreciated existing assets. The Corporation's main assets are a mix of capital assets of \$290,877, promissory note from Bon Carre' Business Center, LLC of \$3,646,136, and liquid assets of \$15,942,199, which consists primarily of investments in securities and cash.

**RESEARCH PARK CORPORATION
BATON ROUGE, LOUISIANA**

Management's Discussion and Analysis

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

FINANCIAL ANALYSIS OF THE CORPORATION

**Condensed Statements of Net Position
December 31, 2020, 2019, and 2018**

	2020	2019	2018
Current Assets	\$ 896,490	\$ 1,277,382	\$ 1,454,685
Investments	20,231,561	18,786,009	16,319,093
Capital Assets	250,834	290,877	371,658
Total Assets	21,378,885	20,354,268	18,145,436
Liabilities	357,784	168,511	269,619
Total Net Position	\$ 21,021,101	\$ 20,185,757	\$ 17,875,817

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 8% in 2020, and increased 15% in 2019. However, due to economic conditions influenced by COVID-19, the Corporation withdrew \$250,000 of funds in 2020 to support operating losses. During 2020 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 14% in 2020, as the Corporation continued to depreciate existing assets and dispose of obsolete and inoperative assets. Liabilities increased 112% in 2020 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, 2020, 2019, and 2018**

	2020	2019	2018
Operating Revenues	\$ 484,345	\$ 599,607	\$ 616,446
Operating Expenses	<u>2,542,221</u>	<u>2,618,353</u>	<u>3,170,322</u>
Operating Loss	<u>(2,057,876)</u>	<u>(2,018,746)</u>	<u>(2,553,876)</u>
Non-Operating Revenues (Expenses)			
Tax Revenue - Cooperative Endeavor 2018	-	-	550,651
Tax Revenue - Cooperative Endeavor 2019	-	591,679	684,965
Tax Revenue - Cooperative Endeavor 2020	299,380	708,015	-
Tax Revenue - Cooperative Endeavor 2021	539,019	-	-
Investment Income (Loss), Net of Fees	2,054,821	3,029,910	(669,714)
Unrelated Business Income Tax Expense	-	(13,718)	(45,879)
Other Income	<u>-</u>	<u>12,800</u>	<u>3,099</u>
Total Non-Operating Revenues, Net	<u>2,893,220</u>	<u>4,328,686</u>	<u>523,122</u>
Change in Net Position	<u>\$ 835,344</u>	<u>\$ 2,309,940</u>	<u>\$ (2,030,754)</u>

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.

2019

Operating revenues consist of income received from incubator clients, grant and sponsorship income, and program income. For the year ended December 31, 2019, operating revenues decreased 3%. Operating expenses decreased by 17% due to less mission driven investments made with external entities. Non-operating revenues increased approximately \$3,800,000 due to favorable market conditions that significantly increased Corporation's investment income.

**RESEARCH PARK CORPORATION
BATON ROUGE, LOUISIANA**

Management's Discussion and Analysis

CAPITAL ASSETS

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.

As of December 31, 2019, the Corporation had \$290,877 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 22% from the prior year as the Corporation continued to depreciate existing assets. The primary capital expenditure in 2019 was in new/updated computer equipment and leasehold improvements to the Louisiana Technology Park space.

	2020	2019	2018
Capital Assets	\$ 250,834	\$ 290,877	\$ 371,658

ECONOMIC FACTORS AND NEXT YEAR'S OPERATIONS

The Corporation's management considered the following factors and indicators when setting 2021 budget and goals:

- Expansion of the Apprenti LA IT apprenticeship program funded primarily with federal grants from the Delta Regional Authority.
- 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.
- A new cooperative endeavor agreement with Innovation Catalyst, Inc. to help reposition the company for future growth in alignment with the mission of Research Park Corporation.
- Continued strain on lodging tax income and resulting reductions in expenses, as a result of the COVID-19 pandemic.

