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**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
BAYOU BOONDS, LOUISIANA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 1952**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the public, or reviewed, 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 11/17/72

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**JONES S. DOWLING & COMPANY**  
A CORPORATION OF DELAWARE PUBLIC ACCOUNTANTS

John S. Dowling, CPA  
(1984-1987)

Robert Pugh, CPA  
Partner

### INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Louisiana Economic Development Corporation  
Baton Rouge, Louisiana

We have audited the accompanying general purpose financial statements of Louisiana Economic Development Corporation, a component unit of the State of Louisiana, as of June 30, 1987, and for the year then ended as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the management of Louisiana Economic Development Corporation. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in 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 audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Economic Development Corporation as of June 30, 1987, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 23, 1987 on our consideration of Louisiana Economic Development Corporation's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The Board of Directors  
Louisiana Economic Development Corporation  
Page 2

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The information contained in the combining financial statements and the Consolidated Supplemental Schedule of Investments is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*John S. Downing & Company*

Shreveport, Louisiana  
September 23, 1993

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
SEVEN FLOOR, LOUISIANA  
COMBINED BALANCE SHEET  
JUNE 30, 1971

|   | <u>INTERIM FUND</u> |                   |
|---|---------------------|-------------------|
|   | <u>1971</u>         | <u>1970</u>       |
| <b>ASSETS</b>   |                     |                   |
| Cash held in state treasury   | \$54,429,475        | \$43,208,719      |
| Short-term interest-bearing deposits with banks<br>and other cash equivalents | <u>180,082</u>      | <u>611,863</u>    |
| <u>Total cash and cash equivalents</u>  | <u>57,209,557</u>   | <u>43,820,582</u> |
| Longer-term interest-bearing deposits with banks                              | 8,480,313           | 7,438,357         |
| Investments - at fair value (cost \$7,432,384)                                | 8,898,418           | 8,351,340         |
| Loans, net  | 1,653,929           | 2,148,339         |
| Accrued vendor compensation receivable  | 1,385,813           | 1,422,086         |
| Accrued interest receivable   | 180,700             | 285,037           |
| Real estate owned, net  | 349,280             | 288,280           |
| Other assets  | <u>68,262</u>       | <u>58,862</u>     |
| <u>Total assets</u>   | <u>77,885,362</u>   | <u>63,873,753</u> |
| <b>LIABILITIES AND FUND EQUITY</b>  |                     |                   |
| <b>LIABILITIES</b>  |                     |                   |
| Accounts payable  | \$881,278           |                   |
| Accounts payable and accrued expenses   | 121,266             | \$62,084          |
| accrued for loans on loan guarantees  | <u>1,922,582</u>    | <u>2,263,082</u>  |
| <u>Total liabilities</u>  | <u>2,925,126</u>    | <u>2,325,166</u>  |
| <b>FUND EQUITY</b>  |                     |                   |
| Net unrealized appreciation (depreciation)<br>on investments                  | 1,136,814           | \$907,133         |
| Retained earnings   |                     |                   |
| Reserved for EDAF   | 4,498,863           |                   |
| Reserved for workforce development  | 1,438,931           | 348,000           |
| Unreserved  | <u>61,623,058</u>   | <u>58,313,758</u> |
| <u>Total fund equity</u>  | <u>74,965,236</u>   | <u>60,648,889</u> |
| <u>Total liabilities and fund equity</u>                                      | <u>77,890,362</u>   | <u>63,473,753</u> |

See accompanying notes to financial statements.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
 BAYOU BOULE, LOUISIANA  
 CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES  
 FOR THE YEAR ENDED JUNE 30, 1992

|  | <b>STATEMENT FUND</b>   |                    |
|--|-------------------------|--------------------|
|  | (Amounts in<br>Dollars) |                    |
|  | 1992                    | 1991               |
| <b>OPERATING REVENUES</b>  |                         |                    |
| Interest income  |                         |                    |
| Interest on loans  | \$91,865                | \$144,480          |
| Interest on investments  | 2,814,842               | 1,899,654          |
| Interest on time deposits with banks and other<br>Institutions     | 402,864                 | 529,708            |
| Vendor compensation  | \$,316,803              | \$,734,535         |
| Appropriation from state   | 5,080,800               |                    |
| Guarantee fees   | 66,206                  | 54,483             |
| Other  | 86,826                  | 86,151             |
| <b>Total operating revenues</b>                                    | <b>12,869,897</b>       | <b>13,669,151</b>  |
| <b>OPERATING EXPENSES</b>  |                         |                    |
| Provisions for losses  |                         |                    |
| Loans  | (481,341)               | 37,187             |
| Investments  | (142,315)               |                    |
| Salaries and employee benefits                                     | 524,398                 | 553,751            |
| Management and professional fees                                   | 157,890                 | 137,193            |
| Administrative fees  | 184,399                 | 126,289            |
| EMF awards   | 281,355                 |                    |
| Workforce development and training awards                          | 225,883                 |                    |
| EMCA awards  | 489,196                 |                    |
| Advertising and promotion - Workforce                              | 973,484                 |                    |
| Other  | 182,329                 | 66,613             |
| <b>Total operating expenses</b>                                    | <b>3,608,325</b>        | <b>229,833</b>     |
| <b>OPERATING INCOME</b>  | <b>12,369,167</b>       | <b>10,739,518</b>  |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                            |                         |                    |
| Net realized gain (loss) on investments                            | 3,480                   | 680,879            |
| Change in unrealized appreciation<br>(depreciation) of investments | (1,983,142)             | (1,842,112)        |
| <b>Total nonoperating revenues<br/>(expenses)</b>                  | <b>(1,979,662)</b>      | <b>(1,161,233)</b> |
| <b>NET INCOME</b>  | <b>10,389,505</b>       | <b>9,578,285</b>   |

See accompanying notes to financial statements.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
 BRIDGE BOUND, LOUISIANA  
 CONDENSED STATEMENT OF CHANGES IN FUND EQUITY  
 FOR THE YEAR ENDED JUNE 30, 1971

|                            | NET               |  | TOTAL CAPITAL     |                           |
|----------------------------|-------------------|--|-------------------|---------------------------|
|                            | RETAINED EARNINGS | UNREALIZED APPRECIATION (DEPRECIATION) | 1971              | (Memorandum Only)<br>1970 |
| Balance at July 1          | \$58,534,817      | \$6409,1330                            | \$68,387,884      | \$47,155,658              |
| Prior period adjustment    |                   |  |                   | 1245,9000                 |
| Adjusted balance at July 1 | 58,534,817        | 6409,1330                              | 68,387,884        | 48,401,558                |
| Net Income                 | 15,799,851        | 1,583,167                              | 18,153,808        | 11,257,768                |
| Balance at June 30         | <u>74,334,668</u> | <u>1,114,064</u>                       | <u>75,950,800</u> | <u>59,659,326</u>         |

See accompanying notes to financial statements.

