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FRENCH MARKET CORPORATION, INC.
AN ENTERPRISE FUND OF THE CITY OF NEW ORLEANS

FINANCIAL STATEMENTS

TOGETHER WITH

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-14-96

FRENCH MARKET CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
The French Market Corporation, Inc.

We have audited the accompanying balance sheets of the French Market Corporation, Inc. (the Market), an enterprise fund of the City of New Orleans, as of December 31, 1995 and 1994, and the related statements of revenue, expense and changes in retained earnings and its cash flows for the years then ended. These financial statements are the responsibility of the Market's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide us with a reasonable basis for our opinion.

As discussed in NOTE 1, the financial statements present only the activities of the French Market Corporation and are not intended to present fairly the financial position, results of operations and cash flows of the City of New Orleans in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the French Market Corporation, Inc., as of December 31, 1995 and 1994, and the results of its operations and changes in its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 15 through 21 is presented for purposes of additional analysis and it can a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

New Orleans, Louisiana
March 21, 1996

FRENCH MARKET CORPORATION, INC.
BALANCE SHEETS

AS OF DECEMBER 31, 1995 AND 1994

	1995	1994
ASSETS		
Current Assets:		
Cash (Note 2)	\$ 230,069	\$ 829,800
Investments (Note 3)	177,822	800,957
Receivables:		
Trade (Net)	89,834	97,000
Other	88,928	113,480
Unsettled Advertising	12,932	17,082
Prepaid Expenses	30,410	41,244
	<u>440,910</u>	<u>1,513,060</u>
Total Current Assets	440,910	1,513,060
Restricted Bond Fund Investments (Note 3)		
Bond Revenue	0	0
Debt Service	160,588	145,479
Operation And Maintenance	1,427,782	31,139
Debt Service Reserve	201,000	241,000
Maintenance Reserve	80,268	50,197
Bond Redemption	81	8,242
Capital Improvements	<u>581,828</u>	<u>585,234</u>
Total Restricted Assets	2,483,172	842,769
Property, Plant, And Equipment, Net Of		
Accumulated Depreciation (Note 4)	<u>7,292,856</u>	<u>6,221,623</u>
Other Assets:		
Utility Deposits	8,878	4,120
Inventory	8,764	8,788
Advances To The Capital Improvement		
Fund (Note 6)	0	878,786
Other	<u>1,656</u>	<u>502</u>
Total Other Assets	<u>19,342</u>	<u>902,202</u>
TOTAL	\$ 10,423,289	\$ 7,970,632

See Accompanying Notes to the Financial Statements.

FRENCH MARKET CORPORATION, INC.
BALANCE SHEETS (CONTINUED)

AS OF DECEMBER 31, 1995 AND 1994

	1995	1994
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Current liabilities:		
Accounts Payable	4 135,112	4 328,689
Accrued Expenses	185,871	165,321
Other Liabilities	91,827	7,611
Federal Deposits	50,587	38,744
Due To City Agencies Net (Note 2)	485,854	215,218
Outstanding Warrants	9,297	3,584
Accrued Interest Payable	4,800	8,275
Current Portion Of Revenue Bonds Payable - (Note 5)	<u>175,900</u>	<u>155,000</u>
Total Current Liabilities	<u>1,045,448</u>	<u>1,021,232</u>
Long-Term Debt :		
Revenue Bonds Payable - (Note 5)	<u>735,900</u>	<u>820,000</u>
Total Liabilities	<u>1,781,348</u>	<u>1,841,232</u>
FUND EQUITY:		
Contributed Capital	<u>2,887,220</u>	<u>2,285,144</u>
Retained Earnings:		
Reserve For Bond Indentures	2,484,172	642,782
Additional Reserve For Bond Indentures (Note 5)	<u>0</u>	<u>432,328</u>
Total Reserve For Bond Indentures	2,484,172	1,075,110
Unreserved	<u>3,380,440</u>	<u>3,068,248</u>
Total Fund Equity	<u>6,267,660</u>	<u>5,028,382</u>
TOTAL	4 10,422,788	4 7,870,622

See Accompanying Notes to the Financial Statements.