Management expects to incur a net loss in 2021 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, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 144,683	\$ 592,158
Taxes Receivable - Cooperative Endeavor 2021	385,156	-
Taxes Receivable - Cooperative Endeavor 2020	-	385,217
Interest Receivable	9,181	12,053
Other Receivables, Less Allowance for Uncollectible Accounts of \$9,181 and \$24,825 at 2020 and 2019, Respectively	83,013	33,908
Current Portion of Note Receivable - Bon Carre' Business Center	200,996	192,168
Prepaid Expenses	73,461	61,878
Total Current Assets	896,490	1,277,382
Investments		
Note Receivable - Bon Carre' Business Center	3,252,251	3,453,968
Investment in Securities (at Fair Value)	16,979,310	15,332,041
Total Investments	20,231,561	18,786,009
Capital Assets		
Furniture and Equipment	449,507	658,732
Leasehold Improvements	879,665	858,388
Software	273,430	273,430
Website	39,203	21,803
	1,641,805	1,812,353
Less: Accumulated Depreciation	(1,390,971)	(1,521,476)
Total Capital Assets, Net	250,834	290,877
Total Assets	\$ 21,378,885	\$ 20,354,268
Liabilities and Net Position		
Liabilities		
Accounts Payable	\$ 51,950	\$ 23,257
Accrued Expenses	110,362	137,482
Paycheck Protection Program Loan	186,200	-
Security Deposits	9,272	7,772
Total Liabilities	357,784	168,511
Net Position		
Net Investment in Capital Assets	250,834	290,877
Unrestricted	20,770,267	19,894,880
Total Net Position	21,021,101	20,185,757
Total Liabilities and Net Position	\$ 21,378,885	\$ 20,354,268

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, 2020 and 2019

	2020	2019
Revenues		
Incubator Client Income	\$ 182,778	\$ 253,757
Grant and Sponsorship Income	282,513	329,954
Other Operating Income	19,054	15,896
Total Revenues	484,345	599,607
Expenses		
Salaries and Wages	933,919	924,095
Rent	363,608	422,429
Employee Benefits	260,730	216,902
Innovation Catalyst, Inc. Contributions	171,134	67,218
Program Expenses	134,524	213,618
IT Outsourcing Services	108,507	114,514
Depreciation	84,004	126,538
Marketing	78,461	58,864
Payroll Taxes	65,413	58,363
Professional Fees	63,342	72,292
Utilities	49,281	57,162
Dues and Professional Development	46,430	40,945
Facility Maintenance and Repair	45,552	32,772
Consulting Fees	39,255	87,810
Telephone	26,853	32,585
Insurance	23,037	23,618
Grants/Donations	15,547	-
Computer Expenses	13,001	16,052
Travel Expenses	9,528	26,415
Meals and Entertainment	4,717	10,491
Office Supplies and Equipment	3,987	15,072
Postage and Printing	1,391	598
Total Expenses	2,542,221	2,618,353
Operating Loss	(2,057,876)	(2,018,746)

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, 2020 and 2019

	2020	2019
Non-Operating Revenues (Expenses)		
Hotel/Motel Tax Revenue - Cooperative Endeavor 2019	-	591,679
Hotel/Motel Tax Revenue - Cooperative Endeavor 2020	299,380	708,015
Hotel/Motel Tax Revenue - Cooperative Endeavor 2021	539,019	-
Investment Income, Net of Fees	2,054,821	3,029,910
Unrelated Business Income Tax Expense	-	(13,718)
Other Income	-	12,800
Total Non-Operating Revenues, Net	2,893,220	4,328,686
Change in Net Position	835,344	2,309,940
Net Position, Beginning of the Year	20,185,757	17,875,817
Net Position, End of the Year	\$ 21,021,101	\$ 20,185,757

