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**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
LOUISIANA SERVICE FUND**

**Financial Statements and Schedule**

**June 30, 1995 and 1996**

**with Independent Auditors' Report Thereon**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the public, or restricted, 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: **SEP 11 1996**

# **KPMG** Peat Marwick LLP

Partner/Trust  
Suite 1700  
401 Poydras Street  
Baton Rouge, LA 70801-1700

## Report on Internal Control Structure in Accordance With Government Auditing Standards

The Board of Directors  
Louisiana Economic Development Corporation  
Louisiana Venture Fund:

We have audited the financial statements of Louisiana Economic Development Louisiana Venture Fund (the Fund) CORPORATION as of and for the year ended June 30, 1994, and have issued our report thereon dated August 9, 1994.

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.

The management of the Fund 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 recorded 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 nonetheless 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 Fund for the year ended June 30, 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.

Our 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 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 or amounts that would be material in relation to the general purpose 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 operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Fund and the office of the Legislative Auditor, State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*KPMG Peat Marwick LLP*

April 9, 1996

# KPMG Peat Marwick LLP

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## Compliance Report Based on Audit of Financial Statements Established in Accordance with Government Auditing Standards

The Board of Directors  
Louisiana Economic Development Corporation  
Louisiana Venture Fund

We have audited the financial statements of Louisiana Economic Development Corporation Louisiana Venture Fund (the Fund) as of and for the year ended June 30, 1996, and have issued our report thereon dated August 2, 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 misstatements.

Compliance with laws, regulations and contracts applicable to the Fund is the responsibility of the Fund's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Fund's compliance with certain provisions of laws, regulations and contracts. 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 herein under Government Auditing Standards.

This report is intended for the information of the audit committee, management, and the Office of the Legislative Auditor, State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*KPMG Peat Marwick LLP*

August 2, 1996

# **KPMG** Peat Marwick LLP

Peat Marwick  
Suite 1800  
250 Florida Street  
Baton Rouge, LA 70801-1000

## Independent Auditors' Report

The Board of Directors  
Louisiana Economic Development Corporation  
Louisiana Venture Fund

We have audited the accompanying balance sheets of Louisiana Economic Development Corporation Louisiana Venture Fund (the Fund) as of June 30, 1996 and 1995, and the related statements of operations, changes in fund equity and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards and with 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 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Economic Development Corporation Louisiana Venture Fund as of June 30, 1996 and 1995, and the results of its operations and its cash flows for the periods then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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.

In accordance with Government Auditing Standards, we have also issued a report dated August 3, 1996 on our consideration of Louisiana Fund Corporation's internal control structure and a report dated August 9, 1996 on its compliance with laws and regulations.

*KPMG Peat Marwick LLP*

August 3, 1996

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
LOUISIANA VENTURE FUND

Balance Sheets

June 30, 1996 and 1995

Assets	1996	1995
Cash and cash equivalents (note 3)	\$ 383,458	442,817
Investments - at fair value (cost - \$1,525,508 and \$1,524,408 in 1996 and 1995, respectively) - (note 3)	1,339,892	1,429,834
Other assets, held-for-sale (note 3)	<u>54,400</u>	<u>          </u>
	\$ <u>1,477,750</u>	<u>1,872,651</u>
<u>Liabilities and fund equity</u>		
Dividend payable (note 4)	<u>82,318</u>	<u>132,392</u>
	<u>82,318</u>	<u>132,392</u>
Fund equity	1,395,432	1,740,259
Cumulative realized losses	(156,682)	(125,000)
Net unrealized appreciation in investments	<u>(28,320)</u>	<u>(22,000)</u>
	<u>1,477,750</u>	<u>1,740,259</u>
	\$ <u>1,477,750</u>	<u>1,872,651</u>

See accompanying notes to financial statements.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
LOUISIANA VENTURE FUND

