

# **RESEARCH PARK CORPORATION**

Audits of Financial Statements

December 31, 2023 and 2022



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## **Independent Auditor's Report**

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

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

#### **Opinion**

We have audited the financial statements of Research Park Corporation (the Corporation) which comprise the statements of net position as of December 31, 2023 and 2022, the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation as of December 31, 2023 and 2022, and changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

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

### **Other Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer, as required by Louisiana Revised Statute (R.S.) 24:513 A(3) is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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 the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

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

A Professional Accounting Corporation

Covington, LA  
June 20, 2024

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

**RESEARCH PARK CORPORATION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

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The Management's Discussion and Analysis of Research Park Corporation's (the Corporation) financial performance presents a narrative overview and analysis of Research Park Corporation's financial activities for the years ended December 31, 2023 and 2022. 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**

**2023**

The Corporation's assets exceed its liabilities (net position) at the close of fiscal year 2023 by \$19,045,341, which represents a 4% increase in net position from the prior fiscal year. The Corporation experienced operating losses of \$3,229,540 in 2023. The Corporation had investment earnings of \$2,463,686 for the year. Capital assets also decreased by 11% as the Corporation depreciated existing assets and disposed of out of service assets. The Corporation's main assets are a mix of capital assets of \$161,205, promissory note from Bon Carre' Business Center, LLC (BCBC) of \$1,700,002, taxes receivable of \$1,467,977, and liquid assets of \$15,964,395, which consist primarily of investments in securities and cash.

**2022**

The Corporation's assets exceed its liabilities (net position) at the close of fiscal year 2022 by \$18,259,620, which represents a 21% decrease in net position from the prior fiscal year. The Corporation experienced operating losses of \$2,068,782 in 2022. The Corporation had investment losses of \$2,888,659 for the year. Capital assets also decreased by 12% as the Corporation depreciated existing assets and disposed of out of service assets. The Corporation's main assets are a mix of capital assets of \$181,603, promissory note from BCBC of \$1,700,002, taxes receivable of \$455,880, and liquid assets of \$15,809,565, which consist primarily of investments in securities and cash.

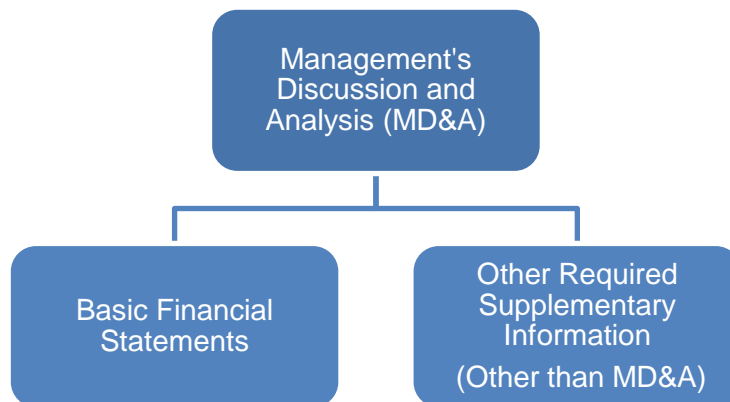
**RESEARCH PARK CORPORATION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

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



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

**Basic Financial Statements**

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

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

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

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



**RESEARCH PARK CORPORATION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

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**FINANCIAL ANALYSIS OF THE CORPORATION**

**Condensed Statements of Net Position  
December 31, 2023, 2022, and 2021**

	<b>2023</b>	<b>2022</b>	<b>2021</b>
Current Assets	<b>\$ 2,047,855</b>	\$ 1,687,860	\$ 1,417,108
Investments	<b>17,205,410</b>	16,542,565	21,839,471
Capital Assets	<b>161,205</b>	181,603	205,224
Other Assets	<b>960,146</b>	176,935	530,805
<b>Total Assets</b>	<b>20,374,616</b>	18,588,963	23,992,608
<b>Liabilities</b>	<b>1,329,275</b>	329,343	966,046
<b>Total Net Position</b>	<b>\$ 19,045,341</b>	\$ 18,259,620	\$ 23,026,562

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. Capital assets decreased 11% in 2023, as the Corporation continued to depreciate existing assets and dispose of obsolete and inoperative assets. Liabilities increased in 2023 due to an extension of an operating lease and the resulting increase in the lease liability.