**FRENCH MARKET CORPORATION, INC.
STATEMENTS OF REVENUE, EXPENSES, AND
CHANGES IN RETAINED EARNINGS**

FOR THE YEAR ENDED DECEMBER 31, 1995 AND 1994

	1995	1994
Operating Revenues:		
Rental Income	\$ 4,677,727	\$ 4,403,042
Other Income	611,888	827,022
Total Operating Revenues	<u>5,289,615</u>	<u>5,230,064</u>
Operating Expenses:		
General And Administrative	946,662	1,111,163
Shopping Center	1,028,781	876,803
Farmers' Place Market	627,280	662,959
Parking Lots	623,222	623,888
Tenancy Advertising	806,080	665,425
Visitor's Center	540,029	188,888
Depreciation	521,915	435,895
Bad Debt Expense	64,678	2,885
Total Operating Expenses	<u>4,920,768</u>	<u>4,391,476</u>
Operating Income	<u>368,847</u>	<u>838,588</u>
Nonoperating Revenues / Expenses:		
Interest Income	88,724	45,880
Interest Expense	(159,263)	(68,452)
Total Nonoperating Revenues / Expenses	<u>(70,539)</u>	<u>(22,572)</u>
Net Income, Before Extraordinary Item	<u>298,308</u>	<u>816,016</u>
Extraordinary Item - Loss From Settlement Of Pending Litigation (Note 7)	0	(133,000)
Net Income	<u>298,308</u>	<u>683,016</u>
Increases In Retained		
Retained Earnings For Bond Interest	(1,388,172)	(257,222)
Net Change In Unreserved Retained Earnings	<u>159,136</u>	<u>425,794</u>
Retained Earnings - Unreserved, Beginning Of Year	<u>3,658,246</u>	<u>3,232,616</u>
Retained Earnings - Unreserved, End Of Year	<u>\$ 3,817,382</u>	<u>\$ 3,658,410</u>

See Accompanying Notes to the Financial Statements.

INTECH MARKET CORPORATION
STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1995 AND 1994

	<u>1995</u>	<u>1994</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Income	\$ 545,858	\$ 828,585
Reconciliation of Net Cash Flow From Operating Activities:		
Extraordinary Loss	0	(133,000)
Depreciation	621,815	495,695
Changes in Assets and Liabilities:		
Net Receivables	28,863	6918
Notes Receivable	0	2,398
Prepaid Expenses	4,834	5,838
Liability Deposits	26,300	0
Inventory	1,591	5,813
Other Assets	824	(4,588)
Accounts Payable	(184,781)	(58,876)
Accrued Expenses	160	(1,828)
Contingent Liabilities	0	(100,000)
Other Liabilities	(47)	(24,154)
Warranty Payable	4,783	0
Rentals Deposits	(20,643)	(2,723)
Deferred Revenues	4,438	(2,723)
Due To Other Agencies	170,128	81,595
Amount Interest Payable	(718)	(750)
Net Cash Provided from Operating Activities	<u>5,214,242</u>	<u>988,817</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments For Capital Acquisitions	(2,508,833)	(242,513)
Interest On Investments	(9,324)	48,898
Purchase Of Investments	4,591,331	4,518,343
Sale Of Investments	<u>(3,212,021)</u>	<u>(3,278,894)</u>
Net Cash (Used) Provided in Investing Activities	<u>(1,121,109)</u>	<u>47,430</u>
(CASH) FLOWS FROM FINANCING ACTIVITIES:		
Bond Principal Payments	(195,000)	(195,000)
Interest Paid	(68,207)	(85,388)
Advances To Other Funds	<u>(378,238)</u>	<u>(452,881)</u>
Net Cash Used in Financing Activities	<u>(631,445)</u>	<u>(633,269)</u>
Net (Decrease) Increase in Cash	<u>(538,312)</u>	<u>312,978</u>
Cash, Beginning of Year	<u>838,868</u>	<u>525,713</u>
Cash, End of Year	<u>\$ 300,556</u>	<u>\$ 838,691</u>

See Accompanying Notes to the Financial Statements.