STATEMENTS OF OPERATIONS

For the years ended June 30, 1996 and 1995

	1996	1995
<b>Investment income:</b>		
Interest earned:		
Interest-bearing deposits	\$ 16,843	\$1,513
Investments	13,654	38,847
Royalty income	-	8,503
Dividends on capital stock	<u>      </u>	<u>4,823</u>
Total investment income	<u>30,497</u>	<u>53,686</u>
<b>Expenses:</b>		
Management fees (note 5)	60,838	64,408
Professional fees	<u>24,813</u>	<u>5,835</u>
Total expenses	<u>85,651</u>	<u>70,243</u>
Net investment income (loss)	<u>154,754</u>	<u>23,518</u>
<b>Realized and unrealized gains (losses) on investments (note 5):</b>		
Net realized gain(loss) on investments	(89,858)	43,846
Change in unrealized appreciation of investments	<u>(181,316)</u>	<u>(88,350)</u>
Net realized and unrealized losses on investments	<u>(271,174)</u>	<u>(132,854)</u>
Net operating loss	<u>\$ (285,122)</u>	<u>(24,580)</u>

See accompanying notes to financial statements.

CONTINENTAL ECONOMIC DEVELOPMENT CORPORATION  
CONSOLIDATED ANNUAL REPORT

Statements of Changes in Paid Equity

For the years ended June 30, 1975 and 1976

	Retained Earnings	Reserves	Accumulated Depreciation	Minority Interest	Total
Balance at July 1, 1974	\$ 2,875,227	-	1,271,000	212,250	4,358,477
Net investment income for the year ended June 30, 1975	-	20,208	-	-	20,208
Net realized gains on investments for the year ended June 30, 1975	-	-	41,000	-	41,000
Net unrealized appreciation in fair value of investments for the year ended June 30, 1975	-	-	-	179,799	179,799
Dividend declared in 1975	(182,529)	(22,529)	(41,450)	-	(246,508)
Balance at June 30, 1975	2,692,700	-	1,270,550	179,799	4,143,049
Net investment loss for the year ended June 30, 1976	-	(14,714)	-	-	(14,714)
Net realized loss on investments for the year ended June 30, 1976	-	-	(88,400)	-	(88,400)
Net unrealized appreciation in fair value of investments for the year ended June 30, 1976	-	-	-	1,051,910	1,051,910
Dividend declared in 1976	(281,222)	(22,222)	(45,100)	-	(348,544)
Balance at June 30, 1976	\$ 2,411,478	-	1,187,050	1,051,910	4,650,438

See accompanying notes to financial statements.



LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
LOUISIANA HISTORIC FUND

Statements of Cash Flows

For the years ended June 30, 1996 and 1995

	1996	1995
Cash flows from operating activities:		
Net operating loss	\$ (288,229)	128,580
Adjustments to reconcile net operating results to net cash provided by operating activities:		
Net realized (gain) loss on investments	89,658	143,660
Change in unrealized depreciation of investments	143,714	83,780
Decrease in accrued expenses	<u>        </u>	<u>13,583</u>
Net cash provided by (used in) operating activities	714,753	329,583
Cash flows from investing activities:		
Purchase of capital stock	(158,882)	(87,951)
Recovery of loan receivable	(123,764)	(83,322)
Proceeds from sale of investments	35,742	43,488
Payments received on loans receivable	<u>28,321</u>	<u>23,488</u>
Net cash used in investing activities	(228,683)	(104,387)
Cash flows from financing activities -		
payment of dividend	(251,502)	(254,812)
Net decrease in cash and cash equivalents	(772,512)	(829,196)
Cash and cash equivalents at beginning of year	462,512	1,426,355
Cash and cash equivalents at end of year	<u>\$ (309,999)</u>	<u>597,159</u>

See accompanying notes to financial statements.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
LOUISIANA VENTURE FUND

Notes to Financial Statements

June 30, 1986 and 1985

11) Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the Louisiana Economic Development Corporation Louisiana Venture Fund (the Fund) in the preparation of its financial statements:

(a) Description of the Fund

The Fund was formed under the laws of the State of Louisiana on July 5, 1978 as a wholly-owned fund of the Louisiana Economic Development Corporation (LEDC), a public corporation. Pursuant to the Louisiana Economic Development Act, the Fund was formed to provide venture capital financing through loans to or stock purchases in small business enterprises maintaining headquarters and production facilities in Louisiana.

The Fund is managed by Source Capital Corporation, formerly Louisiana Seed Capital Corporation (the Fund's Manager or Source). Source provides the Fund with administrative services and is responsible for identifying, investigating, analyzing and making investments in small business enterprises. The Fund will be managed by Source until June 30, 1987, with an option for the management agreement to be extended for up to three additional years. At the expiration of the management agreement, LEDC will assume management responsibilities of the Fund.