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

RESEARCH PARK CORPORATION
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Cash Received from:		
Operating Receipts	\$ 436,740	\$ 720,689
Cash Paid for:		
Salaries and Employee Benefits	(1,194,649)	(1,176,976)
General and Administrative Expenses	(844,413)	(1,033,345)
Grants and Contributions	(171,134)	(67,218)
Program Expenses	(134,524)	(213,618)
IT Outsourcing Services	(108,507)	(114,514)
Net Cash Used in Operating Activities	(2,016,487)	(1,884,982)
Cash Flows from Non-Capital Financing Activities		
Proceeds from Paycheck Protection Program Loan	186,200	-
Taxes Received	838,460	1,599,442
Net Cash Provided by Non-Capital Financing Activities	1,024,660	1,599,442
Cash Flows from Capital Financing Activities		
Proceeds from Sale of Capital Assets	-	12,800
Capital Asset Purchases	(43,961)	(45,757)
Net Cash Used in Capital Financing Activities	(43,961)	(32,957)
Cash Flows from Investing Activities		
Purchase of Investments and Certificates of Deposit	(4,619,553)	(5,917,803)
Proceeds from Sale of Investments and Certificates of Deposit	4,854,595	6,117,712
Principal Received from Bon Carre' Business Center	192,889	184,416
Unrelated Business Income Tax Paid	-	(13,718)
Interest and Dividend Income Received	160,382	169,983
Net Cash Provided by Investing Activities	588,313	540,590
Change in Cash and Cash Equivalents	(447,475)	222,093
Cash and Cash Equivalents, Beginning of Year	592,158	370,065
Cash and Cash Equivalents, End of Year	\$ 144,683	\$ 592,158

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, 2020 and 2019

	2020	2019
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating Loss	\$ (2,057,876)	\$ (2,018,746)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation	84,004	126,538
Bad Debt Expense	15,000	-
Changes in Operating Assets and Liabilities:		
Other Receivables	(49,105)	122,486
Prepaid Expenses	(11,583)	(14,152)
Accounts Payable	28,693	(122,088)
Accrued Expenses	(27,120)	22,384
Security Deposits	1,500	(1,404)
Net Cash Used in Operating Activities	\$ (2,016,487)	\$ (1,884,982)

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

RESEARCH PARK CORPORATION

Notes to Financial Statements

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.

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

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, 2019 through June 30, 2021 (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 2019 through 2021 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

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

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 ended June 30, 2021 and 2020, 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, 2021 and 2020 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, 2020 and 2019:

Investment Type	2020	2019
	Estimated Fair Value	Estimated Fair Value
Cash and Cash Equivalents	\$ 791,728	\$ 686,300
Domestic Equity	8,977,607	7,696,290
International and Emerging Markets Equity	3,433,199	3,119,088
Domestic Fixed Income	2,340,599	1,954,279
International and Emerging Markets Debt	339,180	168,818
REITs, MLPs, and Other Alternative Assets	1,096,997	1,707,266
Total	\$ 16,979,310	\$ 15,332,041

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 \$144,683 and the bank balance was \$191,063. The bank balance was not in excess of the federally insured amount at December 31, 2020.

RESEARCH PARK CORPORATION

Notes to Financial Statements

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, 2020 and 2019.

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, 2020 and 2019:

Standard & Poor's Rating	2020 Estimated Fair Value	2019 Estimated Fair Value
AAA	\$ 444,843	\$ 415,163
AA	179,546	54,691
A	1,042,434	626,280
BBB	511,838	388,916
BB	-	-
B	80,393	156,949
Not Rated	420,725	481,098
Total	\$ 2,679,779	\$ 2,123,097

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

Note 4. Cash and Investments (Continued)

Interest Rate Risk (Continued)

The following table shows the maturity dates for the years ended December 31, 2020 and 2019:

	2020 Estimated Fair Value	2019 Estimated Fair Value
Maturity in Years		
Less than 1	\$ 11,609	\$ 20,006
1 - 5	338,698	227,983
5 - 10	101,298	125,147
10 or More	160,437	108,429
Perpetual	2,067,737	1,641,532
Total	\$ 2,679,779	\$ 2,123,097

Net investment income (loss) for the years ended December 31, 2020 and 2019 consisted of the following:

	2020	2019
Interest and Dividend Income (Net of Fees)	\$ 233,580	\$ 561,352
Realized Gains	285,548	424,379
Unrealized Gains	1,535,693	2,044,179
Total	\$ 2,054,821	\$ 3,029,910

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, 2020 and 2019:

	2020	2019
Global/Emerging Markets Equity Funds	\$ 1,516,284	\$ 1,387,924
Individual Foreign Bonds	339,180	168,818
Individual Foreign Stocks	1,916,915	1,731,164
Total	\$ 3,772,379	\$ 3,287,906

RESEARCH PARK CORPORATION

Notes to Financial Statements

Note 5. Capital Assets

A summary of changes in capital assets at December 31, 2020 and 2019 was as follows:

	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
	1,812,353	43,961	(214,509)	1,641,805
Less: Accumulated Depreciation	(1,521,476)	(84,004)	214,509	(1,390,971)
Total	\$ 290,877	\$ (40,043)	\$ -	\$ 250,834

	2019			
	Beginning Balance	Additions	Deletions	Ending Balance
Furniture and Equipment	\$ 764,351	\$ 10,556	\$ (116,175)	\$ 658,732
Software	273,430	-	-	273,430
Website	21,803	-	-	21,803
Leasehold Improvements	823,187	35,201	-	858,388
	1,882,771	45,757	(116,175)	1,812,353
Less: Accumulated Depreciation	(1,511,113)	(126,538)	116,175	(1,521,476)
Total	\$ 371,658	\$ (80,781)	\$ -	\$ 290,877

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, 2020 and 2019 was as follows:

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
Corporate Bonds	1,059,032	952,328	-	2,011,360
Total Investments by Fair Value Level	<u>\$ 15,528,592</u>	<u>\$ 952,328</u>	<u>\$ -</u>	<u>16,480,920</u>

Investments Measured at the Net Asset Value

Multi-Adviser Hedge Fund	<u>498,390</u>
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Total Investments	<u>\$ 16,979,310</u>
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December 31, 2019	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 686,300	\$ -	\$ -	\$ 686,300
Equity Securities	9,378,829	-	-	9,378,829
Mutual Funds	2,581,231	-	-	2,581,231
Fixed Income Securities				
U.S. Treasury Obligations	404,155	-	-	404,155
U.S. Agency Obligations	-	20,006	-	20,006
Corporate Bonds	1,195,060	503,876	-	1,698,936
Total Investments by Fair Value Level	<u>\$ 14,245,575</u>	<u>\$ 523,882</u>	<u>\$ -</u>	<u>14,769,457</u>

Investments Measured at the Net Asset Value

Multi-Adviser Hedge Fund	<u>562,584</u>
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Total Investments	<u>\$ 15,332,041</u>
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RESEARCH PARK CORPORATION

Notes to Financial Statements

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.

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

December 31, 2019	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-Adviser Hedge Fund	\$ 562,584	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 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 (PPP). The Corporation obtained a \$186,200 loan from b1BANK under the PPP in April 2020.

RESEARCH PARK CORPORATION

Notes to Financial Statements

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. Subsequent to year end, the Corporation applied for forgiveness with the lender and received forgiveness of \$186,200 from the SBA on January 22, 2021.

Note 9. Federal Grants

As the Coronavirus (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, 2019 to May 6, 2021 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.

In 2019, the Corporation was awarded a \$150,000 grant from the Delta Regional Authority's Delta Workforce Program (DWP 2019) to support the expansion of the Apprenti Louisiana IT apprenticeship program. The approved grant period is January 1, 2020 to December 31, 2020 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 2020 to extend the grant period through December 31, 2021.

RESEARCH PARK CORPORATION

Notes to Financial Statements

Note 9. Federal Grants (Continued)

In late December 2020, the Corporation was awarded a \$150,000 grant from the Delta Regional Authority's Delta Workforce Program (DWP 2020) 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.

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, 2020 and 2019 were \$59,633 and \$49,498, respectively.

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, 2019. 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. The Corporation is pursuing an extension on this lease. Rental payments for the years ended December 31, 2020 and 2019 were \$363,608 and \$422,429, respectively, under this lease.

RESEARCH PARK CORPORATION

Notes to Financial Statements

Note 12. Commitments and Contingencies (Continued)

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, 2018, LTP entered into a contract for data storage and services with a 36-month term. The future minimum lease payments for all leases is \$473,155 and \$99,744 for the years ended December 31, 2021 and 2022, respectively.