FRENCH MARKET CORPORATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1995**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General - The French Market Corporation, Inc. (the Market) was formed January 3, 1972, by the City of New Orleans, (CNO) to provide for the operation and maintenance of the French Market Properties owned by the City of New Orleans. These properties include five buildings and the Farmers Market. The Market is a non-profit corporation that is owned by the City of New Orleans and administered by a Board of Directors consisting of twelve members appointed by the Mayor of New Orleans.

Basis of Accounting - The Market files under the enterprise fund accounting method as described by Governmental Accounting, Auditing and Financial Reporting (GAAPR) principles which utilizes the annual basis of accounting for financial statement purposes.

The financial statements of the Market are not intended to and do not present either the financial position, or results of operations of the City of New Orleans.

Restricted Investments - Pursuant to the official bond indenture, certain special accounts were established to segregate the receipts, investment and disbursement of funds legally restricted for the specific purpose of such special account.

- **Bond Revenue Fund**

All funds collected by the Market are deposited in the Revenue Fund. The funds on deposit in the Revenue Fund are transferred to the other special accounts as required by the Bond Indenture.

- **Debt Service Account**

Funds held for the credit of this fund are used for the payment of bond principal and interest on the payment dates established by the Indenture agreement.

- **Operation and Maintenance Account**

Funds held for the credit of the Operation and Maintenance Fund are used to pay the operating expenses of the Market.

Property, plant and equipment is depreciated on a straight-line basis over the following estimated useful lives of the assets:

Building and Improvements	10-20 years
Furniture, Fixtures, and Equipment	5-10 years
Vehicles	5 years

Accounts Receivable - It is the practice of management to provide an allowance for any account which in management's opinion may not be collectible based upon a review of the current status of existing receivables.

Vacation and Sick Leave - All full-time classified employees of the Market hired prior to January 1, 1979, are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Employees hired after December 31, 1978, can accrue a maximum of 45 days of annual leave and an unlimited number of days of sick leave. Upon termination of employment, an employee is paid for accrued annual leave based upon current hourly rate of pay and for accrued sick leave using the formula described. If termination is the result of resignation, the employee has the option of converting accrued sick leave to additional years of service.

Income Taxes - The Market is owned by the City of New Orleans and, as such, no federal or state income taxes are assessed.

Reclassifications - Certain amounts have been reclassified for comparative purposes. Such reclassifications had no effect on net income for the respective years.

2. CASH

As of December 31, 1995, the Market had the following cash accounts and related FIMC insurance or other types of collateral to assure the Market's accounts:

INSTITUTION AND ACCOUNT	TRUST BALANCE	BANK BALANCE	AMOUNT OF DEPOSITORY INSURANCE OR COLLATERAL
EDMC			
0840-05-874	\$ 141,049	\$ 112,078	\$ 112,078
0840-04-840	87,602	264,883	264,883
CASH ON HAND	<u>1,489</u>	<u>-</u>	<u>-</u>
TOTAL	\$ <u>230,141</u>	\$ <u>376,961</u>	\$ <u>376,961</u>

- Debt Service Reserve Account

Funds held for the credit of the Debt Service Reserve Fund shall be transferred by the Trustee to the Debt Service Fund in such amount as may be necessary to pay the principal and interest on the bonds as the same respectively become due and payable whenever the funds held for the credit of the Debt Service Fund are insufficient.

- Maintenance Reserve Account

Funds held for the credit of the Maintenance Reserve Fund shall be held as a reserve for the purpose of paying the cost of emergency or major repairs, renewals and replacements with respect to the Market. Such costs are necessary for the safe or efficient operation of the Market or to prevent loss of revenue.

- Bond Redemption Account

Funds held for the credit of the Bond Redemption Fund shall be used for the redemption of bonds.

- Capital Improvement Account

Funds held for the credit of the Capital Improvement Fund shall be used to pay the cost of capital improvement projects made to the Market's properties.

Investments - All investments, restricted and unrestricted, are stated at cost, which approximates market.

Print Advertising - The lease agreement with manufacturers provides that a sum equal to 2% of gross sales shall be paid by the tenants to the Market for the purpose of providing advertising, publicity and general business promotion of the Market.