**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**BAYOU REGION, LOUISIANA**  
**COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 1992**

|  | <u>RESTRICTED FUNDS</u> |                     |
|--|-------------------------|---------------------|
|  | <u>1992</u>             | <u>1991</u>         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |                         |                     |
| Net income   | \$94,793,084            | \$91,287,744        |
| Adjustments to reconcile net income                          |                         |                     |
| Net realized (gain) loss on sale of investments              | (3,488)                 | (588,871)           |
| Change in unrealized loss (gain) on investments              | (1,583,167)             | 182,153             |
| Provisions for losses on loans and guarantees                | (364,034)               | 37,363              |
| Decrease in accrued interest compensation                    | 43,373                  | 1,187,430           |
| Increase in accrued interest receivable                      | (77,665)                | (360)               |
| Increase in other assets                                     | (8,408)                 | (38,857)            |
| Increase in accounts payable and accrued expenses            | 48,370                  | 82,084              |
| Increase in awards payable                                   | 528,128                 |                     |
| Net cash provided by operating activities                    | <u>\$91,182,358</u>     | <u>\$91,888,586</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |                         |                     |
| Increase in longer-term interest-bearing deposits with banks | (852,048)               | (491,387)           |
| Purchases of investments                                     | (793,491)               | (1,450,000)         |
| Proceeds from sale of investments                            | 203,257                 | 1,877,188           |
| Net loan repayments and recoveries                           | <u>880,375</u>          | <u>1,091,853</u>    |
| Net cash provided (used) by investing activities             | <u>(661,887)</u>        | <u>(122,646)</u>    |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>             | 14,467,473              | 13,089,248          |
| <b>CASH AND CASH EQUIVALENTS, beginning of year</b>          | \$1,832,583             | \$6,818,325         |
| <b>CASH AND CASH EQUIVALENTS, end of year</b>                | <u>\$1,897,056</u>      | <u>\$9,907,573</u>  |
| <b>SUPPLEMENTAL SCHEDULE OF PLEDGEE INVESTING ACTIVITIES</b> |                         |                     |
| EDAP loans closed but undistributed as June 30, 1992         | \$118,000               | \$0                 |

See accompanying notes to financial statements.



LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
BATON ROUGE, LOUISIANA  
NOTES TO COMBINED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1992

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. INCORPORATION

The Louisiana Economic Development Corporation is a public authority whose purpose is to stimulate the flow of private capital in the form of long-term loans and other financial assistance for the sound financing of the development, expansion, and retention of small business concerns in the State of Louisiana as a means of providing high levels of employment, income growth, and expanded social and economic opportunities, especially in disadvantaged persons and within distressed areas. It is a component unit of the State of Louisiana and was authorized by Louisiana Revised Statutes 51:2511.

B. REPORTING ENTITY

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the State of Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the State to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the state.
2. Organizations for which the state does not appoint a voting majority but are fiscally dependent on the state.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Louisiana Economic Development Corporation is considered to be a component unit of the State of Louisiana due to the fact that the state appoints its Board of Directors and has the ability to impose its will on the organization. The accompanying combined financial statements present only transactions of the Louisiana Economic Development Corporation and its consolidated subsidiaries, and the Economic Development Awards Program, and the Workforce Development and Training Program, which collectively are a component unit of the State of Louisiana.

Pursuant to the provisions of Louisiana Revised Statutes 51:2511.1, the Economic Development Awards Program, ("EDAP"), was created and placed under the authority of the Board of Directors of the Louisiana Economic Development Corporation to serve as the sole mechanism through which the Department of Economic Development evaluates, financially assists, awards appropriations,

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
 BAYOU BOULE, LOUISIANA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1987

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**B. REPORTING ENTITY - CONTINUED**

grants, or loans, engaged in joint ventures, or provides financing or investments to industrial and business development projects that promote economic development and that require state assistance for basic infrastructure development.

Pursuant to the provisions of Louisiana Revised Statutes 50:2001, The Louisiana Workforce Development and Training Program was created to develop and provide customized workforce training programs to existing and prospective Louisiana businesses as a means of improving the competitiveness and productivity of Louisiana's workforce and business community; upgrading employee skills for new technologies or production processes; and assisting Louisiana businesses in promoting employment stability.

Annually the State of Louisiana through the Louisiana Division of Administration, Office of Statewide Reporting, and Accounting Policy issues both comprehensive and general purpose financial statements which include the activity contained in the accompanying general purpose financial statements on an enterprise fund. The general purpose financial statements are audited by the Louisiana Legislative Auditor.

**C. BASIS OF CONSOLIDATION**

The financial statements contained in this report include the consolidated financial condition and results of operations of Louisiana Economic Development Corporation and its wholly owned subsidiaries, Louisiana Fund Corporation and Louisiana Economic Development Corporation Louisiana Venture Fund (collectively "LEDC"). All significant intercompany accounts have been eliminated in consolidation.