**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, 2023, 2022, and 2021**

	2023	2022	2021
Operating Revenues	\$ 513,704	\$ 622,158	\$ 517,705
Operating Expenses	3,743,244	2,690,940	2,538,289
<b>Operating Loss</b>	<b>(3,229,540)</b>	<b>(2,068,782)</b>	<b>(2,020,584)</b>
Non-Operating Revenues			
Tax Revenue - Cooperative Endeavor 2021	-	-	697,012
Tax Revenue - Cooperative Endeavor 2022	-	539,687	748,249
Tax Revenue - Cooperative Endeavor 2023	301,774	986,162	-
Tax Revenue - Cooperative Endeavor 2024	1,245,845	-	-
Investment Income (Loss), Net of Fees	2,463,686	(2,888,659)	2,242,796
Other Income (Expense)	3,956	(1,335,350)	337,988
<b>Total Non-Operating Revenues, Net</b>	<b>4,015,261</b>	<b>(2,698,160)</b>	<b>4,026,045</b>
<b>Change in Net Position</b>	<b>\$ 785,721</b>	<b>\$ (4,766,942)</b>	<b>\$ 2,005,461</b>

**2023**

Operating revenues consist of income received from incubator clients, grant and sponsorship income, and program income. For the year ended December 31, 2023, operating revenues decreased 17%. Operating expenses increased 39%. Non-operating revenues increased \$6,713,421 due to favorable market conditions that significantly increased the Corporation's investment income.

**2022**

Operating revenues consist of income received from incubator clients, grant and sponsorship income, and program income. For the year ended December 31, 2022, operating revenues increased 20%. Operating expenses increased 6%. Non-operating revenues decreased \$6,724,205 due to unfavorable market conditions that significantly decreased the Corporation's investment income and write-off of the BCBC note receivable.

**RESEARCH PARK CORPORATION  
BATON ROUGE, LOUISIANA**

**Management’s Discussion and Analysis**

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**CAPITAL ASSETS**

As of December 31, 2023, the Corporation had \$161,205 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 11% from the prior year as the Corporation continued to depreciate existing assets.

As of December 31, 2022, the Corporation had \$181,603 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 12% from the prior year as the Corporation continued to depreciate existing assets.

**Capital Assets - Net of Depreciation  
As of December 31, 2023, 2022, and 2021**

	2023	2022	2021
Capital Assets	<u>\$ 161,205</u>	<u>\$ 181,603</u>	<u>\$ 205,224</u>

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

The Corporation’s management considered the following factors and indicators when setting 2024 budget and goals:

- Expansion of programs designed to link technology-enabled companies and entrepreneurs with the coaching, capital, and connections necessary to bring their ideas to the next level.
- Continued emphasis on raising funds from federal, state, and private entities.
- Increase in lodging tax income spurred by growth in the region.

Management expects to support operations in 2024 through investment income 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 Calvin Mills, Interim CEO of Research Park Corporation.

**RESEARCH PARK CORPORATION**  
**Statements of Net Position**  
**December 31, 2023 and 2022**

	2023	2022
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 248,757	\$ 756,772
Taxes Receivable - Cooperative Endeavor 2023	222,132	455,880
Taxes Receivable - Cooperative Endeavor 2024	1,245,845	-
Interest Receivable	11,675	10,834
Other Receivables, Less Allowance for Uncollectible Accounts of \$5,366 at 2023 and 2022	86,426	182,626
Current Portion of Note Receivable - Bon Carre' Business Center	210,230	210,230
Prepaid Expenses	22,790	71,518
<b>Total Current Assets</b>	<b>2,047,855</b>	<b>1,687,860</b>
<b>Investments</b>		
Note Receivable - Bon Carre' Business Center	1,489,772	1,489,772
Investment in Securities (at Fair Value)	15,715,638	15,052,793
<b>Total Investments</b>	<b>17,205,410</b>	<b>16,542,565</b>
<b>Capital Assets</b>		
Furniture and Equipment	494,708	471,709
Leasehold Improvements	926,630	904,551
Website	32,824	32,824
	1,454,162	1,409,084
Less: Accumulated Depreciation	(1,292,957)	(1,227,481)
<b>Total Capital Assets, Net</b>	<b>161,205</b>	<b>181,603</b>
<b>Other Assets</b>		
Right-to-Use Assets	960,146	176,935
<b>Total Assets</b>	<b>\$ 20,374,616</b>	<b>\$ 18,588,963</b>
<b>Liabilities and Net Position</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 104,178	\$ 89,033
Accrued Expenses	33,753	25,896
Security Deposits	13,897	13,897
Deferred Revenue	15,547	15,547
Operating Lease Liability, Current Portion	442,570	184,970
<b>Total Current Liabilities</b>	<b>609,945</b>	<b>329,343</b>
Operating Lease Liability, Net of Current Portion	719,330	-
<b>Total Long-Term Liabilities</b>	<b>719,330</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,329,275</b>	<b>329,343</b>
<b>Net Position</b>		
Net Investment in Capital Assets	(40,549)	173,568
Unrestricted	19,085,890	18,086,052
<b>Total Net Position</b>	<b>19,045,341</b>	<b>18,259,620</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 20,374,616</b>	<b>\$ 18,588,963</b>

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

**RESEARCH PARK CORPORATION**  
**Statements of Revenues, Expenses,**  
**and Changes in Net Position**  
**For the Years Ended December 31, 2023 and 2022**