(b) Cash and Cash Equivalents

The Fund considers cash in banks, money market investments, certificates of deposit with maturities of ninety days or less and investments in U.S. Treasury bills with maturities of thirty days or less to be cash equivalents.

(c) Investments

The Fund records its investments at estimated fair value as determined by the Fund's Manager. Fair value generally is considered to be the amount which the Fund might reasonably expect to receive for its investments if negotiations for sale were entered into on the valuation date. Fluctuation as of any particular date, however, is not necessarily indicative of the amount which the Fund ultimately may realize as a result of a future sale or other disposition of the investments.

In preparing the financial statements, the Fund's Manager is required to make significant judgments that affect the reported amounts of investments as of the date of the balance sheet and the change in unrealized appreciation (depreciation) for the period.

(Continued)

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
LOUISIANA REGISTERED FUND

NOTES TO FINANCIAL STATEMENTS

The process of valuing investments requires significant judgments that are particularly susceptible to change. The Fund's Manager believes that investment values are appropriate. While the Fund's Manager uses available information to recognize declines in investment values, future adjustments may be necessary based on changes in economic conditions or changes in the results of the operations of investee companies.

The valuation policies of the Fund's Manager in determining the fair value of the Fund's investments include the following:

- Marketable securities listed on a national securities exchange are valued at their closing sales price on the valuation date;
- Marketable securities traded over-the-counter are valued at their closing bid price on the valuation date, as reported in the National Association of Securities Dealers' Automated Quotation System (NASDAQ) or if not reported in NASDAQ, as reported by the National Quotation Bureau for any successor to such organization;
- Restricted securities (securities not freely marketable, but part of a class of securities listed on a national securities exchange or traded over-the-counter) are valued at a discount from the security's value determined under the above guidelines, reflecting their limited marketability; and
- All other securities are valued initially at cost with subsequent adjustments to values which reflect meaningful third-party transactions in the private market or at fair market value reflecting, in any event, their marketability, the business and prospects of the issuer of such securities and other relevant factors.

(4) Income Recognition

Investment interest income earned by the Fund is recognized on the accrual basis of accounting. Dividend income is recognized on the ex-dividend date.

Interest income on loans and debt instruments is generally accrued on the principal balance outstanding. The accrual of interest income on loans and debt instruments is discontinued when the receipt of principal and interest on a timely basis becomes doubtful. Any accrued interest is reversed when a loss is placed on an accrual.

The cost of each specific security is used to determine gains or losses on sales of securities. Such gains or losses are reported as a component of realized gains (losses). Purchases and sales of investments are recorded on a trade date basis.

(Continued)

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
LOUISIANA VENTURE FUND

Notes to Financial Statements

10) Income Taxes

Income accruing to the Fund, which is wholly-owned by a state agency, is exempt from Federal and state income taxes pursuant to Internal Revenue Code Section 135 (i) since such income is derived from the existence of an essential governmental function.

11) Cash and Cash Equivalents

Cash and cash equivalents are recorded at cost, which approximated market at June 30, 1996 and 1995. Cash and cash equivalents of the Fund at June 30, 1996 and 1995 were:

	1996	1995
Cash	\$ 126,358	113,810
U.S. Treasury bills	<u>27,166</u>	<u>189,584</u>
	\$ <u>153,524</u>	<u>303,394</u>

As required by terms of a management agreement with Source Capital Corporation, the depository bank has pledged securities in addition to Federal Deposit Insurance Corporation (FDIC) insured. The market value of which is at least equal to the amount on deposit at all times.

12) Investments

The cost and estimated fair value, including gross unrealized gains and losses, of the Fund's investments at June 30, 1996 and 1995 were as follows:

	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
June 30, 1996:				
Debt instruments	\$ 788,587	-	(288,124)	500,463
Preferred stock	818,871	-	(121,889)	696,982
Common stock	<u>228,028</u>	<u>-</u>	<u>(13,820)</u>	<u>165,028</u>
Total investments	\$ <u>1,835,486</u>	<u>-</u>	<u>(423,833)</u>	<u>1,411,653</u>
June 30, 1995:				
Debt instruments	768,855	-	-	768,855
Preferred stock	814,988	-	(123,002)	691,986
Common stock	<u>228,028</u>	<u>-</u>	<u>-</u>	<u>228,028</u>
Total investments	\$ <u>1,811,871</u>	<u>-</u>	<u>(123,002)</u>	<u>1,688,869</u>