**D. FUND ACCOUNTING**

The accounts of Louisiana Economic Development Corporation are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses. Government revenues are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds contained in the financial statements in this report are included under one broad fund category and are generic fund type as follows:

**Inventory Fund**

**Enterprise Fund** - Where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
BAYOU BOULE, LOUISIANA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 1988 AND 1987

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. USE OF ESTIMATES

The general purpose financial statements have been prepared in conformity with generally accepted accounting principles. In preparing the general purpose financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the general purpose financial statements. Actual results could differ significantly from these estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the fair value of investments, the allowance for losses on loans and guarantees, and the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans. In connection with the determination of the allowance for losses on loans and foreclosed real estate, management obtains independent appraisals for significant properties.

While management uses available information to recognize losses on loans and guarantees and foreclosed real estate, future additions may be necessary based on changes in economic conditions. In addition, the Office of Financial Institutions, as an integral part of its examination process, periodically reviews LDEC's allowance for losses on loans, guarantees, and foreclosed real estate. As a result of these examinations, LDEC may be required to recognize additions to the allowance based on the Regulators' judgments about information available to them at the time of their examination.

F. BASES OF ACCOUNTING

LDEC is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of LDEC are included on the balance sheet. The combined statement of revenues and expenses present increases (e.g., revenues) and decreases (e.g., expenses) in retained earnings.

LDEC is a proprietary fund type which is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned, and its expenses are recognized when they occur.

G. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include investments in highly liquid debt instruments (including LDEC's share of pooled investments held in the state Treasury) with a maturity of three months or less when purchased.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
 SUITE 1000, LOUISIANA  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. INVESTMENTS - CONTINUED

In preparing the financial statements, the corporation's management 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.

The process of valuing investments requires significant judgments that are particularly susceptible to change. The corporation's management believes that investment values are appropriate. While the corporation's management 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 invested companies.

The valuation policies of the corporation's management in determining the fair value of the corporation'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 (or 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 subsections, 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 a fair market value reflecting, in any event, their marketability, the business and prospects of the issuer of such securities and other relevant factors.

G. VENDOR PAYABLE, COMPENSATION RECEIVABLE

Vendor compensation is generally collected approximately three months in arrears. At the balance sheet date, estimates of the amount receivable are made based upon current and historic trends in the level of vendor compensation.

**LOUISIANA ECONOMIC DEVELOPMENT ORGANIZATION**  
**STATE FUND, LOUISIANA**  
**NOTE IN COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 1997**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**8. STATE APPROPRIATION AND POOLED INVESTMENTS**

Effective June 30, 1996 the vendors' compensation funds received by LECO were dedicated solely to the Workforce Development and Training Fund which was administered by LECO through June 30, 1997.

The Louisiana Legislature has authorized LECO to withdraw approximately \$18,800,000 from the state treasury in the year ended June 30, 1998. If that amount proves insufficient to fund LECO's operating requirements, LECO may, with the approval of the Louisiana Legislative Budget Committee, withdraw additional funds from the state treasury. These additional withdrawals are limited to LECO's share of pooled investments held in the state treasury.

**9. INCOME TAXES**

Income accruing to LECO is exempt from federal and state income taxes pursuant to Internal Revenue Code Section 115(1) since such income is derived from the existence of an essential governmental function.

**10. COMPENSATED ABSENCES**

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 500 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 500 hours plus unused sick leave is used to compute retirement benefits. State law allows members of the Louisiana State Employees' Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment of annual and sick leave which would otherwise have been used to compute years of service for retirement. The liability for unused annual leave payable at June 30, 1997 is \$28,345. The leave payable is recorded in the accompanying consolidated financial statements.

**11. INSURANCE ACCOUNTING**

LECO does not employ insurance accounting.

**12. PRIOR YEAR MEMORANDUM ONLY**

The information for the prior year contained in the combined financial statements is presented under the caption "memorandum only" to indicate that it is presented only to facilitate financial analysis.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
 BETTS HOUSE, LOUISIANA  
 NOTICE TO CREDITORS FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 1993

**7. DEPOSITS WITH BANKS**

Under state law LEEDC may deposit funds with any bank located within the state and organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, LEEDC may invest in time deposits or certificates of deposit of these banks.

Bank deposits must be secured by federal depository insurance or the pledge of securities owned by the bank. The market value of the pledged securities must at all times equal or exceed 100% of the uninsured amount on deposit with the bank.

At June 30, 1993, the carrying amount of LEEDC's cash and certificates of deposit was \$8,188,187 and the bank balance was approximately the same amount. Of the \$8,188,187, approximately \$7,180,082 is covered by FDIC insurance and by securities that are pledged as collateral and segregated by the Federal Reserve Bank in a pledge account. Approximately \$6,880,315 is covered by securities held by the pledging financial institution in LEEDC's name.

**8. INVESTMENTS**

The cost and unadjusted fair value, including gross unrealized gains and losses of the corporation's investments at June 30, 1993 were as follows:

|                          | Cost             | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value    |
|--------------------------|------------------|------------------------------|-------------------------------|------------------|
| Debt Investments         | \$3,150,437      | \$-0-                        | \$(417,800)                   | \$2,732,637      |
| Equity Investments       | 8,581,805        | 2,128,368                    | (338,734)                     | 10,371,439       |
| <b>Total Investments</b> | <b>2,632,242</b> | <b>2,128,368</b>             | <b>(338,734)</b>              | <b>4,421,876</b> |

Investments as of June 30, 1993, consist of securities for which market quotations are not readily available and, consistent with LEEDC's policy, are reflected at fair value estimated by the corporation's or the respective subsidiary's management. Such securities are restricted as to salability or transferability. Proceeds from sales of investments for the year ended June 30, 1993 were \$327,253. Gross gains of \$18,429 and gross losses of \$13,930 were realized on these sales.