Property, Plant and Equipment - Property, plant and equipment are recorded at cost. Maintenance and repairs are charged to operations as incurred, whereas significant renewals and betterments are capitalized. Deductions are made from property, plant and equipment for retirements.

3. INVESTMENTS

The investments of the Market at December 31, 1995, consist of the following:

General Fund Investments	\$	173,873
Restricted Bond Fund Investments		<u>2,464,172</u>
TOTAL	\$	<u>2,642,044</u>

State statute authorizes the City of New Orleans and all subdivisions, except for the Pension Trust Fund, to invest in U.S. bonds, treasury notes, and other federally-insured investments. The City of New Orleans also may invest in repurchase agreements secured by U.S. Government obligations.

The Market's investments are categorized below to give an indication of the level of risk assumed by the Market as your agent. Category 1 includes investments that are insured or registered or for which the securities are held by the Market or its agent in the Market's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the Market's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution or by its trust department, or agent, but not in the Market's name.

	CATEGORY						CARRYING VALUE	MARKET VALUE
	1	2	3	4	5	6		
Short-term Government Securities	\$	<u>2,642,044</u>	\$	0	\$	0	\$	<u>2,642,044</u>

4. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following:

	DECEMBER 31,	
	1995	1994
Building and Improvements	\$ 8,976,064	\$ 6,670,608
Machinery and Staff Equipment	323,541	130,127
Parking Lot	578,734	599,632
Office Equipment	132,187	127,864
Furniture and Fixtures	68,281	62,508
Vehicles	62,886	60,894
Visitor Center Equipment	34,317	34,317
Utility Floodwall Gate	473,398	473,398
Construction in Progress	40,674	3,868
	<u>10,783,832</u>	<u>8,162,298</u>
Accumulated Depreciation	<u>(3,882,178)</u>	<u>(2,916,763)</u>
Net Property, Plant, and Equipment	\$ <u>7,901,654</u>	\$ <u>5,245,535</u>

Depreciation charged to expense was \$ 523,815 and \$ 435,695 for 1995 and 1994, respectively.

5. REVENUE BONDS PAYABLE

Revenue Bond Payable consists of the following at December 31,:

	1995		1994	
	Current	Long-Term	Current	Long-Term
8% Five Yearhold mortgage revenue bonds, dated June 1, 1973, due in annual principal installments starting from \$98,000 to \$261,000 beginning June 1, 1977. Final payment due June 1, 2000	\$ 178,000	\$ 735,000	\$ 150,000	\$ 508,000

Minimum future rentals do not include the services of any options that may be available to the various tenants.

Minimum future rentals also do not include any contingent rentals that may be received under the lease agreements or other rentals. Contingent rentals received in 1995 and 1994 were \$574,235 and \$544,893, respectively.

3. DUE TO OTHER AGENCIES

This account consists of the following as of December 31:

	1995	1994
DUE FROM OTHER AGENCIES		
• Reimbursement from the Virus Care' Commission for Sick and Annual Leave Expenditures	\$ 37,488	\$ 36,404
• Reimbursement from the Upper Peninsula for salaries expenditures	<u>41,680</u>	<u>5,058</u>
Total Due From Other Agencies	<u>\$ 79,168</u>	<u>\$ 41,462</u>
DUE TO OTHER AGENCIES		
• Reimbursement to the City of New Orleans (CNO) for funds used to meet for Market's payroll obligations	(246,837)	(119,862)
• Rent payment as required in the lease and franchise agreement with the CNO	<u>(320,785)</u>	<u>(237,140)</u>
Total Due To Other Agencies	<u>(567,622)</u>	<u>(357,002)</u>
NET DUE TO OTHER AGENCIES	<u>\$ (488,454)</u>	<u>\$ (315,540)</u>

8. ADVANCE TO THE CAPITAL IMPROVEMENTS FUND

The Market advanced funds to the City of New Orleans' (CNO) Capital Improvement Fund for renovation to Building D, a building leased to the Market from the CNO. The aforementioned advance was to serve as a matching contribution to the amount pledged by the CNO for the renovation project. As of December 31, 1995, the renovation project was completed at a total cost of approximately \$2,300,000 of which, the City of New Orleans contributed approximately \$1,600,000. The remaining portion was paid by the Market.

