

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1996

NOTE E - MANAGEMENT

The company uses some of The Coordinating and Development (CDC) employees to perform its duties and reimburses CDC for their cost.

NOTE F - ACCOUNTS RECEIVABLE

Accounts receivable consist of a receivable from the SBA, for services performed in monitoring SBA loans.

NOTE G - BUILDINGS/LAND/RENT INCOME

	<u>Balance</u> <u>6/30/95</u>	<u>Additions</u>	<u>Balance</u> <u>6/30/96</u>
Land-Caddo Par	\$ 19,500	\$ 0	\$ 19,500
Automobile	0	53,133	53,133
Bldg & Improvements - Caddo Par	279,110	12,200	291,310
Land-Natch. Par - Note J	8,000	0	8,000
Building-Natch. Par- Note J	82,000	1,150	83,150
Furniture-Ruston	1,335	6,121	7,456
Furniture-Caddo	0	30,905	30,905
Accumulated Depr.	<u>(34,475)</u>	<u>(18,337)</u>	<u>(52,812)</u>
Net	<u>\$355,470</u>	<u>\$ 85,172</u>	<u>\$440,642</u>

The company was paid \$53,661 for rent during the year and has 30 day leases with CDC.

NOTE H - AFFILIATIONS

The company is affiliated with The Coordinating and Development Company (CDC) in that it shares certain direct expenses as follows:

Salaries (per Note E)

NOTE I - NOTES PAYABLE

The company entered into an agreement on 10/27/92 to purchase a building and land in Natchitoches Parish from the Natchitoches Parish Police Jury secured by the building/land, with the purchase price being \$90,000, interest rate 4.963% per annum, with monthly payments of \$835, maturing 9/1/04. Debt payments are as follows:

9/97	\$ 6,897
9/98	7,247
9/99	7,615
9/00	8,003
9/01	8,409
9/02	8,835
9/03	9,284
9/04	<u>9,756</u>
	<u>\$66,046</u>

G E O R G E E . M C G O V E R N I I I
C E R T I F I E D P U B L I C A C C O U N T A N T
M E M B E R O F A M E R I C A N I N S T I T U T E O F
C E R T I F I E D P U B L I C A C C O U N T A N T S

P. O. Box 7155
Shreveport, LA 71137-7155
318-222-7555

1543 Grimmatt Drive
Shreveport, LA 71107

George E. McGovern III C.P.A.
George A. Burton, Jr. C.P.A.

November 3, 1996

Independent Auditor's Report on Compliance with Laws and Requirements

Compliance Report Based on an Audit of Basic Financial Statements
Performed in Accordance with Government Auditing Standards

Ark-La-Tex Investment & Development Corporation
Shreveport, LA

I have audited the financial statements of Ark-La-Tex Investment & Development Corporation (a non profit corporation), as of and for the year September 30, 1996, and have issued my report thereon dated November 3, 1996.

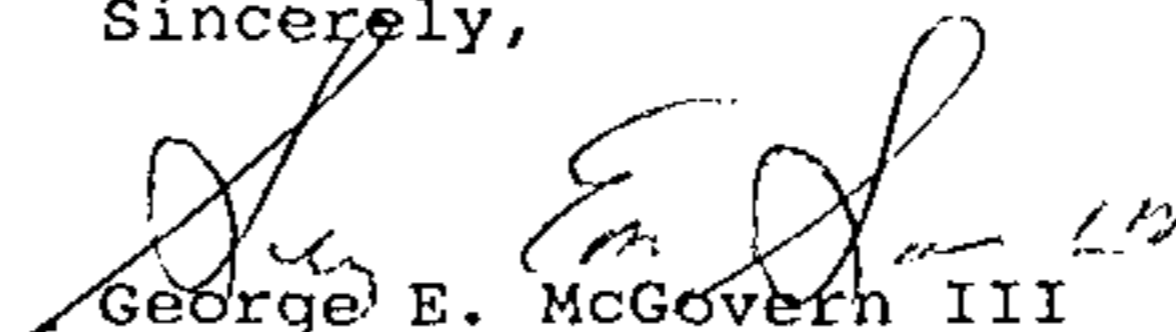
I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are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

Compliance with laws, regulations, contracts, and grants applicable to Ark-La-Tex Investment & Development Corporation, is the responsibility of Ark-La-Tex Investment & Development Corporation. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Ark-La-Tex Investment & Development Corporation's compliance with certain provisions of laws, regulations, contracts, and grants. However, my objective was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of non compliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Sincerely,


George E. McGovern III
Certified Public Accountant

Ark-La-Tex Investment & Development Corporation
November 3, 1996
Page 2

In planning and performing my audit of the financial statements of Ark-La-Tex Investment and Development Corporation as of and for the year September 30, 1996, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedure for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under 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 specific 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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Sincerely.



