

**LAFAYETTE COMMUNITY  
DEVELOPMENT FUND, INC.**

Financial Report

Year Ended December 31, 2023

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# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Matthew E. Margaglio, CPA\*  
Casey L. Ardoin, CPA, CFE\*  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA  
Deidre L. Stock, CPA

*Of Counsel*  
C. Burton Kolder, CPA\*

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA - retired 2022  
Gerald A. Thibodeaux, Jr., CPA\* - retired 2024

183 S. Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 11929 Bricksome Ave.  
Ville Platte, LA 70586 Baton Rouge, LA 70816  
Phone (337) 363-2792 Phone (225) 293-8300

WWW.KSRCPAS.COM

## INDEPENDENT AUDITOR'S REPORT

\* A Professional Accounting Corporation

To the Board of Directors  
Lafayette Community Development Fund, Inc.  
Lafayette, Louisiana

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Lafayette Community Development Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the two years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lafayette Community Development Fund, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the two years then ended, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Lafayette Community Development Fund, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Change in Accounting Principle*

As described in Note 11, Lafayette Community Development Fund, Inc. adopted FASB Accounting Standards Update No. 2016-13, Financial Instruments – Credit Losses (Topic 326). Our opinion is not modified with respect to these matters.

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

Management is responsible for the preparation and fair presentation of the 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 Lafayette Community Development Fund, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***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 generally accepted auditing standards 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 generally accepted auditing standards 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. We 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 Lafayette Community Development Fund Inc.'s internal control. Accordingly, no such opinion is expressed. We 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. We conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lafayette Community Development Fund, Inc.'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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of Lafayette Community Development Fund, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Lafayette Community Development Fund, Inc.'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 Lafayette Community Development Fund, Inc.'s internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
June 28, 2024

## **FINANCIAL STATEMENTS**

LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Statement of Financial Position  
December 31, 2023

ASSETS

Cash and cash equivalents	\$ 692,008
Loans, net of allowance for credit losses	525,410
Accrued interest receivable	<u>2,582</u>
Total assets	<u>\$ 1,220,000</u>

LIABILITIES AND NET ASSETS

Interest payable	\$ 2,712
Unearned revenue	223,684
Notes payable	<u>500,000</u>
Total liabilities	<u>726,396</u>

Net assets:

Without donor restrictions-	
Undesignated	126,353
With donor restrictions	<u>367,251</u>
Total net assets	<u>493,604</u>

Total liabilities and net assets	<u>\$ 1,220,000</u>
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The accompanying notes are an integral part of this statement.

LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Statement of Activities  
For the Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues:			
Grants	\$ -	\$ 136,316	\$ 136,316
Salaries contributed	70,508	-	70,508
Interest income	75	-	75
Loan interest income	31,464	-	31,464
Fee income	170	-	170
Net assets released from restrictions	<u>295,581</u>	<u>(295,581)</u>	<u>-</u>
Total support and revenues	<u>397,798</u>	<u>(159,265)</u>	<u>238,533</u>
Expenses -			
Program services	276,868	-	276,868
Supporting services:			
Management and general	<u>12,189</u>	<u>-</u>	<u>12,189</u>
Total expenses	<u>289,057</u>	<u>-</u>	<u>289,057</u>
Change in net assets	108,741	(159,265)	(50,524)
Net assets, beginning of year	<u>17,612</u>	<u>526,516</u>	<u>544,128</u>
Net assets, end of year	<u>\$ 126,353</u>	<u>\$ 367,251</u>	<u>\$ 493,604</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.

Lafayette, Louisiana

Statement of Activities

For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues:			
Contributions	\$ -	\$ 630,686	\$ 630,686
Loan interest income	7,047	-	7,047
Fee income	118	-	118
Net assets released from restrictions	<u>104,170</u>	<u>(104,170)</u>	<u>-</u>
Total support and revenues	<u>111,335</u>	<u>526,516</u>	<u>637,851</u>
Expenses -			
Program services	93,541	-	93,541
Supporting services:			
Management and general	<u>182</u>	<u>-</u>	<u>182</u>
Total expenses	<u>93,723</u>	<u>-</u>	<u>93,723</u>
Change in net assets	17,612	526,516	544,128
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 17,612</u>	<u>\$ 526,516</u>	<u>\$ 544,128</u>

The accompanying notes are an integral part of this statement.



LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Statement of Functional Expenses  
For the Year Ended December 31, 2023

	Program Services	Supporting Services Management and General	Total Expenses
Advertising and promotion	\$ 16,380	\$ 1,820	\$ 18,200
Bank fees	20	2	22
Interest expense	9,784	1,087	10,871
Grants	125,000	-	125,000
Professional fees	3,848	427	4,275
Office supplies	16,222	1,802	18,024
Provision for credit losses	42,157	-	42,157
Salaries in kind	63,457	7,051	70,508
Total	\$ 276,868	\$ 12,189	\$ 289,057

The accompanying notes are an integral part of this statement.

LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Statement of Functional Expenses  
For the Year Ended December 31, 2022

	Program Services	Supporting Services Management and General	Total Expenses
Interest expense	\$ 1,641	\$ 182	\$ 1,823
Provision for credit losses	<u>91,900</u>	<u>-</u>	<u>91,900</u>
Total	<u>\$ 93,541</u>	<u>\$ 182</u>	<u>\$ 93,723</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Statement of Cash Flows  
For the Year Ended December 31, 2023

Cash flows from operating activities:	
Decrease in net assets	\$ (50,524)
Adjustments to reconcile change in net assets to net cash provided by operating activities -	
Provision for credit losses	42,157
Change in current assets and liabilities:	
Accrued interest receivable	45
Interest payable	889
Unearned revenue	<u>223,684</u>
Net cash provided by operating activities	216,251
Cash flows from investing activities:	
Net increase in loans	<u>(41,051)</u>
Net increase in cash and cash equivalents	175,200
Cash and cash equivalents, beginning of year	<u>516,808</u>
Cash and cash equivalents, end of year	<u>\$ 692,008</u>
Supplemental disclosure for the statement of cash flows:	
Interest paid	<u>\$ 9,982</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Statement of Cash Flows  
For the Year Ended December 31, 2022

Cash flows from operating activities:	
Increase in net assets	\$ 544,128
Adjustments to reconcile change in net assets to net cash provided by operating activities -	
Provision for credit losses	91,900
Contributions of loans receivable, net of allowance	(630,686)
Change in current assets and liabilities:	
Interest payable	1,823
Accrued interest receivable	<u>(2,628)</u>
Net cash provided by operating activities	4,537
Cash flows from investing activities:	
Net decrease in loans	<u>12,271</u>
Cash flows from financing activities:	
Proceeds from issuance of long term debt	<u>500,000</u>
Net increase in cash and cash equivalents	516,808
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 516,808</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Organization and Purpose

The Lafayette Community Development Fund, Inc. (Organization) is a non-profit corporation organized under the laws of the State of Louisiana on December 21, 2021. The Organization began operations in November 2022. The mission of the Organization is to provide financing and investment opportunities that promote community development in low-income and underserved communities of Lafayette, Louisiana.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting for financial reporting purposes in accordance with accounting principles generally accepted in the United States of America. Net assets of the Organization and changes therein are classified and reported as follows:

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

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

C. Revenue and Expense Recognition

Contributions are recognized when the donor makes a commitment to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. Revenues from cost-reimbursable contracts are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contract are satisfied. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting. When a restriction expires, that is when a stipulated time restriction ends or purpose restrictions are accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

D. Concentration of Credit Risks

The Organization has established and implemented a low interest revolving loan program to assist first time homebuyers. This program is limited to residents of Lafayette Parish who meet certain requirements set forth by the Organization.

LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

E. First Time Homebuyers Program

The Organization entered into a Contribution Agreement with Lafayette Public Trust Financing Authority (LPTFA) during the fiscal year ending December 31, 2022. The Organization received first time homebuyer loans from LPTFA in the amount of \$630,686, net of an allowance for credit losses. The amount of the allowance for credit losses at transfer amounted to \$546,829. The Organization will continue the First Time Homebuyer Program, which provides low interest loans to assist eligible first time homebuyers in the Parish of Lafayette. The funds may be used only for the purposes of offsetting closing costs and/or as down payment. Eligible participants may receive up to \$8,000, to be repaid at an interest rate of five percent (5%) per year for a loan term not to exceed fifteen (15) years.