9. DEBT COVENANTS

The Market's Bond Indenture Agreement contains covenants regarding the maintenance of specified amounts in various funds. Section 3.03 (c) of the Indenture of Mortgage and Pledge, Supplement 1, requires that an amount equal to one-fourth of the amount allocated for Operating Expenses remain in the Operations and Maintenance Fund. As of December 31, 1995, the Market was in compliance with all applicable debt covenants. However, at December 31, 1994, the Market was not in compliance. Therefore, an adjustment of \$433,288 was recorded in 1994 to illustrate the effect of this non-compliance.

10. LOSS FROM SETTLEMENT OF PENDING LAWSUIT

On September 8, 1987 an individual filed suit against the Market and others claiming damages for personal injuries that allegedly were sustained on September 20, 1988 while at the Flea Market. The aforementioned case was settled with the plaintiff on December 1, 1994, for \$ 233,800. As of December 31, 1994, the liability for this settlement was accrued and the expense was reduced by the \$ 108,800 Contingent Liability established in prior years for the settlement of this case; therefore, only \$ 125,000 was recognized as an expense during fiscal year 1994.

Subsequent to December 31, 1994, the Market paid the \$ 233,800 to the plaintiff; however, the Market contends that the City of New Orleans should reimburse them for the payments related to this case since the CNO was the direct insurer of the plaintiff's alleged injuries. The Market is attempting to resolve this matter with the City of New Orleans; however, there is some uncertainty to the collectability of this receivable. Due to this uncertainty, no receivable was recorded by the Market at December 31, 1994, or 1995.

11. EMPHASIS OF A MATTER

The Market has agreed to pay approximately \$500,000 of their fund balance to the City of New Orleans. As of the date of this report, the final disposition of the aforementioned funds has not been determined. However, payment of these funds could result in the Market being in non-compliance with its debt covenants.

FRENCH MARKET CORPORATION, INC.
 SCHEDULE OF RENTAL INCOME
 FOR THE YEAR ENDED DECEMBER 31, 1999 AND 1994

DESCRIPTION	1999		1994	
	MINIMUM	PERCENTAGE	TOTAL	TOTAL
BUILDING "A"				
AGENT BALLY	\$ 95,982	100.00%	\$ 95,129	\$ 95,943
CARF CO/ROBINSON	48,252	281.04%	243,197	48,252
CANTOLA SHOP	11,200	24.90%	38,108	9,928
COCKBURN W/ COLLINGS STRLE	10,880	52.84%	23,832	10,880
HENRY CHRISTMAS / ALL THING JAZZ	19,600	20.66%	28,184	19,600
DYANS	37,301	9.01%	48,816	21,641
OLD CRAFT COTTAGE	18,150	25%	18,352	55,328
TOTAL BUILDING "A"	199,475	370.07%	649,808	317,928
BUILDING "B"				
ICE CREAM MACHINE	5,440	17%	5,819	5,440
BUCKEYER	8,008	7.43%	13,475	8,048
UTILE TOY SHOP	28,218	28.10%	38,428	9,915
CARIBBEAN CORNER	17,700	5	17,700	17,108
IT'S OUR SECRET	15,183	66%	15,823	9,007
HEAD TO TOE	3,382	81.76%	18,828	7,760
ART TO WEAR	12,205	91%	13,116	11,325
TORRLES PINE	712	0	712	2,691
LATIN WARD	14,208	8.01%	22,221	8,628
COTTON CABANA CLUB	18,150	24.91%	41,313	18,758
TOTAL BUILDING "B"	119,698	23.11%	280,124	83,177
				401,105
				141,183
				327,029
				33,277
				23,035
				11,244
				10,350
				10,683
				2,681
				14,517
				28,933
				170,928