	2023	2022
<b>Revenues</b>		
Incubator Client Income	\$ 246,249	\$ 271,822
Grant and Sponsorship Income	255,858	282,952
Other Operating Income	11,597	67,384
	<hr/>	<hr/>
<b>Total Revenues</b>	<b>513,704</b>	<b>622,158</b>
<b>Expenses</b>		
Salaries and Wages	986,289	749,604
Depreciation and Amortization	675,899	458,939
Program Expenses	445,415	247,770
Consulting Fees	357,703	145,448
Marketing	299,597	257,817
Employee Benefits	268,273	213,771
Professional Fees	134,397	108,476
Travel Expenses	133,037	26,920
IT Outsourcing Services	124,794	116,386
Payroll Taxes	70,583	57,599
Utilities	60,098	122,837
Community Engagement	37,781	10,623
Telephone	29,687	22,689
Dues and Professional Development	26,138	38,694
Insurance	25,446	22,388
Office Supplies and Equipment	19,902	18,749
Computer Expenses	18,491	19,356
Rent	13,644	12,190
Facility Maintenance and Repair	13,177	39,853
Postage and Printing	2,893	831
	<hr/>	<hr/>
<b>Total Expenses</b>	<b>3,743,244</b>	<b>2,690,940</b>
<b>Operating Loss</b>	<b>(3,229,540)</b>	<b>(2,068,782)</b>

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

**RESEARCH PARK CORPORATION**  
**Statements of Revenues, Expenses,**  
**and Changes in Net Position (Continued)**  
**For the Years Ended December 31, 2023 and 2022**

	2023	2022
<b>Non-Operating Revenues (Expenses)</b>		
Hotel/Motel Tax Revenue - Cooperative Endeavor 2022	-	539,687
Hotel/Motel Tax Revenue - Cooperative Endeavor 2023	<b>301,774</b>	986,162
Hotel/Motel Tax Revenue - Cooperative Endeavor 2024	<b>1,245,845</b>	-
Investment Income (Loss), Net of Fees	<b>2,463,686</b>	(2,888,659)
Other Income (Expenses)	<b>3,956</b>	(1,335,350)
	<hr/>	<hr/>
<b>Total Non-Operating Revenues (Expenses), Net</b>	<b>4,015,261</b>	(2,698,160)
	<hr/>	<hr/>
<b>Change in Net Position</b>	<b>785,721</b>	(4,766,942)
	<hr/>	<hr/>
<b>Net Position, Beginning of the Year</b>	<b>18,259,620</b>	23,026,562
	<hr/>	<hr/>
<b>Net Position, End of the Year</b>	<b>\$ 19,045,341</b>	\$ 18,259,620
	<hr/> <hr/>	<hr/> <hr/>

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

**RESEARCH PARK CORPORATION**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2023 and 2022**

	<b>2023</b>	2022
<b>Cash Flows from Operating Activities</b>		
Cash Received from:		
Operating Receipts	\$ 609,904	\$ 544,697
Cash Paid for:		
Salaries and Employee Benefits	(1,254,562)	(963,375)
General and Administrative Expenses	(1,170,844)	(1,009,113)
Program Expenses	(445,415)	(247,770)
IT Outsourcing Services	(124,794)	(116,386)
	<u>(2,385,711)</u>	<u>(1,791,947)</u>
<b>Net Cash Used in Operating Activities</b>		
<b>Cash Flows from Non-Capital Financing Activities</b>		
Taxes Received	<u>535,522</u>	1,818,218
	<u>535,522</u>	1,818,218
<b>Net Cash Provided by Non-Capital Financing Activities</b>		
<b>Cash Flows from Capital Financing Activities</b>		
Capital Asset Purchases	<u>(48,392)</u>	(58,031)
	<u>(48,392)</u>	(58,031)
<b>Net Cash Used in Capital Financing Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Purchase of Investments and Certificates of Deposit	(5,654,437)	(7,043,581)
Proceeds from Sale of Investments and Certificates of Deposit	6,706,886	7,244,818
Interest and Dividend Income Received	<u>338,117</u>	<u>288,533</u>
	<u>1,390,566</u>	489,770
<b>Net Cash Provided by Investing Activities</b>		
<b>Change in Cash and Cash Equivalents</b>	<b>(508,015)</b>	458,010
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>756,772</u>	298,762
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 248,757</u>	<u>\$ 756,772</u>