F. Loans

Loans are stated at the amount of unpaid principal and reduced by an allowance for credit losses. Interest on loans is calculated by using the simple interest method on daily balances of the principal amount outstanding.

The Organization considers all amounts owed over 30 days to be past due. The recognition of income on a loan is discontinued and previously accrued interest is reversed, when interest or principal payments become (180) days past due unless, in the opinion of management, the outstanding interest remains collectible. Past due status is determined based on contractual terms. Interest is subsequently recognized only as received until the loan is returned to accrual status. A loan is restored to accrual status when all interest and principal payments are current and the borrower has demonstrated to management the ability to make payments of principal and interest as scheduled.

A loan is considered impaired when, based on current information and events, it is probable that the Organization will be unable to collect the scheduled payments of principal or interest when due according to contractual terms of the loan agreement. Factors considered by management in determining impairment included payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. The impairment loss is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

G. Allowance for Credit Losses

The allowance for credit losses is established as losses are estimated to have occurred through a provision for credit losses charged to earnings. Loan losses are charged against the allowance when management believes the collectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for credit losses is evaluated on a regular basis by management. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

The allowance for credit losses is measured on a collective (pool basis) when similar risk characteristics exist. Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are also not included in the collective evaluation. The allowance consists of general, allocated and unallocated components, as further described below.

The general component of the allowance for credit losses is estimated using relevant credit quality indicators, including past events, current conditions, and reasonable and supportable forecasts. Management uses a rolling average of historical losses based on a time frame appropriate to capture relevant loss data for each loan segment.

This historical loss factor is adjusted for the following qualitative factors: levels/trends in delinquencies; trends in volume and terms of loans; effects of changes in risk selection and underwriting standards and other changes in lending policies, procedures and practices; experience/ability/depth of lending management and staff; increasing interest rates, and national and local economic trends and conditions.

The allocated component relates to loans that are classified as impaired, and generally are evaluated on an individual basis. A loan is considered impaired when, based on current information and events, it is probable that the Organization will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate at the time of impairment or, as a practical expedient, at the loan's observable market price or the fair value of the collateral if the loan is collateral-dependent. Generally, all other impaired loans are collateral dependent and impairment is measured through the collateral method. When the measurement of the impaired loan is less than the recorded investment in the loan, the impairment is recorded through the allowance for loan losses. The Organization charges off the amount of any confirmed loan loss in the period when the loans, or portion of loans, are deemed uncollectible.

An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating allocated and general reserves in the portfolio.

LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

Generally, the Organization does not record an allowance for credit losses for accrued interest loan receivables. Uncollectible accrued interest for loans placed on non-accrual is reversed against interest income in a manner in line with non-accrual and past due policies for loans. The Organization did not reverse through interest income any accrued interest at December 31, 2023.

H. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. However, the organization's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the organization, and has concluded that as of December 31, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

I. Contributed Services

The Organization receives contributed services from LPTFA for administrative support and assistance in during the year. These contributed services are reflected in the statement of activities.

J. Use of Estimates

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

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses. The determination of the adequacy of the allowance for credit losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions.

The Organization's loans are generally secured by specific items of collateral including real property. However, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions. Management uses available information to recognize credit losses; however, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions.

Because of these factors, it is reasonably possible that the estimated credit losses may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.



LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

K. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

L. Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2023 and 2022 were \$18,200 and \$0, respectively.

(2) Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2023 reduced by amounts not available for general use because of donor-imposed regulation within one year of the statement of financial position date.

Financial assets, at year-end:

Cash	\$ 692,008
Current portion of loans receivable, net of allowance	60,646
Loan interest receivable	<u>2,582</u>
Total financial assets	755,236
Less those unavailable for general expenditures within one year, due to:	
Purpose restriction by donor	<u>(223,684)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 531,552</u>

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

(3) Loans

The Organization has established and implemented a low interest revolving loan program to assist first time homebuyers in Lafayette Parish. Loans held for the purposes of the first time homebuyers program were \$1,206,296 with a related allowance of \$680,886 at December 31, 2023.

LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

The allowance for credit losses for the year ended December 31, 2023 was as follows:

	December 31, 2023
Balance at January 1, 2023	\$ 638,729
Provisions for credit losses	<u>42,157</u>
Balance at December 31, 2023	<u><u>\$ 680,886</u></u>

The organization did not have any charge-offs or recoveries during the year ended December 31, 2023.

The loans were evaluated by category as follows:

	2023	
	Individually evaluated for impairment	Collectively evaluated for impairment
First time homebuyers program	\$ 664,683	\$ 541,613

The allowance for possible credit losses was evaluated by category as follows:

	2023	
	Individually evaluated for impairment	Collectively evaluated for impairment
First time homebuyers program	\$ 664,683	\$ 16,203

Management is of the opinion that the allowance for credit losses account at December 31, 2023 is sufficient to cover any possible loan losses.

The Organization evaluates its loan portfolio on a recurring basis using the following categories as its internally assigned credit risk profile:

Pass - Loans that are not substandard or doubtful are categorized as pass. These loans have a proven payment history with few and/or minor delinquencies.

Substandard – Loans are considered substandard once these loans have been 90 days past due at least once in the last twelve (12) to twenty-four (24) months.

Doubtful – Loans are considered doubtful after they have been classed as substandard and management has determined that there is a possibility that the Organization could incur a loss in relation to the loan.

LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

The Organization's credit exposure by loan category as of December 31, 2023 is as follows:

	Pass	Substandard	Doubtful
First time homebuyers program	\$ 541,613	\$ 664,683	\$ -

The aging of past due loans by category at December 31, 2023 are as follows:

	31-89 Days past due	Greater than 90 days past due	Total past due	Current	Total loans
First time homebuyers program	\$ 74,831	\$ 697,593	\$ 772,424	\$ 433,872	\$ 1,206,296

Loans on which the accrual of interest has been discontinued or reduced amounted to \$664,683 and \$618,725 at December 31, 2023 and December 31, 2022, respectively. If interest on these loans had been accrued such income would have approximated \$33,234 and 30,936 at December 31, 2023 and 2022, respectively. At December 31, 2023 and 2022, the Organization had a recorded investment in loans greater than 180 days and still accruing of \$0 and no interest income was recognized on these loans. At December 31, 2023 and 2022, the Organization had a recorded investment in impaired loans of \$0.

(4) Net Assets with Donor Restrictions

In accordance with the Organization's Contribution Agreement with Lafayette Public Trust Financing Authority, the first time homebuyers program loans transferred are restricted and reported as net assets with donor restrictions. The collection of the principal balance and/or establishment of an allowance for credit loss on the contributed loans is reported as released from donor restrictions on the statement of activities. At December 31, 2023, the Organization had net assets with donor restrictions of \$367,251 related to the first time home buyers program.

(5) Unearned revenue

The Organization reports advances on the statement of financial position. Unearned revenue arise when the organization receives resources with donor-imposed conditions before the condition has been met. In subsequent periods, when the Organization has met or substantially met the condition, or the condition is explicitly waived by the donor, the liability for unearned revenue is removed from the statement of financial position and the revenue is recognized. The Organization had unearned revenue in the amount of \$223,684 for the year ended December 31, 2023.

LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(6) Notes payable

Under an equity equivalent agreement dated November 1, 2022 with the Lafayette Public Trust Financing Authority (“LPTFA”), the Organization borrowed \$500,000 at a fixed rate of 2.2% to provide program support for the first time homebuyers and small business in Lafayette Parish. Under the terms of the agreement, the interest shall be payable quarterly and the principal balance of the loan shall be due and payable in one balloon payment five years from the date of initial disbursement on November 1, 2027.

At the end of each of the first five years from the date of the initial disbursement, the LPTFA is obligated to extend the maturity for an additional year if the Organization continues to satisfactorily perform its obligations under the agreement. Annually thereafter, the LPTFA has the option of extending the maturity for an additional year but is not obligated to do so. LPTFA has agreed that this debt shall be subordinated to all other creditors of the borrower.