SEE THE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

RENDERBERRY CORPORATION, INC.
 SCHEDULE OF RENTAL INCOME - CONTINUED
 FOR THE YEAR ENDED DECEMBER 31, 1995 AND 1994

DESCRIPTION	1995		1994	
	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE
BUILDING "C"				
NATIONAL AIR SERVICE	\$ 49,408	0	48,448	0
RELA LUNA	61,282	152.12%	182,173	81.26%
TOTAL BUILDING "C"	110,690	752.12%	230,621	100.00%
BUILDING "D"				
GLAZIER	36,496	0	26,488	12.01%
CHRYSLER BAZZAR	55,853	8.20%	23,148	8.22%
SUBSIDIARY CARE	39,718	4.79%	44,568	20.89%
SHOPPING CARTS	3,555	0	3,550	0
TOTAL BUILDING "D"	99,622	11.04%	108,842	45.21%
BUILDING "E"				
PIZZA HAWK RESTAURANT	84,200	17.44%	81,823	64.38%
CEXUS FOOT	14,801	0	14,501	14.13%
TOTAL BUILDING "E"	99,001	17.44%	96,324	38.50%
			18,800	4.07%
			14,273	5.82%
			4,477	1.87%
			0	0.00%
			14,138	5.82%
			4,477	1.87%
			18,800	7.50%
			4,477	1.87%
			18,800	7.50%
			4,477	1.87%

SEE ACCOMPANYING SUPPLEMENTAL FINANCIAL STATEMENTS FOR SUPPLEMENTARY INFORMATION

FINCH MARKET CORPORATION, INC.
 SCHEDULE OF RENTAL INCOME (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 1978 AND 1974

DESCRIPTION	1978		1974	
	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE
OTHER RENTALS:				
FARMERS LOANS	\$ 1,215,891	0	\$ 1,734,411	0
FARMERS MARKET	248,888	0	227,127	0
FLORAMARKET	1,884,824	0	1,429,282	0
TOTAL OTHER RENTALS	<u>3,349,603</u>	<u>0</u>	<u>3,390,820</u>	<u>0</u>
TOTAL RENTAL INCOME	<u>\$ 4,303,481</u>	<u>874.20%</u>	<u>\$ 3,888,049</u>	<u>844.86%</u>
				<u>\$ 4,403,042</u>

SEE ACCOUNTANTS' INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
SCHEDULE OF OTHER INCOME
FOR THE YEAR ENDED DECEMBER 31, 1995 AND 1994

DESCRIPTION	1995	1994
COMMON AREA ASSIGNMENTS	\$ 285,321	\$ 240,200
TENANT ADVERTISING CHARGES	193,284	161,000
ROSE	34,900	20,000
VISITOR CENTER SALES	80,800	44,544
MISCELLANEOUS	<u>92,894</u>	<u>155,271</u>
TOTAL OTHER INCOME	\$ <u>687,299</u>	\$ <u>621,015</u>

SEE THE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INCOME

FRENCH MARKET CORPORATION, INC.
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1995 AND 1994

DESCRIPTION	1995	1994
GENERAL AND ADMINISTRATIVE:		
PERSONAL SERVICES	\$ 378,888	\$ 358,822
CONTRACTUAL SERVICES	482,283	756,421
SUPPLIES AND MATERIALS	<u>77,423</u>	<u>48,840</u>
TOTAL GENERAL AND ADMINISTRATIVE	<u>938,594</u>	<u>1,164,083</u>
SHOPPING CENTER:		
PERSONAL SERVICES	674,720	537,720
CONTRACTUAL SERVICES	346,283	413,753
SUPPLIES AND MATERIALS	<u>104,743</u>	<u>63,619</u>
TOTAL SHOPPING CENTER	<u>1,125,746</u>	<u>1,015,092</u>
FARMERS / FLEA MARKET:		
PERSONAL SERVICES	374,782	388,844
CONTRACTUAL SERVICES	324,582	384,174
SUPPLIES AND MATERIALS	<u>76,898</u>	<u>21,741</u>
TOTAL FARMERS / FLEA MARKET	<u>776,262</u>	<u>804,759</u>
MORNING / BUSMAN FIELD PARKING LOTS:		
CONTRACTUAL SERVICES	<u>628,222</u>	<u>628,848</u>
TOTAL PARKING LOTS	<u>628,222</u>	<u>628,848</u>
TENANT ADVERTISING:		
PERSONAL SERVICES	51,850	59,858
CONTRACTUAL SERVICES	<u>888,212</u>	<u>541,707</u>
TOTAL TENANT ADVERTISING	<u>940,062</u>	<u>601,565</u>
VISITORS CENTER:		
CONTRACTUAL SERVICES	100,287	111,280
SUPPLIES AND MATERIALS	<u>43,767</u>	<u>74,488</u>
TOTAL VISITORS CENTER	<u>144,054</u>	<u>185,768</u>
DEPRECIATION	<u>821,815</u>	<u>435,805</u>
BAD DEBT EXPENSE	<u>48,876</u>	<u>7,585</u>
TOTAL OPERATING EXPENSES	<u>\$ 4,826,728</u>	<u>\$ 4,891,418</u>