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

**RESEARCH PARK CORPORATION**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2023 and 2022**

	<b>2023</b>	2022
<b>Reconciliation of Operating Loss to Net</b>		
<b>Cash Used in Operating Activities</b>		
Operating Loss	<b>\$ (3,229,540)</b>	\$ (2,068,782)
Adjustments to Reconcile Operating Loss to		
Net Cash Used in Operating Activities		
Depreciation and Amortization	<b>675,899</b>	458,939
Changes in Operating Assets and Liabilities		
Other Receivables	<b>96,200</b>	(79,823)
Prepaid Expenses	<b>48,728</b>	(22,538)
Accounts Payable	<b>15,145</b>	21,457
Accrued Expenses	<b>7,857</b>	(19,562)
Security Deposits	-	2,362
Deferred Revenue	-	(84,000)
	<hr/>	<hr/>
<b>Net Cash Used in Operating Activities</b>	<b>\$ (2,385,711)</b>	<b>\$ (1,791,947)</b>

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



# RESEARCH PARK CORPORATION

## Notes to Financial Statements

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### Note 1. Nature of Activities

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

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

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

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

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

### Note 2. Summary of Significant Accounting Policies

#### Reporting Entity

Government Accounting Standards Board (GASB) Statement No. 14, as amended, establishes criteria for determining the governmental reporting entity and component units that should be included within a reporting entity. Under provisions of this Statement, the Corporation is considered a primary government entity since it is a public non-profit corporation that has a separately appointed governing body and is legally separate.

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

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

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.

#### **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.

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

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

#### 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 ended June 30, 2022 through June 30, 2024 (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 2022 through 2024 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

#### 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.

#### Right-to-Use Assets

Right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

#### 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.

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

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

#### Net Position (Continued)

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.

#### Recently Issued Accounting Principles - Adopted

Effective January 1, 2023, the Corporation adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The adoption of the Statement did not affect the Corporation's financial statements.

#### Recently Issued Accounting Pronouncements - Not Yet Adopted

The GASB issues Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of the Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections. The Statement is effective for fiscal years beginning after June 15, 2023.

The GASB issued Statement No. 101, *Compensated Absences*. The Statement updates the recognition and measurement guidance for compensated absences. The Statement is effective for fiscal years beginning after December 15, 2023.

The GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires new disclosure requirements about concentrations and constraints to state and local governmental entities that could affect their programs and services or a government's ability to meet its obligations. This Statement is effective for fiscal years beginning after December 15, 2023.

Management is currently evaluating the effects of the new GASB pronouncements schedule for implementation for the fiscal year ending December 31, 2024.

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

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

Two percent of the hotel/motel sales tax collections for East Baton Rouge Parish is dedicated to the East Baton Rouge Parish Community Improvement Fund (the Fund). The Corporation receives a line item appropriation equal to 50% of the Fund. For each of the State's fiscal years ending June 30, 2024, 2023 and 2022, the line item appropriation to the Fund was \$1,287,936. 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, 2024, 2023, and 2022 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 Cash Equivalents 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 cash and cash equivalents and investments permissible under the rules, objectives, and guidelines of the Corporation as of December 31, 2023 and 2022:

<b>Investment Type</b>	<b>2023</b>	<b>2022</b>
	<b>Estimated Fair Value</b>	<b>Estimated Fair Value</b>
Cash and Cash Equivalents	\$ 640,795	\$ 880,253
Domestic Equity	9,397,166	9,104,609
International and Emerging Markets Equity	1,666,855	1,136,135
Domestic Fixed Income	2,011,278	2,305,483
International and Emerging Markets Debt	366,670	223,754
REITs, MLPs, and Other Alternative Assets	1,632,874	1,402,559
<b>Total</b>	<b>\$ 15,715,638</b>	<b>\$ 15,052,793</b>

#### Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of bank failure, the Corporation's deposits may not be recovered. Deposits are carried at cost. The carrying amount of deposits is separately displayed on the statement of net position as cash and cash equivalents. At year-end, the carrying amount of the Corporation's deposits was \$248,757 and the bank balance was \$297,648. The bank balance was not in excess of the federally insured amount at December 31, 2023.

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

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### Note 4. Cash and Cash Equivalents 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, 2023 and 2022.

#### 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, 2022 and 2021:

Standard & Poor's Rating	2023	2022
	Estimated Fair Value	Estimated Fair Value
AAA	\$ 506,277	\$ 421,937
AA	59,438	57,797
A	728,086	803,287
BBB	414,504	470,505
BB	52,112	86,852
Not Rated	617,531	688,859
<b>Total</b>	<b>\$ 2,377,948</b>	<b>\$ 2,529,237</b>

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

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

#### Interest Rate Risk

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

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

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

#### Interest Rate Risk (Continued)

The following table shows the maturity dates for the years ended December 31, 2023 and 2022:

Maturity in Years	2023	2022
	Estimated Fair Value	Estimated Fair Value
Less than 1	\$ 118,668	\$ 36,364
1 - 5	284,805	384,421
5 - 10	141,854	211,237
10 or More	127,867	-
Perpetual	1,704,754	1,897,215
<b>Total</b>	<b>\$ 2,377,948</b>	<b>\$ 2,529,237</b>

Net investment income (loss) for the years ended December 31, 2023 and 2022 consisted of the following:

	2023	2022
Interest and Dividend Income (Net of Fees)	\$ 338,117	\$ 120,434
Realized Gain (Loss)	813,500	(296,091)
Unrealized Gains (Losses)	1,312,069	(2,713,002)
<b>Total</b>	<b>\$ 2,463,686</b>	<b>\$ (2,888,659)</b>

#### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The following table presents those foreign investment instruments which have potential exposure to foreign currency risk for the years ended December 31, 2023 and 2022:

	2023	2022
Individual Foreign Bonds	\$ 366,670	\$ 223,754
Individual Foreign Stocks	1,666,855	1,136,135
<b>Total</b>	<b>\$ 2,033,525</b>	<b>\$ 1,359,889</b>

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

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### Note 5. Capital Assets

A summary of changes in capital assets at December 31, 2023 and 2022 is as follows:

<b>December 31, 2023</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Furniture and Equipment	\$ 471,708	\$ 26,313	\$ (3,313)	\$ 494,708
Website	32,824	-	-	32,824
Leasehold Improvements	904,551	22,079	-	926,630
	<u>1,409,083</u>	<u>48,392</u>	<u>(3,313)</u>	<u>1,454,162</u>
Less: Accumulated Depreciation	<u>(1,227,480)</u>	<u>(68,791)</u>	<u>3,314</u>	<u>(1,292,957)</u>
<b>Total</b>	<b>\$ 181,603</b>	<b>\$ (20,399)</b>	<b>\$ 1</b>	<b>\$ 161,205</b>

<b>December 31, 2022</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Furniture and Equipment	\$ 429,444	\$ 42,264	\$ -	\$ 471,708
Website	23,751	9,073	-	32,824
Leasehold Improvements	897,857	6,694	-	904,551
	<u>1,351,052</u>	<u>58,031</u>	<u>-</u>	<u>1,409,083</u>
Less: Accumulated Depreciation	<u>(1,145,828)</u>	<u>(81,652)</u>	<u>-</u>	<u>(1,227,480)</u>
<b>Total</b>	<b>\$ 205,224</b>	<b>\$ (23,621)</b>	<b>\$ -</b>	<b>\$ 181,603</b>

### 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, 2023 and 2022 was as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 640,795	\$ -	\$ -	\$ 640,795
Equity Securities	12,275,988	-	-	12,275,988
Fixed Income Securities				
U.S. Treasury Obligations	486,179	-	-	486,179
Corporate Bonds	1,525,099	-	-	1,525,099
Foreign Bonds	366,670	-	-	366,670
Total Investments by Fair Value Level	\$ 15,294,731	\$ -	\$ -	15,294,731
Investments Measured at the Net Asset Value				
Multi-Adviser Hedge Fund				420,907
Total Investments				\$ 15,715,638
December 31, 2022	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 880,254	\$ -	\$ -	\$ 880,254
Equity Securities	11,260,086	-	-	11,260,086
Fixed Income Securities				
U.S. Treasury Obligations	402,606	-	-	402,606
Corporate Bonds	1,902,876	-	-	1,902,876
Foreign Bonds	223,754	-	-	223,754
Total Investments by Fair Value Level	\$ 14,669,576	\$ -	\$ -	14,669,576
Investments Measured at the Net Asset Value				
Multi-Adviser Hedge Fund				383,217
Total Investments				\$ 15,052,793

## RESEARCH PARK CORPORATION

### Notes to Financial Statements

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

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

<b>December 31, 2023</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
<b>Multi-Adviser Hedge Fund</b>	<b>\$ 420,907</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

<b>December 31, 2022</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
<b>Multi-Adviser Hedge Fund</b>	<b>\$ 383,217</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

#### 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, LLC in exchange for \$750,000 cash and a promissory note of \$4,650,000.

During 2022, the Corporation determined that collectability of the promissory note was impaired and recorded an allowance of approximately \$1,500,000 on the note receivable and recognized the impairment loss in other expenses on the statement of revenues, expenses, and changes in net position.

## RESEARCH PARK CORPORATION

### Notes to Financial Statements

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#### **Note 8. Paycheck Protection Program**

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, authorized emergency loans to businesses by establishing, and providing funding for, forgivable bridge loans under the Paycheck Protection Program (PPP). 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%. The Corporation obtained a PPP loan through the second round of funding in the amount of \$211,125 in March 2021. On March 7, 2022, the Corporation received notification from the SBA of forgiveness of the \$211,125 loan.

#### **Note 9. 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, 2023 and 2022 were \$53,189 and \$47,391, respectively.

#### **Note 10. Leases**

Beginning January 1, 2005, LTP entered into a formal lease agreement for a term of 10 years with Bon Carre' Business Center II, LLC. Effective January 1, 2015, the Corporation exercised a 5-year option agreement, which extended the lease term to December 31, 2020. Rent during the option period 2015 through 2019 was \$9.69 per square foot. On March 26, 2019, the third amendment to the agreement extended the lease term until December 31, 2021 with rates remaining the same. After coming under new ownership, the Corporation executed a fourth amendment to the agreement which extended the lease term until June 30, 2023 with rates remaining the same. In 2023, the Corporation executed a fifth amendment to the agreement which extended the lease term until June 30, 2026 with rates remaining the same.