As of December 31, 2023, the organization has met all performance obligations under the agreement. As such, the LPTFA extended the loan’s maturity for an additional year.

The maturities of the note is as follows:

Year Ended	Principal Payments	Interest Payments
2024	\$ -	\$ 10,849
2025	-	10,849
2026	-	10,849
2027	-	10,849
2028	500,000	10,849
Total	\$ 500,000	\$ 54,245

(7) Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit by grantor agencies, principally the Lafayette Public Trust Financing Authority. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expense which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

(8) Concentration of Credit Risk

The Organization maintains cash account balances and a certificate of deposit at financial institutions, which at times may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2023, the Organization had unsecured cash balances of \$200,348.

LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(9) Fair Value of Financial Instruments

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Organization's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. Accounting Standards Codification Topic 825 excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Organization.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

**Cash and cash equivalents:** The carrying amounts of cash and short-term instruments approximate their fair value.

**Loans:** The fair value of mortgage loans receivable was estimated based on present value using entry-value rates at December 31, 2023, weighted for varying maturity dates. Other loans receivable were valued based on present values using entry-value interest rates at December 31, 2023 applicable to each category of loans.

**Accrued interest receivable:** The carrying amount of accrued interest receivable approximates their fair value.

**Notes Payable:** The fair value of long-term debt are estimated using discounted cash flow analyses based on the Organization's current incremental borrowing rates for similar types of borrowing arrangements.

The estimated fair values and carrying amounts of the Organization's financial instruments as of December 31, 2023 are as follows:

	Carrying Amount	Fair Value
<b>Financial Assets -</b>		
Cash	\$ 692,008	\$ 692,008
Loans, net	525,410	500,654
Accrued interest receivable	2,582	2,582
<b>Financial Liabilities -</b>		
Notes payable	500,000	500,000

The carrying amounts in the preceding tables are included in the balance sheets under the applicable captions.

LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

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

The Organization's agency head did not receive any compensation, benefits, or other payments from public funds for the years ended December, 31, 2023 and 2022.

(11) New Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326) intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. The standard requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. The standard also requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgements used in estimating credit losses, as well as the credit quality and underwriting standards of an organization's portfolio. These disclosures include qualitative and quantitative requirements that provide additional information about the amounts recorded in the financial statements. Additionally, the standard amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The implementation of this standard had no material effect on the Organization's financial statements for the year ended December 31, 2023.

(12) Subsequent Events Review

The Organization's management has evaluated subsequent events through June 28, 2024, the date which the financial statements were available to be issued.

**INTERNAL CONTROL, COMPLIANCE**

**AND**

**OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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Brad E. Kolder, CPA, JD\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Matthew E. Margaglio, CPA\*  
Casey L. Ardoin, CPA, CFE\*  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA  
Deidre L. Stock, CPA

*Of Counsel*  
C. Burton Kolder, CPA\*

183 S. Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 11929 Bricksome Ave.  
Ville Platte, LA 70586 Baton Rouge, LA 70816  
Phone (337) 363-2792 Phone (225) 293-8300

WWW.KSRCPAS.COM

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA - retired 2022  
Gerald A. Thibodeaux, Jr., CPA\* - retired 2024

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

\* A Professional Accounting Corporation

To the Board of Directors  
Lafayette Community Development Fund, Inc.  
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Lafayette Community Development Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the two years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2024.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lafayette Community Development Fund, Inc.'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 Lafayette Community Development Fund, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2023-001 that we considered to be a material weakness.



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

As part of obtaining reasonable assurance about whether Lafayette Community Development Fund, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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*.

### **Lafayette Community Development Fund, Inc.'s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Lafayette Community Development Fund, Inc.'s response to the finding identified in our audit and described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
June 28, 2024

LAFAYETTE COMMUNITY DEVELOPMENT FUND, INC.  
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2023

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

A. Compliance Findings-

There are no findings to report under this section.

B. Internal Control Findings-

2023-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2022

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

CONDITION: The Organization did not have adequate segregation of accounting functions.

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

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

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

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

Part II. Prior Year Findings

A. Compliance Findings-

There are no findings reported under this section.