SEE THE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION INC.
 SCHEDULE OF ACCOUNTS RECEIVABLE - TRADE
 AS OF DECEMBER 31, 1995 AND 1994

TENANT	RENTALS	COMMON AREA	TOTALS	
			1995	1994
ART TO WEAR	\$ 0	\$ 0	\$ 0	\$ 1,412
AUNT SALLY'S PRALINES	8,788	4,000	12,948	10,999
CAFE DU MONDE	15,481	5,024	21,475	18,888
FRENCH MARKET CANDLE SHOP	1,478	1,088	2,488	8,993
COOKERY N' ORLEANS STYLE	595	910	1,547	2,785
LITTLE TOY SHOP	788	1,745	2,533	4,207
BELLA LINA RESTAURANT	14,748	8,268	21,004	17,888
GAZZEO	0	3,345	3,345	0
EVAN'S CREOLE CANDY	0	3,693	3,693	3,748
MERRY CHRISTMAS / ALL THAT JAZZ	3,261	1,188	4,249	3,255
FISH MARKET RESTAURANT	0	3,783	3,783	4,843
TICKLED PINK	1718	814	-88	0
CARIBBEAN CORNER	1,425	3,421	4,048	3,159
MEDITERRANEAN CAFE	0	3,177	3,177	0
HEAD TO TOE	887	888	1,484	1,810
IT'S OUR SECRET	0	888	638	888
OLD CRAFT COTTAGE	0	1,757	1,757	2,781
BLUETERRI	983	884	988	1,388
NATIONAL PARK SERVICE	4,038	0	4,035	4,000
ESKOW WOOD	0	1,229	1,229	2,427
FARMER'S MARKET	0	0	0	0
LATIN HANDS	738	0	738	1,555
ICE CREAM MACHINE	0	882	882	617
COTTON CANNON CLUB	622	1,280	1,812	2,882
ART ATTACK	101	0	101	0
AFRICAN ART	104	0	104	0
TOTAL ACCOUNTS RECEIVABLE- TRADE	\$ 52,872	\$ 48,782	\$ 70,234	\$ 67,888

SEE THE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
 SCHEDULE OF ACCOUNTS RECEIVABLE - OTHER
 AS OF DECEMBER 31, 1995 AND 1994

DESCRIPTION	1995		1994	
PARKING LOT	\$	82,410	\$	94,001
KEOK		0		2,500
TEHANTS		55		1,887
FRENCH QUARTER FESTIVAL		0		0
FARMERS MARKET		807		2,800
DISPUTED BR. LINES		0		5,000
MISCELLANEOUS		<u>1,101</u>		<u>8,682</u>
TOTAL ACCOUNTS RECEIVABLE-OTHER	\$	<u>86,373</u>	\$	<u>113,480</u>

SEE THE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
 SCHEDULE OF ACCOUNTS RECEIVABLE - TERRAIT ADVERTISING
 AS OF DECEMBER 31, 1993 AND 1994