## RESEARCH PARK CORPORATION

### Notes to Financial Statements

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#### Note 10. Leases (Continued)

At December 31, 2023 and 2022, the right-to-use asset was \$2,112,329 and \$884,685, respectively, and accumulated amortization totaled \$1,152,183 and \$707,740, respectively. For the years ended December 31, 2023 and 2022, amortization expense totaled \$444,443 and \$353,870, respectively.

The lease liability as of December 31, 2023 and 2022 was as follows:

	2023	2022
Operating Lease Liability, Current	\$ 442,570	\$ 184,970
Operating Lease Liability, Net of Current Portion	719,330	-
<b>Total</b>	<b>\$ 1,161,900</b>	<b>\$ 184,970</b>

The future minimum lease payments for these leases are as follows:

Year Ending December 31,	Principal	Interest
2024	\$ 442,570	\$41,469
2025	472,558	20,905
2026	246,772	2,315
<b>Total</b>	<b>\$1,161,900</b>	<b>\$64,689</b>

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

### Note 11. 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, 2023 and 2022:

December 31, 2023	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	NexusLA	Eliminations	Total
<b>Assets</b>						
Current Assets	\$ 1,675,781	\$ 144,650	\$ 210,230	\$ 17,194	\$ -	\$ 2,047,855
Other Assets	17,484,963	960,146	1,489,772	-	(1,769,325)	18,165,556
Capital Assets	5,926	121,774	-	33,505	-	161,205
<b>Total Assets</b>	<b>\$ 19,166,670</b>	<b>\$ 1,226,570</b>	<b>\$ 1,700,002</b>	<b>\$ 50,699</b>	<b>\$ (1,769,325)</b>	<b>\$ 20,374,616</b>
<b>Liabilities and Net Position</b>						
Current Liabilities	\$ 121,329	\$ 471,193	\$ -	\$ 17,423	\$ -	\$ 609,945
Long-Term Liabilities	-	719,330	-	-	-	719,330
<b>Total Liabilities</b>	<b>121,329</b>	<b>1,190,523</b>	<b>-</b>	<b>17,423</b>	<b>-</b>	<b>1,329,275</b>
<b>Net Position</b>						
Net Investment in Capital Assets	5,926	(79,980)	-	33,505	-	(40,549)
Unrestricted	19,039,415	116,027	1,700,002	(229)	(1,769,325)	19,085,890
<b>Total Net Position</b>	<b>19,045,341</b>	<b>36,047</b>	<b>1,700,002</b>	<b>33,276</b>	<b>(1,769,325)</b>	<b>19,045,341</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 19,166,670</b>	<b>\$ 1,226,570</b>	<b>\$ 1,700,002</b>	<b>\$ 50,699</b>	<b>\$ (1,769,325)</b>	<b>\$ 20,374,616</b>
December 31, 2022	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	NexusLA	Eliminations	Total
<b>Assets</b>						
Current Assets	\$ 1,048,982	\$ 301,721	\$ 210,230	\$ 126,922	\$ -	\$ 1,687,855
Other Assets	17,305,784	-	1,489,772	-	(2,252,991)	16,542,565
Capital Assets	8,248	310,374	-	39,916	-	358,538
<b>Total Assets</b>	<b>\$ 18,363,014</b>	<b>\$ 612,095</b>	<b>\$ 1,700,002</b>	<b>\$ 166,838</b>	<b>\$ (2,252,991)</b>	<b>\$ 18,588,958</b>
<b>Liabilities and Net Position</b>						
Current Liabilities	\$ 103,394	\$ 225,944	\$ -	\$ -	\$ -	\$ 329,338
<b>Total Liabilities</b>	<b>103,394</b>	<b>225,944</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>329,338</b>
<b>Net Position</b>						
Net Investment in Capital Assets	8,248	125,404	-	39,916	-	173,568
Unrestricted	18,251,372	260,747	1,700,002	126,922	(2,252,991)	18,086,052
<b>Total Net Position</b>	<b>18,259,620</b>	<b>386,151</b>	<b>1,700,002</b>	<b>166,838</b>	<b>(2,252,991)</b>	<b>18,259,620</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 18,363,014</b>	<b>\$ 612,095</b>	<b>\$ 1,700,002</b>	<b>\$ 166,838</b>	<b>\$ (2,252,991)</b>	<b>\$ 18,588,958</b>