George E. McGovern III
Certified Public Accountant

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1996

NOTE J - LEASES

The Company entered into a two year lease, dated 12/15/93, payable at \$300/month for the first twelve months and \$350/month for the last twelve months, for a facility located in Ruston, Louisiana. The lease expired and is now a 30 day lease @ \$350/month.

Other leases:

<u>Leases</u>	<u>Description</u>	<u>Monthly Payment</u>	<u># of Months</u>	<u>Beg Date</u>	<u>End Date</u>
Toyota Motor Credit	Vehicle	\$ 410.03	36	7/96	6/99

Per lease file:

	<u>Minimum Rental Payments</u>	<u>Rental Payments</u>
9/97	\$ 4,711	\$ 4,903
9/98	4,450	4,903
9/99	2,787	3,673
	<u>\$ 11,948</u>	<u>\$ 13,479</u>

NOTE K - ESTIMATES

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

NOTE L - FAIR VALUE OF ESTIMATES

The fair value of financial instruments approximates the carrying (book) value because of the short maturity of these assets.

NOTE M - OPERATIONS

The Company is dependent upon the SBA's 503/504 program continuation.

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1996

NOTE B - LOANS

The company is paid a monthly contractually agreed amount for servicing 503/504 loans. The fee is 1/2 of 1% per annum of the outstanding loan balances.

Loans which the company has closed and is still servicing include:

	<u>SBA Loan</u>
A. Braswell	\$ 149,000
Balar	187,000
Behavioral Health	529,000
Builders Lumber	146,000
Builders Supply	246,000
Custom Components	71,000
Designers Hardware	208,000
Fibrebond	500,000
Harrison	750,000
Hendrix	1,000,000
Kenthel	100,000
Mansfield Nursing	569,000
Murphy Warehouse	351,000
Murphy Warehouse	405,000
Plain Dealing Mfg.	103,000
R. E. & Allen Lee	244,000
Ruston Skate Club	158,000
	<u>\$5,716,000</u>

NOTE C - FEES

The company is compensated for loan processing and closing.

NOTE D - CASH

At year end all cash was secured by insurance or collateral. All cash is interest bearing at rates ranging from 3.0% to 5.25% for 1996 with terms less than 6 months.

<u>Depositor</u>	<u>9/30/95</u>	<u>Interest Rate</u>	<u>9/30/96</u>	<u>Interest Rate</u>
Premier Bank/Bank One	\$ 65,812	0	\$ 0	0
First State Bank	0	0	3,568	3.00
Premier (Trust Dept.)/ Bank One	77,000	2.86	81,434	4.89
Hibernia	192,391	5.80-6.00	203,576	5.20-5.25
First St. Bank	111,917	4.55	117,082	4.55
Bank of Coushatta	117,417	3.25-4.50	89,599	4.25-4.50
Premier/Bank One	197,263	4.25-5.10	209,578	3.92-4.25
Exchange Bank	47,327	4.85-5.00	49,670	4.75
Central Bank	76,976	4.75	80,581	4.25
Commercial National	94,565	4.35	98,869	4.25
Ringgold Bank	0	0	51,053	4.25
Bank of Logansport	0	0	51,122	4.50
Central Bank	0	0	18,202	0
	<u>\$980,668</u>		<u>\$1,054,334</u>	

The monies at each financial institution are only insured for \$100,000 by the FDIC.

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1996

NOTE A - ACCOUNTING POLICIES

The accompanying financial statements have been prepared on a modified accrual basis, whereby all revenues are recognized when susceptible to accrual and expenditures are recorded when the related fund liability is incurred. Ark-La-Tex Investment & Development Corporation (AIDC) uses funds to report on its financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain grants/programs/division. A fund is a separate accounting entity with a self-balancing set of accounts. Governmental funds are used to account for all of AIDC's activities.

AIDC is a private, not for profit, IRS Section 501(C)(4) Corporation. The Corporation operates primarily in the ten parishes of Northwest Louisiana. It is governed by an elected Board of Directors and provides business, industrial and economic development to both the private sectors and area governments.

Depreciation - Depreciation is provided on the straight line method over the useful life of the asset. The assets and land are recorded at cost.

	<u>Life</u>
Automobile	5 years
Equipment	5-10 years
Building & Improvements	20-40 years

The Company capitalized all assets with a cost greater than \$500 and a life in excess of one year.

Cash - The company considers all highly liquid debt instruments with a maturity of six months or less to be cash equivalents.