(Continued)

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LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
LOUISIANA TREASURY FUND

Notes to Financial Statements

Investments as of June 30, 1994 and 1995, consist of securities for which market quotations are not readily available and, consistent with the Fund's policy, are reflected at fair value estimated by the Fund's Manager. Such securities are restricted as to marketability or transferability. Gross unrealized appreciation in the fair value of investments was \$161,718 and \$83,765 for fiscal 1994 and 1995, respectively. There was no gross unrealized appreciation for fiscal 1993 and 1992.

In its normal course of business, the Fund becomes a party to various financial transactions that involve various risks, including market and credit risk. The Fund's Manager minimizes its exposure to loss from its investing activities by evaluating the business and prospects of potential investee companies.

As June 30, 1994 and 1995, debt instruments of \$179,165 and \$264,600, respectively, were identified by management as having a higher degree of risk than other debt instruments in the portfolio. Of the total \$112,140 represents the carrying value of debt instruments issued by Commercial Technologies, which ceased operations during December 1995. The Fund has reduced the carrying value of these debt instruments to the value of the underlying collateral of the notes, which is the intellectual technology of Commercial Technologies. The technology has been patented with certain rights to the technology now owned by the Fund. The remaining higher risk debt instrument relates to Phoenix Environmental, which signed a letter of intent in April, 1994, for a sale of Phoenix's assets. Management believes that the sale and future royalty payments will result in the recovery of the carrying value of their investment in Phoenix.

In connection with the sale of investments in one investee company, the Fund entered into an agreement with the acquirer whereby the Fund may receive additional revenue earned over a period of time based on the level of revenues generated by the investee company in future years. This contingent gain is not reflected in the accompanying financial statements.

On September 5, 1995, all past due notes outstanding to Commercial Technologies were restructured into a new promissory note due December 28, 1995. Management continues to consider alternatives in restructuring this note.

As of December 28, 1993, the Fund acquired the right, title and interest of 33.3% of Phoenix Environmental, Inc. with the remaining 66.7% held by Louisiana Seed Capital Fund, limited partnership. The Fund has investments in Phoenix with a recorded value totaling \$164,884 as June 30, 1994. On April 1, 1994, the Fund received the underlying collateral for a \$69,000 promissory note in partial satisfaction of the debt. The equipment received is recorded as other assets, held-for-sale.

(Continued)

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
LOUISIANA REVENUE FUND

Notes to Financial Statements

As of June 30, 1996 and 1995, the Fund has recorded the following reductions in the carrying value of its investments:

	1996	1995
Commercial Technologies, Inc. - debt instruments	\$ 312,392	-
Commercial Technologies - common stock	25,808	-
Phosnix Environmental, Inc. - debt instruments	88,314	-
Phosnix Environmental, Inc. - preferred stock	61,808	-
REG, Inc. - preferred stock	-	<u>125,808</u>
	<u>\$ 488,314</u>	<u>125,808</u>

Also during fiscal 1996, the Fund wrote-off its investment in REG, Inc. resulting in a realized loss of \$125,808. During fiscal 1995, the Fund recorded a reduction of \$81,758 in the fair value of its investment in REG, Inc. preferred stock.

On January 1, 1995, the Fund adopted Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan" (FAS 114) and Statement of Financial Accounting Standards No. 118, "Accounting by Creditors for Impairment of a Loan - Income Recognition and Disclosures" (FAS 118). Pursuant to FAS 114 and 118, a loan is considered to be impaired when it is probable that a creditor will be unable to collect all principal and interest amounts due, according to the contractual terms of the loan agreement. When a loan is impaired, the measurement of its impairment can be determined in one of three ways, as follows: (1) the present value of the expected cash flows of the loan discounted at the loan's original effective interest rate, (2) the observable market price of the impaired loan, or (3) the fair value of the collateral of a collateral-dependent loan. The amount by which the recorded investment in the loan exceeds the measure of the impaired loan is recognized by recording a valuation allowance with a corresponding charge to the provision for loan losses. The effect of adopting FAS 114 and FAS 118 on the Fund's financial condition and results of operations was immaterial.