# RESEARCH PARK CORPORATION

## Notes to Financial Statements

### Note 11. 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, 2023 and 2022:

December 31, 2023	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	NexusLA	Eliminations	Total
<b>Revenues</b>						
Incubator Client Income	\$ -	\$ 246,249	\$ -	\$ -	\$ -	\$ 246,249
Grant and Sponsorship Income	-	149,789	-	106,069	-	255,858
Other Operating Income	-	2,340	-	9,257	-	11,597
<b>Total Revenues</b>	<b>-</b>	<b>398,378</b>	<b>-</b>	<b>115,326</b>	<b>-</b>	<b>513,704</b>
<b>Expenses</b>						
Operating Expenses	610,157	1,326,140	8,022	1,123,021	-	3,067,340
Depreciation	4,081	652,543	-	19,275	-	675,899
<b>Total Expenses</b>	<b>614,238</b>	<b>1,978,683</b>	<b>8,022</b>	<b>1,142,296</b>	<b>-</b>	<b>3,743,239</b>
<b>Operating Loss</b>	<b>(614,238)</b>	<b>(1,580,305)</b>	<b>(8,022)</b>	<b>(1,026,970)</b>	<b>-</b>	<b>(3,229,535)</b>
<b>Non-Operating Revenues</b>						
Tax Revenue	1,547,619	-	-	-	-	1,547,619
Investment Income, Net	1,980,020	-	-	-	483,666	2,463,686
Transfers	(2,130,830)	1,229,400	8,022	893,408	-	-
Other	3,150	801	-	-	-	3,951
<b>Total Non-Operating Revenues (Expenses)</b>	<b>1,399,959</b>	<b>1,230,201</b>	<b>8,022</b>	<b>893,408</b>	<b>483,666</b>	<b>4,015,256</b>
<b>Change in Net Position</b>	<b>785,721</b>	<b>(350,104)</b>	<b>-</b>	<b>(133,562)</b>	<b>483,666</b>	<b>785,721</b>
<b>Net Position, Beginning of the Year</b>	<b>18,259,620</b>	<b>386,151</b>	<b>1,700,002</b>	<b>166,838</b>	<b>(2,252,991)</b>	<b>18,259,620</b>
<b>Net Position, End of the Year</b>	<b>\$ 19,045,341</b>	<b>\$ 36,047</b>	<b>\$ 1,700,002</b>	<b>\$ 33,276</b>	<b>\$ (1,769,325)</b>	<b>\$ 19,045,341</b>

December 31, 2022	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	NexusLA	Eliminations	Total
<b>Revenues</b>						
Incubator Client Income	\$ -	\$ 271,822	\$ -	\$ -	\$ -	\$ 271,822
Grant and Sponsorship Income	-	34,705	-	248,247	-	282,952
Other Operating Income	-	53,366	-	14,018	-	67,384
<b>Total Revenues</b>	<b>-</b>	<b>359,893</b>	<b>-</b>	<b>262,265</b>	<b>-</b>	<b>622,158</b>
<b>Expenses</b>						
Operating Expenses	550,745	1,068,402	-	612,854	-	2,232,001
Depreciation	1,739	443,290	-	13,910	-	458,939
<b>Total Expenses</b>	<b>552,484</b>	<b>1,511,692</b>	<b>-</b>	<b>626,764</b>	<b>-</b>	<b>2,690,940</b>
<b>Operating Loss</b>	<b>(552,484)</b>	<b>(1,151,799)</b>	<b>-</b>	<b>(364,499)</b>	<b>-</b>	<b>(2,068,782)</b>
<b>Non-Operating Revenues (Expenses)</b>						
Tax Revenue	1,525,849	-	-	-	-	1,525,849
Investment Income, Net	(4,220,001)	-	-	-	1,331,342	(2,888,659)
Transfers	(1,733,869)	1,303,956	(32,689)	462,602	-	-
Unrelated Business Income Tax Expense	-	-	-	-	-	-
Other	213,563	2,583	(1,551,496)	-	-	(1,335,350)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(4,214,458)</b>	<b>1,306,539</b>	<b>(1,584,185)</b>	<b>462,602</b>	<b>1,331,342</b>	<b>(2,698,160)</b>
<b>Change in Net Position</b>	<b>(4,766,942)</b>	<b>154,740</b>	<b>(1,584,185)</b>	<b>98,103</b>	<b>1,331,342</b>	<b>(4,766,942)</b>
<b>Net Position, Beginning of the Year</b>	<b>23,026,562</b>	<b>231,411</b>	<b>3,284,187</b>	<b>68,735</b>	<b>(3,584,333)</b>	<b>23,026,562</b>
<b>Net Position, End of the Year</b>	<b>\$ 18,259,620</b>	<b>\$ 386,151</b>	<b>\$ 1,700,002</b>	<b>\$ 166,838</b>	<b>\$ (2,252,991)</b>	<b>\$ 18,259,620</b>

## RESEARCH PARK CORPORATION

### Notes to Financial Statements

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#### **Note 11. Combining Component Unit Information (Continued)**

Cash flows generated by the aggregate blended components separately from Research Park Corporation have not been material and are not presented.