**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 1997**

5. **INVESTMENTS - CONTINUED**

Gain and losses for the year ended June 30, 1997 consisted of the following:

|                           | Gains                | Losses               |
|---------------------------|----------------------|----------------------|
| <u>Equity Investments</u> |                      |                      |
| Taylor Medical, Inc.      |                      | \$52,800             |
| CEI Investments           | \$28,420             | -----                |
| <b>Totals</b>             | <b><u>28,420</u></b> | <b><u>52,800</u></b> |

As of June 30, 1990, the following reductions in the carrying value of investments have been recorded:

|                            |                         |
|----------------------------|-------------------------|
| <u>Debt Instruments:</u>   |                         |
| Commercial technologies    | \$25,468                |
| Petrochemical services     | 148,326                 |
| Aircoast                   | 25,000                  |
| <u>Equity Instruments:</u> |                         |
| Edipept systems            | 53,029                  |
| Central pharmacy           | 28,434                  |
| Aircoast                   | 348,000                 |
| Commercial technologies    | 70,000                  |
| Hirsh Holding, Inc.        | <u>35,538</u>           |
|                            | <b><u>\$903,326</u></b> |

In its normal course of business, the LEED and its subsidiaries become party to various financial transactions that involve various risks, including market and credit risk. The management of LEED or its subsidiaries minimizes exposure to loss from investing activities by researching the business and prospects of potential investee companies.

In August 1996, Louisiana Venture Fund sold all assets acquired via debt to Florida Instrumental to Petrochemical Services, Inc. The Fund received a preliminary rate for \$48,000 and the right to receive royalties based on future revenue.

In January 1990, Louisiana Venture Fund exchanged its preferred stock in Hirsh Power for 21,912 shares of common stock in Hirsh Holding, Inc., a public company. The shares received are restricted for a period of 2-3 years depending upon Hirsh Power's performance. The Fund's shares are protected against certain declines in the market price.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
BATON ROUGE, LOUISIANA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1991

3. INVESTMENTS - continued

In June 1987, Louisiana Venture Fund converted its US Agencies debenture into 250,000 shares of common stock.

In August 1986, Louisiana Venture Fund converted its note from Preferred to preferred stocks.

As June 30, 1991, LEDC was committed to the following additional investments:

|                   |         |
|-------------------|---------|
| Lifepoint Systems | \$1,110 |
| US Agencies       | 578,924 |
| Collinsart Bldg   | 808,000 |

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

LEDG entered into agreements with investment managers to manage the operations of its subsidiaries through approximately fiscal 2000 or earlier if certain conditions are met, as specified in the agreements. These subsidiaries had total assets of approximately \$8,434,510 at June 30, 1991.

Under these agreements, the investment managers will receive annual fees of 2.5% of the initial \$5,000,000 capital contributed by LEDC. This initial base amount is reduced by any funds that are returned to LEDC in the form of a dividend or from the sale or liquidation of these investments, excluding any gains or loss realized, adjusted quarterly. In addition to this annual fee, the investment managers are entitled to receive 10% of net investment income and net realized gains from dispositions of investments by the subsidiaries after the initial \$5,000,000 of capital contributions are returned to LEDC as dividends. LEDC paid management fees to the investment managers of \$128,365 in the year ended June 30, 1991.

Under state law, LEDC may incur an, among other things, obligation of the U.S. Treasury or any other federally insured depository as well as common or preferred stock of certain closely held businesses.



MOBILEBANK BUSINESS DEVELOPMENT CORPORATION  
BAYOU BOULEVARD, MOBILE, ALABAMA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1991

4. LOANS

The balance in the MBDC's loan portfolio consisted of the following at June 30, 1991:

|                           |                         |
|---------------------------|-------------------------|
| Direct loans              | \$998,923               |
| Participation loans       | <u>230,858</u>          |
| <b>Total loans</b>        | <b>1,229,781</b>        |
| Provision for loan losses | <u>(129,892)</u>        |
| <b>Net loans</b>          | <b><u>1,099,889</u></b> |

Activity in the allowance for loan losses was as follows for the year ended June 30, 1991:

|                              |                |
|------------------------------|----------------|
| Balance, July 3, 1990        | \$486,808      |
| Provision charged to expense | 1342,313       |
| Charge-offs                  | -0-            |
| Recoveries                   | <u>16,163</u>  |
| Balance, June 30, 1991       | <u>164,984</u> |

Pursuant to an evaluation by management and the Board of Directors, it was determined that the reserves for losses on both loans and guarantees were overstated. Accordingly, for the year ended June 30, 1991, negative provisions of \$142,513 and \$481,740 (Note 3) were recorded for the loans and guarantees, respectively.

5. EXPOSURE FOR LOSSES ON LOAN GUARANTEES

To meet the financing needs of its customers, MBDC is a party to various financial instruments with off-balance sheet risk in the normal course of business. These financial instruments consist primarily of financial guarantees. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the combined balance sheet. The contract or notional amounts of these instruments reflect the extent of the involvement MBDC has in particular classes of financial instruments. MBDC's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for financial guarantees is represented by the contractual notional amount of these instruments. MBDC uses the same credit policies in making these commitments and conditional obligations as it does for on-balance sheet instruments.

MBDC evaluates customers' creditworthiness on a case-by-case basis. The amount of collateral obtained, if considered necessary by MBDC upon extension of credit, is based on management's credit evaluation of the customer.

**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
BAYOU BOSS, LOUISIANA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1993**

**5. ACCURAL FOR LOSSES ON LOAN GUARANTEES - CONTINUED**

Financial guarantees are conditional commitments issued by LEDC to guarantee the performance of a customer to a third party. The credit risk involved in issuing financial guarantees is essentially the same as that involved in extending loan facilities to its customers.

At June 30, 1993, LEDC had guaranteed approximately \$7,650,133 of \$10,388,366 of loans to customers made by various banks.

Changes in the accrual for losses on loan guarantees are summarized as follows:

|                              |                  |
|------------------------------|------------------|
| Balance, July 1, 1992        | \$7,241,000      |
| Provision charged to expense | (400,741)        |
| Reversals                    | <u>79,211</u>    |
| Balance, June 30, 1993       | <u>1,919,510</u> |

**6. REAL ESTATE OWNED**

The balance in real estate owned at June 30, 1993 consisted of the following:

|   |                  |
|---|------------------|
| Real estate owned                       | \$538,000        |
| Allowance for loss on real estate owned | <u>(269,750)</u> |
| Real estate owned, net                  | <u>268,250</u>   |

Real estate owned at June 30, 1993 consists of a building and approximately 20 acres of land located in Terrebonne Parish, Louisiana, which was acquired through foreclosure on a loan guarantee to Kirk Manufacturing, Inc. in prior years. At the time of foreclosure the entire balance of the guarantee was charged-off to the allowance for loss and the above property was never recorded on the books of the corporation. Accordingly, for the year ended June 30, 1994 an entry was made to establish the real estate owned account at the property's appraised value, as of November 1994, of \$538,000 with a simultaneous adjustment to establish an allowance account necessary to reduce the carrying value to \$269,250 which was the estimated fair value at June 30, 1994.