#### 141 Dividends

Net investment income (loss) in excess of the Fund's expenses, plus any realized cash gains from investments and any cash received from the disposition of investments are distributed annually as a dividend to the LEED.

As June 30, 1996 and 1995, the following components were recorded as a dividend payable to the LEED:

	1996	1995
Net investment income (loss)	4,154,754	28,518
Cash received from disposition of CEI Investments	16,148	41,646
Cash received as principal paydown from Phosnix Environmental	8,312	-
Cash received as principal paydown from REG Engineering, Inc.	56,589	<u>41,646</u>
	<u>\$ 4,235,803</u>	<u>111,810</u>

FOOTNOTES

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
LOUISIANA VENTURE FUND

## Notes to Financial Statements

**15) Related Party Transactions**

The LDEC entered into an agreement with Source to manage the operations of the Fund for a period of ten years through June 30, 2000 or earlier if certain conditions are met, as specified in the agreement.

Under the agreement, Source will receive an annual fee of 1.5% of the initial \$2,500,000 capital contributed by Source, less any funds invested in small business enterprises that are returned to the LDEC in the form of a dividend or from the sale or liquidation of those investments, excluding any gain or loss realized, adjusted quarterly. In addition to this annual fee, Source is entitled to receive 8% of net investment income and net realized gains from dispositions of investments by the Fund after the initial \$2,500,000 capital contribution is returned to the LDEC as dividends. The Fund paid management fees to Source of \$28,000 and \$54,000 in the years ended June 30, 1996 and 1995, respectively.

NATIONAL BANKING ASSOCIATION INVESTMENT  
 SOCIETY SERVICE FUND

(continued)

Schedule of Investments

June 30, 1995 and 1993

	1995		1993	
	Cost	Percentage of Total Assets	Cost	Percentage of Total Assets
Domestic Governmental, Inc. - preliminary note, dated December 3, 1993, 1000000 payable quarterly at 1%, due December 31, 1994	13,819	0.49	8,419	0.49
Domestic Governmental, Inc. - preliminary note, dated January 17, 1993 (interest payable at 5% rate at 10%, \$500000) 37, 1993	66,687	1.49	15,199	1.29
Domestic Governmental, Inc. - preliminary note, dated February 12, 1993, 1250000, payable at the rate of 14%, due May 31, 1995	31,313	0.49	4,132	0.49
Domestic Governmental, Inc. - preliminary note, dated March 31, 1994, interest payable monthly at 10%, \$5000000	9,449	0.19	4,119	0.49
Domestic Governmental, Inc. - preliminary note, dated March 31, 1994, interest payable monthly at 10%, \$5000000	95,000	1.49	49,000	1.49
	216,268	1.00	118,869	1.00

(continued)

Other Investments:

Domestic Governmental, Inc. - preliminary  
note, dated December 3, 1993, 1000000,  
payable quarterly at 1%, due December 31, 1994

Domestic Governmental, Inc. - preliminary  
note, dated January 17, 1993 (interest payable  
at 5% rate at 10%, \$500000) 37, 1993

Domestic Governmental, Inc. - preliminary  
note, dated February 12, 1993, 1250000,  
payable at the rate of 14%, due May 31, 1995

Domestic Governmental, Inc. - preliminary  
note, dated March 31, 1994, interest payable  
monthly at 10%, \$5000000

Domestic Governmental, Inc. - preliminary  
note, dated March 31, 1994, interest payable  
monthly at 10%, \$5000000

Other Investments: The - (128,657) general partnership  
note, dated March 12, 1995, interest payable  
monthly at the base rate an average term as  
published by the Wall Street Journal, 5190000  
monthly principal installment of \$5,000, payable  
beginning October 1, 1994

216,268 1.00

118,869 1.00

128,657 1.00

(continued)