#### **Note 12. Subsequent Events**

Subsequent to year end, the Corporation made an investment in Greaux Innovation Ventures, LP, in accordance with the terms of the limited partnership agreement.

## **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, 2023**

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

Calvin Mills, JR, Interim CEO

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**Salary and Other Direct Compensation**

Gross Salary	<u>\$ 175,100</u>
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**Other Payments**

Travel	59,861
Community Engagement	12,946
Telephone	1,260
Computer Supplies	3,583
Dues/Development	<u>1,609</u>

<b>Total Other Payments</b>	<u>79,259</u>
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**Total Compensation and Other Payments**  
**to Agency Head or Chief Executive Officer**

<u><u>\$ 254,359</u></u>
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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 non-profit organization, which comprise the statement of net position as of December 31, 2023, 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 20, 2024.

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

A Professional Accounting Corporation

Covington, LA  
June 20, 2024

**RESEARCH PARK CORPORATION**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2023**

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

**Financial Statements**

Type of Auditor's Report Issued Unmodified

Internal Control Over Financial Reporting:

- Material Weaknesses Identified? No
- Significant Deficiencies Identified? None reported

Noncompliance Material to Financial Statements Noted? No

**Part II - Financial Statement Findings**

None.

**Part III - Compliance and Other Matters**

None.

**Part IV - Prior Year Findings**

None.

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

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period January 1, 2023 - December 31, 2023**

To the Board of Directors  
Research Park Corporation  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. Research Park Corporation's (the Corporation) management is responsible for those C/C areas identified in the SAUPs.

The Corporation has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and findings are as follows:

**1) *Written Policies and Procedures***

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

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

**Results:** No exceptions were found as a result of performing these procedures.

## **2) Board or Finance Committee**

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- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
  - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

**Results:** No exceptions were found as a result of performing these procedures.

## **3) Bank Reconciliations**

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- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** No exceptions were found as a result of performing these procedures.

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

---

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.



**Results:** Upon performing the procedures above, we noted that there was no documentation supporting that the deposit was made within one business day of receipt at the collection location. No other exceptions were found for the remaining procedures.

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

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- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
  - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- [Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]*
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

**Results:** No exceptions were found as a result of performing these procedures.

#### **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

---

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Results:** Upon performing the procedures above, we noted that receipts were unable to be provided for three of the transactions tested. No other exceptions were noted.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
  - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** No exceptions were found as a result of performing these procedures.

## **8) Contracts**

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

**Results:** Upon performing the procedures above, one contract was unable to be provided for the sample selected. No other exceptions were noted.

## **9) Payroll and Personnel**

---

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe whether the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Results:** No exceptions were found as a result of performing these procedures.

## **10) Ethics**

---

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:
  - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**Results:** No exceptions were found as a result of performing these procedures.

### ***11) Debt Service***

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- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Results:** No exceptions were found as a result of performing these procedures.

### ***12) Fraud Notice***

---

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the Legislative Auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** No exceptions were found as a result of performing these procedures.

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

---

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
  - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
  - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
  - C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
    - Hired before June 9, 2020 – completed the training; and
    - Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

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

#### ***14) Prevention of Sexual Harassment***

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1<sup>st</sup>, and observe that the report includes the applicable requirements of R.S. 42:344:
  - i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

**Results:** No exceptions were found as a result of performing these procedures.

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

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

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

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

A Professional Accounting Corporation

Covington, LA  
June 20, 2024



## RESEARCH PARK CORPORATION

June 26, 2024

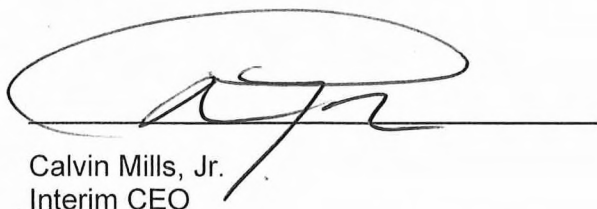
Mr. Michael J. Waguespack  
Louisiana Legislative Auditor  
1600 N 3<sup>rd</sup> Street  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Statewide Agreed-Upon Procedures

The management of Research Park Corporation wishes to provide the following responses relative to the results of the 2023 Statewide agreed-upon procedures engagement:

1. In response to the results of the Collections section we will revise our current procedures to ensure that the proper process is in place to provide documentation of the deposit of collections within one day of receipt.
2. In response to the results of the Credit Cards section we will ensure that the proper procedures are in place to retain proper documentation and support for purchases.
3. In response to the results of the Contracts section we will revise the current policy and procedures to include language that copies of all contracts in effect must be saved to the appropriate section of the organization shared drive, and completely executed copies sent to the Accounting office.

Research Park Corporation



Calvin Mills, Jr.  
Interim CEO