On April 1, 1993 LEDC entered into a cooperative venture agreement with the Terrebonne Parish Government (TPG), wherein TPG will assume responsibility as of April 1, 1993, for a term of ten years, for obtaining a suitable tenant for the property. The agreement provides that rental payments, after initial repair costs incurred by TPG are rebursed, are to be split 75% to LEDC and 25% to TPG. The 75% paid to LEDC is to be accumulated and, at any time during the term of the agreement that payments equal the \$269,250 agreed upon sale price, the title to the property will be transferred to TPG.

**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**BAYOU BOULE, MONROE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 1997**

**7. FIXED ASSETS**

Fixed assets which consist solely of furniture, fixtures, and equipment are not reflected in the accompanying balance sheet at June 30, 1997. Due to the immateriality of the items acquired the cost is generally expensed as incurred. Inventory records are maintained by the purchasing department of the Department of Economic Development which conducts an annual physical inventory of each sub-department including LEED. The additions and deletions shown in the schedule of property includes transfers of furniture, fixtures and equipment between the various sub-departments of the Department of Economic Development including LEED, at historical cost.

LEED does not capitalize and has not incurred any interest costs on fixed assets.

LEED has no infrastructure assets.

As of and for the year ended June 30, 1997, LEED had the following activity in its fixed assets:

| Balance<br>July 1, 1996 | Additions | Deletions | Balance<br>June 30, 1997 |
|-------------------------|-----------|-----------|--------------------------|
| \$27,824                | \$28,542  | \$28,284  | \$28,082                 |

**8. PRIOR PERIOD ADJUSTMENT**

A beginning retained earnings adjustment was made to the LEED and Subordinate Fund and the Workforce Development and Training Fund to reflect \$209,050 in vendor compensation received by LEED for June 30, 1994 through June 30, 1996, and not properly reflected on the books as belonging to workforce development and training. The net effect of this adjustment was \$-0- on the combined financial statements.

**9. RETIREMENT PLAN**

**Plan Description** - Substantially all employees of the Louisiana Economic Development Corporation are members of the Louisiana State Employees' Retirement System (LASERS), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate Board of trustees. LASERS provides retirement, disability, and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. Benefits are guaranteed by the State of Louisiana under provisions of the Louisiana Constitution of 1974. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-0213, or by calling (504) 933-0600.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
 BAYOU BOULE, LOUISIANA  
 NOTES TO FINISHED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 1993

9. RETIREMENT PLAN - CONTINUED

Funding Policy - Plan members of the Louisiana Economic Development Corporation are required by state statute to contribute 7.5% of their annual covered salary and the office (as the employer) is required to contribute at an actuarially determined rate. The current employer rate is 13% of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The employer contributions is funded by the State of Louisiana through the annual legislative appropriation. The Louisiana Economic Development Corporation's employer contributions to LAMERS for the years ended June 30, 1993, 1994 and 1995 were \$18,518, \$32,750 and \$30,000 and were equal to the required contribution for each year.

10. BOARD COMPENSATION AND PER DIEM

The Board of Directors of LEED do not receive compensation or per diem; however, they are reimbursed for travel expenses incurred on behalf of the corporation. The following schedule sets forth the names and amounts paid to board members for travel expenses for the year ended June 30, 1993:

|               |              |
|---------------|--------------|
| Timmy Tassot  | \$392        |
| Leah Fish     | 399          |
| Larry Fortner | 1,357        |
| A.J. Ray      | 362          |
| Ben Carson    | 1,357        |
| Brendal Moore | 220          |
|               | <u>3,567</u> |

11. COMMITMENTS AND CONTINGENCIES

As of June 30, 1993, the Workforce Development and Training Program and the Economic Development Awards Program had approved a total of \$4,129,438 and \$4,648,435, respectively. In awards of which \$225,483 and \$451,300, respectively, had been submitted and approved for payment and included in the accounts payable of the respective funds. Accordingly, there remained \$3,903,955 and \$4,197,135 in obligated but unpaid awards in the Workforce Development and Training Program and the Economic Development Awards Program, respectively, at year-end.

12. SUBSEQUENT EVENT

During the year ended June 30, 1993, the Louisiana State Legislature approved the transfer of administrative responsibility for the Workforce Development and Training Program and the Economic Development Awards Program from the LEED to the Department of Economic Development effective July 1, 1993. Therefore, effective July 1, 1993, the balances remaining in these Funds were transferred to the office of the secretary of the Department of Economic Development.

FINANCIAL STATEMENTS OF INDUSTRIAL CORP.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
 8008 BEECH GROVE ROAD  
 MONROE, LOUISIANA 70501  
 CONSOLIDATED BALANCE SHEET - INTERIM FISCAL PERIOD  
 ENDED JUNE 30, 1987

ASSETS

Cash held in state treasury  
 Short-term interest-bearing  
 deposits with banks and other  
 cash equivalents  
 Total cash and cash  
 equivalents

Long-term interest-bearing  
 deposits with banks  
 Investments - at fair value  
 (Cost \$7,450,374)  
 minus net  
 accrued unearned compensation receivable  
 Accrued interest receivable  
 Total intangible assets  
 Other assets