B. Internal Control Findings-

2022-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2022

CONDITION: The Organization did not have adequate segregation of accounting functions.

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

CURRENT STATUS: Unresolved. See internal control finding 2023-001.

**LAFAYETTE COMMUNITY  
DEVELOPMENT FUND**

Lafayette, Louisiana

**Agreed-Upon Procedures Report**

Year Ended December 31, 2023

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Lafayette Community Development Fund  
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's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2023. The Lafayette Community Development Fund's management is responsible for those C/C areas identified in the SAUPs.

The Lafayette Community Development Fund 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 LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2023. Additionally, 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 associated findings are as follows:

### *Written Policies and Procedures*

1. 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:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **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).
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **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.

### ***Board or Finance Committee***

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or include 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.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period reference or include a formal plan to eliminate the negative unassigned fund balance in the general fund.
  - d) 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.

### ***Bank Reconciliations***

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3. Obtain a listing of the entity's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) 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
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees responsible for cash collections do not share cash drawers/registers.
  - b) 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.
  - c) 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.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
7. 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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

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

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- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing was complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
  - e) 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.
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe whether the disbursement documentation includes evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9 above, as applicable.
- 11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, 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.

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

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12. 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.
13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe 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.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under procedure #13 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.

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

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15. 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:
  - a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1g.
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

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16. 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:



- a) 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.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

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17. Obtain a listing of employees and elected 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.
18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #17 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
19. 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 officials' cumulate leave records, agree the pay rates to the employee's or officials' authorized pay rates in the employee's or officials' personnel files, and agree the termination payment to the entity policy.
20. 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.

### ***Ethics***

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21. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17 obtain ethics documentation from management, and:
  - a) 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.
  - b) 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.

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

### ***Debt Service***

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23. 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.
24. 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).

### ***Fraud Notice***

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25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing was 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.
26. 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.

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

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27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if 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.
- We performed the procedure and discussed the results with management.***
- b) 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.
- We performed the procedure and discussed the results with management.***
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- We performed the procedure and discussed the results with management.***
28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #19
- a) Observe evidence that the selected terminated employees have been removed or disabled from the network.

29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, 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 completed cybersecurity training as required by R.S. 42:1267: The requirements are as follows:
  - a) Hired before June 9, 2020 – completed the training; and
  - b) Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

### ***Prevention of Sexual Harassment***

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30. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, 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.
31. 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).
32. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
  - a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e) Amount of time it took to resolve each complaint.

### **Exceptions:**

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No exceptions were found as a result of applying the procedures listed above except:

### **Written Policies and Procedures**

1. The entities written policies and procedures do not address the following: (a) Budgeting – preparing the budget, adopting the budget, monitoring the budget, amending the budget; (b) Purchasing – how purchases are initiated, how vendors are added to the purchase orders, the preparation and approval process of purchase requisitions and purchase orders, controls to ensure compliance with the public bid law, documentation required to be maintained for all bids and price quotes; (c) Disbursements – processing, reviewing, approving; (d) Receipts – receiving, recording, preparing deposits, managements actions to determine the completeness of all collections for each type of revenue or agency fund addition; (e) Contracting – types of services requiring written contract, standard terms and conditions, legal review, approval process, monitoring process; (f) Debt Service– debt issuance approval, continuing disclosure/EMMA reporting requirements, debt reserve requirements, debt service requirements; (g) Information Technology Disaster Recovery/Business Continuity – use of antivirus software on all systems, timely application of all available system and software patches/updates, identification of personnel, processes, and tools needed to recover operations after a critical event.

### **Bank Reconciliations**

2. All bank reconciliations selected did not have written evidence that management reviewed each bank reconciliation within one month of the date the reconciliation was prepared.

### **Collections**

3. The entity does not have bond or insurance policies for theft covering all employees who have access to cash.

### **Fraud Notice**

4. The entity does not have the notice required by R.S. 24:523.1 link posted on their website.

### **Management's Response:**

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Management concurs with the exceptions noted and is working to address the deficiencies identified.

We were engaged by the Lafayette Community Development Fund 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 Lafayette Community Development Fund 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 performed on those C/C areas identified in the SAUPs, and the result 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 LLA as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
June 28, 2024