Capitalized Interest - The Company did not capitalize any interest during this period.

Advertising - The Company expenses non-direct response advertising as incurred.

Budgets - Budgets are not required.

Financial Statement Presentation - In 1995, the organization was required to present its financial statements in accordance with SFAS No 117 "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The reclassification has no effect on the change in net assets for prior years. All of the Company's assets are unrestricted.

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING SEPTEMBER 30, 1996

Cash Flows from Operating Activities	
Increase in Net Assets	\$ 165,538
Depreciation	18,337
(Increase) Decrease in Accounts Receivable	200
(Increase) Decrease in Interest Receivable	<u>(335)</u>
Net Cash from Operating Activities	<u>183,740</u>
Cash Flows from (Used By) Investing Activities	
Purchase and Improvements of Land and Building	<u>(103,509)</u>
Net Cash from (Used By) Investing Activities	<u>(103,509)</u>
Cash Flows from (Used By) Financing Activities	
Payment on Principal	<u>(6,565)</u>
Net Cash from (Used By) Financing Activities	<u>(6,565)</u>
Increase (Decrease) in Cash	73,666
Cash @ Beginning of Year	<u>980,668</u>
Cash @ End of Year	<u><u>\$1,054,334</u></u>

Note: The Company considers all maturities less than six months to be cash equivalents and no income taxes were paid. Interest of \$3,455 was paid in FYE 9/96 and none of this was capitalized.

The accompanying notes are an integral part of these statements.

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITY & FUNCTIONAL EXPENSE
FOR THE YEAR ENDING SEPTEMBER 30, 1996

Revenues

Rent (Note G)	\$ 53,661
Loan Servicing and Processing (Note B & C)	61,125
Contribution from The Coordinating & Development Corporation	148,883
Interest	<u>39,685</u>
Total Revenues	<u>303,354</u>

Expenditures

Rental	19,447
Salaries and Payroll Tax	57,264
Interest (Note I)	3,455
Travel	1,667
Office	23,683
Insurance	8,025
Telephone	2,431
Advertising	1,476
Education	825
Printing	1,206
Depreciation (Note G)	<u>18,337</u>
Total Expenditures	<u>137,816</u>

Revenues in Excess of Expenditures 165,538

Net Assets Beginning of Year 1,272,362

Net Assets @ End of Year \$1,437,900

The accompanying notes are an integral part of these statements.

G E O R G E E. M C G O V E R N III

CERTIFIED PUBLIC ACCOUNTANT

MEMBER OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 7155
Shreveport, LA 71137-7155
318-222-7555

1543 Grimmatt Drive
Shreveport, LA 71107

George E. McGovern III C.P.A.
George A. Burton, Jr. C.P.A.

November 3, 1996

Independent Auditor's Report

To the Board of Directors of
Ark-La-Tex Investment & Development Corporation
Shreveport, LA

I have audited the accompanying statement of financial position of Ark-La-Tex Investment & Development Corporation (a nonprofit organization) as of September 30, 1996, and the related statements of activities, functional expenses, cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ark-La-Tex Investment & Development Corporation as of September 30, 1996, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles. In accordance with *Government Auditing Standards*, I have also issued a report dated November 3, 1996 on my consideration of the Company's Compliance with laws and regulations.

Sincerely,


George E. McGovern III
Certified Public Accountant

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	2
Statement of Financial Position @ 9/30/96	3
Statement of Activity & Functional Expense For the Year Ending 9/30/96	4
Statement of Cash Flows for the Year Ending 9/30/96	5
Notes to Financial Statements	6-9
Compliance Letters	10-12

RECEIVED
LEGISLATIVE AUDITOR

97 JAN 13 AM 9:33

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS AND AUDITOR'S REPORTS
SEPTEMBER 30, 1996

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 JAN 22 1997

G E O R G E E. M C G O V E R N III
CERTIFIED PUBLIC ACCOUNTANT
MEMBER OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 7155
Shreveport, LA 71137-7155
318-222-7555

1543 Grimmatt Drive
Shreveport, LA 71107

George E. McGovern III C.P.A.
George A. Burton, Jr. C.P.A.

November 3, 1996

Independent Auditor's Report

Report on the Internal Control Structure Based on
An Audit of Basic Financial Statements Performed
In Accordance With Government Auditing Standards

Ark-La-Tex Investment & Development Corporation
Shreveport, LA

I have audited the financial statements of Ark-La-Tex Investment & Development Corporation (a non profit organization), as of and for the year ended September 30, 1996, and have issued my report thereon dated November 3, 1996.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Ark-La-Tex Investment & Development Corporation 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 departures may deteriorate.