Total Assets

|              | LIABILITIES AND<br>EQUITY | GOVERNMENT<br>ASSURANCE<br>PROGRAMS | RESERVE<br>FOR<br>CONTINGENCIES | RESERVE<br>FOR<br>UNASSURED<br>RISK | RESERVE<br>FOR<br>DEFERRED<br>REVENUE |
|--------------|---------------------------|-------------------------------------|---------------------------------|-------------------------------------|---------------------------------------|
| \$43,440,812 | \$5,000,000               | \$6,400,127                         | \$6,400,000                     | \$62,862                            | \$46,200,718                          |
| \$43,440,812 |                           |                                     |                                 | \$62,862                            | \$43,377,950                          |
|              | \$43,440,812              | \$5,000,000                         | \$6,400,127                     | \$62,862                            | \$46,200,718                          |
|              | \$4,440,312               |                                     |                                 |                                     | \$7,880,624                           |
|              | \$4,880,440               |                                     |                                 |                                     | \$6,550,340                           |
|              | 182,329                   |                                     |                                 |                                     | 1,399,379                             |
|              |                           | 240,000                             |                                 |                                     | 1,451,646                             |
|              | 305,002                   |                                     | 1,382,813                       |                                     | 281,531                               |
|              | 107,280                   |                                     | 25,488                          |                                     | 289,280                               |
|              | 62,381                    |                                     | 1,408                           |                                     | 58,973                                |
|              | \$4,440,431               | \$4,930,000                         | \$6,400,635                     | \$68,350                            | \$46,871,416                          |

Continued on next page.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
 SUCCESS BONDS - MATHEMATICS  
 CONTRACTS BALANCE SHEET - MATHEMATICS BONDS INVESTMENTS  
 03/31/86 - 03/31/87

|           | LEDC<br>ASO       | ECONOMIC<br>DEVELOPMENT<br>ASO | CONTRACTS<br>ASO | TOTALS<br>(PERMANENT<br>ASO) |
|-----------|-------------------|--------------------------------|------------------|------------------------------|
| SUBSIDIES |                   |                                |                  |                              |
| 03/31/86  | 899,808           | 898,100                        | 208,181          | 1,006,089                    |
| 03/31/87  | 948,118           | 236,422                        |                  | 1,184,540                    |
|           | <u>1,847,926</u>  | <u>1,134,522</u>               | <u>208,181</u>   | <u>3,190,629</u>             |
|           | 1,176,004         | 6,499,468                      | 1,490,901        | 9,166,373                    |
|           | <u>3,023,930</u>  | <u>7,633,990</u>               | <u>2,699,082</u> | <u>13,356,992</u>            |
|           | 1,176,004         | 6,499,468                      | 1,490,901        | 9,166,373                    |
|           | <u>2,150,926</u>  | <u>13,133,458</u>              | <u>4,190,983</u> | <u>29,475,367</u>            |
|           | 61,465,083        | 3,190,629                      | 1,490,901        | 66,146,613                   |
|           | <u>62,680,348</u> | <u>6,381,258</u>               | <u>2,981,884</u> | <u>72,043,490</u>            |
|           | 1,176,004         | 6,499,468                      | 1,490,901        | 9,166,373                    |
|           | <u>63,856,352</u> | <u>12,880,726</u>              | <u>4,472,785</u> | <u>81,209,864</u>            |

**LIABILITIES AND FUND EQUITY**

**LIABILITIES**

Amounts payable and accrued  
 expenses

Amounts payable  
 accrued for issues on loans  
 guaranteed

**Total Liabilities**

**FUND EQUITY**

Net unrealized appreciation  
 (depreciation) on investments  
 Realized earnings

Reserve for EDAF  
 Reserve for workforce development  
 Reserve

**Total Fund Equity**

**Total Liabilities and Fund  
 Equity**

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
STATE FUND - 1971-1972  
COMBINE STATEMENT OF RECEIPTS AND EXPENDITURES - INTEREST EARNINGS  
FOR THE YEAR ENDED JUNE 30, 1972

|                                    | LOUISIANA<br>AND<br>SUBSIDIARIES<br>CONTRIBUTIONS | ECONOMIC<br>DEVELOPMENT<br>CORPORATION<br>EXPENSES | INTEREST<br>EARNINGS<br>AND<br>TRANSFERS | TOTAL<br>OPERATIONS<br>1971-<br>1972 |
|------------------------------------|---|--|--|--------------------------------------|
| <u>INTEREST INCOME</u>             |   |  |  |                                      |
| Interest on loans                  | \$91,485  |  |  | \$91,485                             |
| Interest on funds held by          |   |  |  |                                      |
| FEDERAL RESERVE                    | 2,470,808   | \$164,818  |  | 2,635,626                            |
| TREASURY                           |   |  |  |                                      |
| INTEREST ON CLASS DEPOSITS WITH    |   |  |  |                                      |
| banks and other                    | 421,563   |  | 428,993                                  | 428,993                              |
| Inter-governmental                 |   |  |  |                                      |
| Vendor contributions               |   | 65,000,000   | 9,114,803                                | 74,114,803                           |
| Appropriation from state           |   |  | 3,600,000                                | 3,600,000                            |
| Government fees                    | 44,244  |  |  | 44,244                               |
| Other                              | 14,824  |  |  | 14,824                               |
|                                    | <u>3,583,924</u>                                  | <u>1,080,000</u>                                   | <u>9,248,103</u>                         | <u>13,912,027</u>                    |
| <u>TOTAL CONTRIBUTION RECEIPTS</u> |   |  | <u>11,810,483</u>                        | <u>11,810,483</u>                    |

Continued on next page.