LONGHORN ECONOMIC DEVELOPMENT CORPORATION  
 ACCOUNTING PERIOD ENDING 12/31/00

ACCOUNTS BY DEVELOPMENTS, INSTALLED

	1999		1998		Percentage of Total Installations	Percentage by Development of Total Installations	
	Inst.	Value	Inst.	Value			
Commercial Technology, Inc. - preliminary work started December 9, 1998; contract payable at 31% on March 31, 1999	-	\$ 894,500	212,110	4.6%	0	-	
Commercial Technology, Inc. - preliminary work with contract payable January, in 24 above terms. More contract payments received of 100,000 payable beginning December 15, 1999	-	-	-	-	120,000	100,000	7.4%
Commercial Technology, Inc. - preliminary work started September 29, 1998; contract payable at 10% on March 31, 1999	-	-	-	-	50,000	10,000	1.9%
Commercial Technology, Inc. - preliminary credit work started December 26, 1998; contract payable at 31%, due March 25, 1999	-	-	-	-	8,310	8,310	.6%
Commercial Technology, Inc. - preliminary work started February 25, 1999; contract payable at 31%. Due April 15, 1999	-	-	-	-	20,000	20,000	1.7%
Commercial Technology, Inc. - preliminary credit work started May 25, 1999; contract payable at 10%, due August 25, 1999	-	-	-	-	6,000	6,000	.6%
IT Systems, Inc. - initial contract commencing work on April 25, 2000; contract May 25, 1999. Contract payable quarterly at 11% beginning December 15, 1999	100,000	260,000	17,100	17.1%	100,000	100,000	11.2%

continued

LOCALS FINANCIAL DEVELOPMENT COMMITTEE  
LOCALS VOUCHER FUND

Schedule of Disbursements, Continued

	1978		Percentage of Total of 1978 Total
	Total	Percentage of Total of 1978 Total	
Admission, Dev. - \$10,000 preliminary work, dated February 1977, amount payable at 10% annually, due on demand	\$ 10,000	10.000	4.7%
Admission, Dev. - 10,000 preliminary work, dated November 1975, amount payable at 12% annually, due on demand	1,000	1.000	0.2%
Admission, Dev. - \$1,000 preliminary work, dated December 1977, amount payable at 10% annually, due on demand	1,000	1.000	0.4%
Admission, Dev. - \$1,000 preliminary work, dated December 1979, amount payable at 10% annually, due on demand	1,000	1.000	0.4%
<b>Total debt disbursements</b>	<b>23,000</b>	<b>23,000</b>	<b>10.1%</b>
Common Bonds:			
Commodity Development, Dev. - 1,120,000 shares of common stock in 1976 and 1977	70,000	10,000	1.0%
Barium Bond, Dev. - 2,000 shares of common stock in 1978 and 1979	100,000	200,000	14.0%
Total common stock	170,000	210,000	15.0%
APR-0007, Dev. - 200,000 shares of class B preferred stock in 1974 and 1975 - 100,000 shares of class B preferred stock in 1974 and 1975 - 100,000 shares of class B preferred stock in 1974 and 1975	200,000	200,000	14.0%
APR-0007, Dev. - 8,000 shares of class B preferred stock in 1974 and 1975	80,000	80,000	5.0%
APR-0007, Dev. - 27,000 shares of class B preferred stock in 1974 and 1975	270,000	270,000	19.0%
APR-0007, Dev. - 8,000 shares of class B preferred stock in 1974 and 1975	80,000	80,000	5.0%
APR-0007, Dev. - 1,100 shares of class B preferred stock in 1974 and 1975	110,000	110,000	7.0%
<b>Total</b>	<b>1,120,000</b>	<b>1,120,000</b>	<b>79.9%</b>

(Continued)

LETTERS CREDITED (DEBITED) CONTRIBUTIONS  
LETTERS VARIOUS FOR

Accounts of Donations, continued

	2010		2009	
	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE
	OF FUND	OF FUND	OF FUND	OF FUND
	AS A	AS A	AS A	AS A
	PERCENTAGE	PERCENTAGE	PERCENTAGE	PERCENTAGE
	OF	OF	OF	OF
	THE	THE	THE	THE
	FUND	FUND	FUND	FUND
	FOR	FOR	FOR	FOR
	2010	2010	2009	2009
	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Norma Bergstrom, DC, - 2,000 shares of SA				
remittive, Voting Member's Class &				
preferred stock in 1995 and 1997				
	\$ 100,000	5.00%	\$ 200,000	5.00%
POISSON Audio Electronics - 1,000 shares				
of Series A preferred stock in 1998				
	100,000	2.2%		
1994 preferred stock	50,000	1.1%	50,000	1.2%
2002 Investments	1,000,000	22.7%	1,000,000	25.2%
			\$ 2,500,000	6.2%

Note: All of the fund's investments represent securities which are received at to establish an investment.