Note 13. Risk and Uncertainty

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Corporation operates. It is unknown how long these conditions will last. The adverse impact of the pandemic continues to affect the ongoing operations of the Corporation resulting in the possibility of permanent changes in the near future.

Note 14. Subsequent Events

On February 28, 2021, the Corporation received loan proceeds in the amount of \$211,125 under the SBA's PPP Second Draw Loans. The note is subject to the terms established under the Small Business Act, the Coronavirus Aid, Relief, and Economic Security Act, and the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act). The loan and accrued interest are eligible for forgiveness after the applicable time period in the CARES Act and the Economic Aid Act as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The unforgiven portion of the loan is payable over five years, in monthly installments, at an interest rate of 1%, with a deferral of payments for the first ten months. The Corporation intends to use the proceeds for purposes consistent with the PPP. While the Corporation currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, there is no assurance of such forgiveness until final approval by the SBA.

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, 2020 and 2019:

December 31, 2020	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	NexusLA	Eliminations	Total
Assets						
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
Total Assets	\$ 21,275,841	\$ 272,473	\$ 3,455,937	\$ -	\$ (3,625,366)	\$ 21,378,885
Liabilities and Net Position						
Current Liabilities	\$ 254,740	\$ 103,044	\$ -	\$ -	\$ -	\$ 357,784
Total Liabilities	254,740	103,044	-	-	-	357,784
Net Position						
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
Total Net Position	21,021,101	169,429	3,455,937	-	(3,625,366)	21,021,101
Total Liabilities and Net Position	\$ 21,275,841	\$ 272,473	\$ 3,455,937	\$ -	\$ (3,625,366)	\$ 21,378,885
December 31, 2019	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	NexusLA	Eliminations	Total
Assets						
Current Assets	\$ 917,899	\$ 102,738	\$ 256,745	\$ -	\$ -	\$ 1,277,382
Other Assets	19,276,687	-	3,453,968	-	(3,944,646)	18,786,009
Capital Assets	6,596	284,281	-	-	-	290,877
Total Assets	\$ 20,201,182	\$ 387,019	\$ 3,710,713	\$ -	\$ (3,944,646)	\$ 20,354,268
Liabilities and Net Position						
Current Liabilities	\$ 15,425	\$ 153,086	\$ -	\$ -	\$ -	\$ 168,511
Total Liabilities	15,425	153,086	-	-	-	168,511
Net Position						
Net Investment in Capital Assets	6,596	284,281	-	-	-	290,877
Unrestricted	20,179,161	(50,348)	3,710,713	-	(3,944,646)	19,894,880
Total Net Position	20,185,757	233,933	3,710,713	-	(3,944,646)	20,185,757
Total Liabilities and Net Position	\$ 20,201,182	\$ 387,019	\$ 3,710,713	\$ -	\$ (3,944,646)	\$ 20,354,268

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, 2020 and 2019:

December 31, 2020	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	NexusLA	Eliminations	Total
Revenues						
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
Total Revenues	832	193,660	-	289,853	-	484,345
Expenses						
Operating Expenses	411,545	1,196,878	-	849,794	-	2,458,217
Depreciation	1,914	79,780	-	2,310	-	84,004
Total Expenses	413,459	1,276,658	-	852,104	-	2,542,221
Operating Loss	(412,627)	(1,082,998)	-	(562,251)	-	(2,057,876)
Non-Operating Revenues						
Tax Revenue	838,399	-	-	-	-	838,399
Investment Income, Net	1,575,369	42	160,130	-	319,280	2,054,821
Transfers	(1,165,797)	1,018,452	(414,906)	562,251	-	-
Total Non-Operating Revenues (Expenses)	1,247,971	1,018,494	(254,776)	562,251	319,280	2,893,220
Change in Net Position	835,344	(64,504)	(254,776)	-	319,280	835,344
Net Position - Beginning of the Year	20,185,757	233,933	3,710,713	-	(3,944,646)	20,185,757
Net Position - End of the Year	\$ 21,021,101	\$ 169,429	\$ 3,455,937	\$ -	\$ (3,625,366)	\$ 21,021,101
December 31, 2019						
Revenues						
Incubator Client Income	\$ -	\$ 253,757	\$ -	\$ -	\$ -	\$ 253,757
Grant and Sponsorship Income	309,954	20,000	-	-	-	329,954
Other Operating Income	14,228	1,668	-	-	-	15,896
Total Revenues	324,182	275,425	-	-	-	599,607
Expenses						
Operating Expenses	1,080,457	1,411,358	-	-	-	2,491,815
Depreciation	1,646	118,836	-	6,056	-	126,538
Total Expenses	1,082,103	1,530,194	-	6,056	-	2,618,353
Operating Loss	(757,921)	(1,254,769)	-	(6,056)	-	(2,018,746)
Non-Operating Revenues (Expenses)						
Tax Revenue	1,299,694	-	-	-	-	1,299,694
Investment Income, Net	2,547,606	-	168,618	-	313,686	3,029,910
Transfers	(765,721)	1,085,654	(319,933)	-	-	-
Unrelated Business Income Tax Expense	(13,718)	-	-	-	-	(13,718)
Other	-	12,800	-	-	-	12,800
Total Non-Operating Revenues (Expenses)	3,067,861	1,098,454	(151,315)	-	313,686	4,328,686
Change in Net Position	2,309,940	(156,315)	(151,315)	(6,056)	313,686	2,309,940
Net Position - Beginning of the Year	17,875,817	390,248	3,862,028	6,056	(4,258,332)	17,875,817
Net Position - End of the Year	\$ 20,185,757	\$ 233,933	\$ 3,710,713	\$ -	\$ (3,944,646)	\$ 20,185,757

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, 2020 and 2019:

December 31, 2020	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	NexusLA	Eliminations	Total
Net Cash Provided by (Used in) Operating Activities	\$ (473,005)	\$ (983,541)	\$ -	\$ (559,941)	\$ -	\$ (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	(352,290)	(35,608)	(61,887)	2,310	-	(447,475)
Cash and Cash Equivalents - Beginning of Year	482,153	45,428	64,577	-	-	592,158
Cash and Cash Equivalents - End of Year	\$ 129,863	\$ 9,820	\$ 2,690	\$ 2,310	\$ -	\$ 144,683
December 31, 2019	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	NexusLA	Eliminations	Total
Net Cash Provided by (Used in) Operating Activities	\$ (750,932)	\$ (1,134,050)	\$ -	\$ -	\$ -	\$ (1,884,982)
Net Cash Provided by (Used in) Noncapital Financing Activities	833,721	1,085,654	(319,933)	-	-	1,599,442
Net Cash Provided by (Used in) Capital and Related Financing Activities	(5,425)	(27,532)	-	-	-	(32,957)
Net Cash Provided by (Used in) Investing Activities	187,556	-	353,034	-	-	540,590
Change in Cash and Cash Equivalents	264,920	(75,928)	33,101	-	-	222,093
Cash and Cash Equivalents - Beginning of Year	217,233	121,356	31,476	-	-	370,065
Cash and Cash Equivalents - End of Year	\$ 482,153	\$ 45,428	\$ 64,577	\$ -	\$ -	\$ 592,158

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, 2020

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

Salary and Other Direct Compensation

Gross Salary	\$ 187,960
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Total Salary and Other Direct Compensation	<u>187,960</u>
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Employee Benefits

Group Health Insurance*	30,617
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401k Contributions	<u>13,157</u>
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Total Employee Benefits	<u>43,774</u>
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Other Payments

Travel	2,225
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Meals/Entertainment	1,670
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Telephone	1,300
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Dues/Development	<u>16,404</u>
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Total Other Payments	<u>21,599</u>
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Total Compensation, Benefits, and Other Payments
to Agency Head or Chief Executive Officer

<u><u>\$ 253,333</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, 2020, 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 June 8, 2021.

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.

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 Professional Accounting Corporation

Covington, LA
June 8, 2021

RESEARCH PARK CORPORATION
Schedule of Findings and Responses
For the Year Ended December 31, 2020

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.