**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**  
**MAJOR INVESTMENT INITIATIVES**  
**CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES - SUPPLEMENTAL FUND COMPONENT**  
**FOR THE YEAR ENDED JUNE 30, 1997**

|  | LONG<br>TERM<br>ASSETS | CURRENT<br>DEVELOPING<br>ASSETS | RESERVE<br>DEVELOPMENT<br>FUND | TOTAL              | TOTAL<br>RESERVE<br>FUND |
|--|------------------------|---------------------------------|--------------------------------|--------------------|--------------------------|
| <b>OPERATING EXPENSES</b>  |                        |                                 |                                |                    |                          |
| Provision for losses   |                        |                                 |                                |                    |                          |
| Provision for losses on loans                                      | \$1,081,161            |                                 |                                | \$1,081,161        |                          |
| Provision for losses on guarantees                                 | 1,142,153              |                                 |                                | 1,142,153          |                          |
| Salaries and employee benefits                                     | 294,286                |                                 |                                | 294,286            |                          |
| Management and professional fees                                   | 157,489                |                                 |                                | 157,489            |                          |
| Administration fees  | 124,189                |                                 |                                | 124,189            |                          |
| Other  | 183,373                |                                 |                                | 183,373            |                          |
| Grants   |                        | \$201,104                       |                                | 201,104            |                          |
| Grants awards  |                        |                                 | \$215,833                      | 215,833            |                          |
| Grants awards  |                        |                                 | 689,376                        | 689,376            |                          |
| Other awards   |                        |                                 | 873,828                        | 873,828            |                          |
| Advertising and promotional - Marketing                            |                        |                                 | 1,488,945                      | 1,488,945          |                          |
| <b>Total operating expenses</b>                                    | <b>2,113,548</b>       | <b>201,104</b>                  | <b>2,278,176</b>               | <b>4,592,828</b>   | <b>223,833</b>           |
| <b>OPERATING REVENUE</b>   |                        |                                 |                                |                    |                          |
| <b>OPERATING REVENUE (EXPENSE)</b>                                 |                        |                                 |                                |                    |                          |
| Net realized gain (loss) on investments                            | 9,499                  |                                 |                                | 9,499              |                          |
| Change in unrealized appreciation<br>(depreciation) of investments | 1,283,167              |                                 |                                | 1,283,167          |                          |
| <b>Total operating revenue<br/>(expense)</b>                       | <b>1,292,666</b>       | <b>0</b>                        | <b>0</b>                       | <b>1,292,666</b>   | <b>0</b>                 |
| <b>NET INCOME</b>  | <b>\$679,118</b>       | <b>\$400,000</b>                | <b>\$270,828</b>               | <b>\$1,349,946</b> | <b>\$1,221,285</b>       |

AGRICULTURAL REVENUE DEVELOPMENT CORPORATION  
BAKER, BOONE, LOUISIANA  
COMBINED STATEMENT OF CHANGES IN FUND BALANCE, RESERVES, EQUITY  
FOR THE YEAR ENDED JUNE 30, 1952

|                            | LESS<br>ADD<br>STABILIZATION<br>CONTRIBUTIONS | ECONOMIC<br>DEVELOPMENT<br>GRANTS | NON-REVENUE<br>DEVELOPMENT<br>AND<br>GRANTS | TOTALS<br>(RESERVES<br>AND<br>EQUITY) |
|----------------------------|---|-----------------------------------|---|---------------------------------------|
| Balance at July 1          | \$29,147,484                                  |                                   |   | \$29,147,484                          |
| Price period adjustments   | (202,027)                                     |                                   | (202,027)                                   | (202,027)                             |
| Adjusted balance at July 1 | \$2,769,457                                   |                                   | 299,227                                     | \$2,968,684                           |
| Net Income                 | 4,202,482                                     | 96,508,663                        | 7,311,876                                   | 11,223,021                            |
| Balance at June 30         | \$7,971,939                                   | 96,412,143                        | 7,611,103                                   | \$11,395,185                          |

**LEVIATHAN ECONOMIC DEVELOPMENT CORPORATION**  
**STATE FISCAL YEAR 1971-1972**  
**FINANCIAL STATEMENT OF COST FUND - REVENUE FROM**  
**FOR THE YEAR ENDED JUNE 30, 1971**

| REVENUE<br>CATEGORIES | LEVIATHAN<br>ECONOMIC<br>DEVELOPMENT<br>CORPORATION | STATE<br>ECONOMIC<br>DEVELOPMENT<br>CORPORATION | TOTAL          |              |
|-----------------------|---|---|----------------|--------------|
|                       |   |   | 1971           | 1972         |
| \$4,733,447           | \$4,698,643   | \$7,372,090                                     | \$16,795,826   | \$11,397,348 |
| (3,499)               |   |   | (5,499)        | (648,873)    |
| (1,581,347)           |   | (1,580,347)                                     |                | 162,134      |
| (344,814)             |   | (344,814)                                       |                | 37,167       |
| 3,187,603             |   | (3,186,753)                                     | 63,852         | 1,327,630    |
| (75,918)              |   | 123,881   | 699,483        | 6160         |
| (28)                  |   | (7,811)   | (8,489)        | (399,832)    |
| (4,648)               |   | 32,134  | 48,039         | 47,084       |
|                       | <u>255,132</u>                                      | <u>332,622</u>                                  | <u>587,754</u> |              |
| 3,182,955             | 5,008,682   | 6,484,312                                       | 15,597,500     | 13,896,122   |

**ADJUSTMENTS FROM OPERATING ACTIVITIES**

Net Income:  
 Adjustments to reconcile net income  
 to net cash provided from operating  
 activities

- Net realized (gain) loss on sale  
 of investments
- Change in unrealized (appreciation)  
 depreciation on investments
- Receipts of premiums for losses  
 on loans and guarantees
- Decrease (increase) in accrued  
 under compensation
- Increase in accrued interest  
 receivable
- Increase in other assets
- Increase (decrease) in accounts  
 payable and accrued expenses
- Increase in equity payable

(Include reconciling  
 operating activities)

(Continued on next page)

**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**STATE MODEL 10151546**  
**CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES - STATEWIDE FUND ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 1997**

|  | LEAS<br>AND<br>CONSTRUCTION<br>EXPENSES | DEVELOPMENT<br>AND<br>OPERATING<br>EXPENSES | GRANTS<br>AND<br>REVENUES | OTHER<br>REVENUES | TOTAL       |
|--|---|---|---------------------------|-------------------|-------------|
|  | \$184,888                               | \$184,888                                   | \$184,888                 | \$184,888         | \$184,888   |
|  | (729,891)                               | (729,891)                                   | (729,891)                 | (729,891)         | (729,891)   |
|  | 110,817                                 | 110,817                                     | 110,817                   | 110,817           | 110,817     |
|  | \$0.00                                  | \$0.00                                      | \$0.00                    | \$0.00            | \$0.00      |
|  | \$184,888                               | \$184,888                                   | \$184,888                 | \$184,888         | \$184,888   |
|  | 2,801,344                               | 28,000,000                                  | 16,676,127                | 14,343,471        | 11,000,000  |
|  | \$1,000,000                             | \$1,000,000                                 | \$1,000,000               | \$1,000,000       | \$1,000,000 |
|  | \$0.00                                  | \$0.00                                      | \$0.00                    | \$0.00            | \$0.00      |
|  | \$1,000,000                             | \$1,000,000                                 | \$1,000,000               | \$1,000,000       | \$1,000,000 |