TERRAIT	1993	1994
AUNT SALLY'S PRAIRIES	\$ 1,724	\$ 1,493
CAFE DU MONDE	3,210	3,043
FRENCH MARKET CANDLE SHOP	480	843
COFFEY AT DRUMS (STYLE)	89	1,048
LITTLE TOY SHOP	348	888
DELLA LUNA RESTAURANT	3,238	2,843
CLAMBO	180	0
EVAN'S ORIOLE CAFE	287	818
MURRY CHRISTMAS (ALL THAT JAZZ)	38	1,421
POE MARKET RESTAURANT	322	1,888
CARIBBEAN CORNER	808	253
MEDITERRANEAN CAFE	717	0
HEAD TO TOE	183	238
IT'S OUR SECRET	246	301
OLD CRAFT COTTAGE	211	883
ART TO WEAR	178	498
BLOUTERE	200	887
LATIN HARBOUR	0	179
ICE CREAM MACHINE	81	138
COTTON CABBAG CLUB	284	683
	<u>12,832</u>	<u>17,002</u>
TOTAL ACCOUNTS RECEIVABLE- TERRAIT ADVERTISING	\$	\$

SEE THE ACCOMPANYING INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

BRIDGE TRADING CORPORATION, INC.
 STATEMENT OF CASH RECEIPTS AND DISBURSMENTS
 INCLUDING ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 1966 AND 1965

	1966	1965	NET ASSETS	NET LIABILITIES	NET EQUITY	NET ASSETS	NET LIABILITIES	NET EQUITY
CASH RECEIPTS:								
Beginning of Year	1,111,111	1,111,111	1,111,111	1,111,111	0	1,111,111	1,111,111	0
SALES	1,478,028	695,782	0	0	0	1,478,028	695,782	0
Interest Received	0	2,165	19,022	2,724	20	0	6,797	0
1966 (448-RECEIPTS)	0	0	0	0	0	0	0	0
TOTAL CASH RECEIPTS	1,478,028	700,049	19,022	2,724	20	1,478,028	702,589	0
TOTAL CASH AND CASH EQUIVALENTS	2,589,139	1,811,160	19,022	2,724	20	2,589,139	1,813,700	0
CASH DISBURSMENTS:								
Beginning of Year	1,111,111	1,111,111	1,111,111	1,111,111	0	1,111,111	1,111,111	0
SALES	0	0	0	0	0	0	0	0
Interest Paid	0	183,874	0	0	0	0	183,874	0
Interest Received	0	99,079	0	0	0	0	0	0
Transfer to Bridge Trust Account	2,487,000	0	0	0	0	0	0	0
1966 (448-RECEIPTS)	0	0	0	0	0	0	0	0
TOTAL CASH DISBURSMENTS	2,487,000	282,953	0	0	0	0	183,874	0
NET IN CASH AND CASH EQUIVALENTS	1,102,139	1,528,207	19,022	2,724	20	1,102,139	1,629,826	0
NET IN CASH AND CASH EQUIVALENTS	1,102,139	1,528,207	19,022	2,724	20	1,102,139	1,629,826	0

SEE THE ACCOMPANYING EXHIBIT, STATEMENT OF EQUITY AND OWNERSHIP



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To The Board of Directors of
The French Market Corporation, Inc.

We have audited the financial statements of the French Market Corporation, Inc. (the Market), as of and for the years ended December 31, 1993 and 1994, and have issued our report thereon dated March 23, 1995.

We have conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Market, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Market, for the year ended December 31, 1993 and 1994, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Accounting Controls:

- Revenue, Accounts Receivable, and Cash Receipts Cycle
- Purchases, Accounts Payable, and Cash Disbursements Cycle
- Property, Plant, and Equipment
- General Ledger and Financial Reporting
- Compliance with Laws and Regulations

For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses under the standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

However, we noted matters involving the internal control structure and its operation that we have reported to the management of the French Market Corporation, Inc., in a separate letter dated March 21, 1996.

This report is intended for the information of the Board of Directors, management, and the City of New Orleans. However, this report is matter of public record, and its distribution is not limited.



New Orleans, Louisiana

March 21, 1996



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To The Board of Directors of
The French Market Corporation, Inc.

We have audited the financial statements of the French Market Corporation, Inc. (the Market), as of and for the years ended December 31, 1993 and 1994, and have issued our report thereon dated March 21, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the French Market Corporation, Inc., is the responsibility of the Market's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Market's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the Board of Directors, management, and the City of New Orleans. However, this report is a matter of public record and its distribution is not limited.

New Orleans, Louisiana
March 21, 1996