**CASH, CASH EQUIVALENTS, RECEIVABLES**  
 Increase in long-term investments,  
 borrowings deposited with banks  
 Purchase of investments  
 Proceeds from sale of investments  
 Net loan repayments and conversions  
 Net cash provided/used  
 Net investment activities

**SEE DISBURSE IN CASE AND CASE  
 REVENUES**

**CASH AND CASH EQUIVALENTS, beginning  
 of year**

**CASH AND CASH EQUIVALENTS, end of year**

**DEFERRED PORTFOLIO OF BONDS  
 INVESTING ACTIVITY**

**NET loans closed but undistributed  
 at June 30, 1997**

## SUPPLEMENTAL INFORMATION

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION AND SUBSIDIARIES  
BAYOU BONNE, LOUISIANA  
CONSOLIDATED SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
JUNE 30, 1987

|   | <u>COST</u>      | Valuation<br>by<br>Management |
|---|------------------|-------------------------------|
| <b>DEBT INVESTMENTS</b>   |                  |                               |
| ECO Engineering, Inc. - \$284,887 secured<br>promissory note dated March 18, 1983, interest<br>payable monthly at the base rate on corporate<br>leases as published by the Wall Street Journal.<br>Fifty-four monthly principal installments of<br>\$5,349, payable beginning October 1, 1983 | \$49,829         | \$49,829                      |
| Commercial Technologies, Inc. - Promissory<br>note dated September 4, 1985, interest payable<br>at 18%, due December 30, 1985   | 224,448          | 0-                            |
| Petrochemical Services, Inc. \$80,000 secured<br>promissory note, dated August 21, 1986,<br>interest payable quarterly at 10%, annual<br>principal installments of \$10,000 beginning<br>on August 23, 1988. A royalty held no revenue<br>is payable quarterly through August 21, 1991        | 282,423          | 114,270                       |
| Central Pharmacy Services, Inc. - \$4<br>subordinated debenture, due December 31, 1988  | 219,314          | 219,314                       |
| Industrial Equipment Rentals, Inc. - 17%<br>subordinated debenture, due July 1, 1983  | 329,333          | 329,333                       |
| Autocount, Inc. - \$18,800 promissory note<br>dated October 1985, interest payable at<br>12% annually, due on demand  | 10,800           | 10,800                        |
| Autocount, Inc. - \$3,333 promissory note<br>dated November 1985, interest payable<br>at 12% annually, due on demand  | 3,333            | 3,333                         |
| Autocount, Inc. - \$3,333 promissory note<br>dated December 1985, interest payable<br>at 12% annually, due on demand  | 3,333            | 3,333                         |
| Autocount, Inc. - secured note  | <u>23,680</u>    | <u>0-</u>                     |
| <b>Total debt investments</b>   | <b>1,178,432</b> | <b>754,623</b>                |

Continued on next page.

MISSISSIPPI ECONOMIC DEVELOPMENT CORPORATION AND SUBSIDIARIES  
BATON ROUGE, LOUISIANA  
CONSOLIDATED SUPPLEMENTAL FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1977

|  | <u>Cost</u> | <u>Valuation<br/>By<br/>Management</u> |
|--|-------------|--|
| <b>EQUITY INVESTMENTS</b>  |             |  |
| RAF Coast Business and Industrial Development Corporation - 45,455 shares of Class C common stock      | \$1,700,000 | \$1,700,000                            |
| See Orleans SHIBCO, Inc. - 1,000,000 shares of Class B, nonvoting common stock                         | 2,000,000   | 2,000,000                              |
| United Agents Holdings, Inc. - 25,000 shares of Series A noncumulative preferred stock (5% cumulative) | 150,000     | 150,000                                |
| Life Point Systems, Ltd. - 1.776259% limited partnership interest                                      | 42,500      | 4,880                                  |
| Central Pharmacy Services, Inc. - 7,000 shares of 8% cumulative preferred stock                        | 120,154     | 91,484                                 |
| Industrial Equipment Rentals, Inc.:  |             |  |
| 58,359 shares of common stock  | 563         | 1,184,385                              |
| 1,681 shares of 6% junior preferred stock  | 164,100     | 164,380                                |
| Autocount, Inc.:   |             |  |
| 20,000 shares of Series A convertible preferred stock (5% cumulative)                                  | 100,000     | -0-                                    |
| 12,000 shares of Series C convertible preferred stock  | 48,000      | -0-                                    |
| 25,000 shares of Series B preferred stock  | 100,000     | -0-                                    |
| 6,333 shares of Series B preferred stock   | 99,994      | 99,994                                 |
| 13,488 shares of Series B preferred stock  | 88,887      | 88,887                                 |
| 8,000 shares of Series C preferred stock   | 32,001      | 32,001                                 |
| 106,667 shares of common stock   | 28,667      | 28,667                                 |
| Cardiovascular Ventures, Inc. - 271,028.5 shares of Series C preferred stock                           | 750,000     | 750,000                                |
| Commercial Technologies, Inc. - 1,587,830 shares of common stock                                       | 70,000      | -0-                                    |

Continued on next page.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION AND SUBSIDIARIES  
 BAYOU BOULE, LOUISIANA  
 CONSOLIDATED SUPPLEMENTAL SCHEDULE OF INVESTMENTS - CONTINUED  
 June 30, 1997

|  | <u>Cash</u>        | Valuation<br>By<br>Management |
|--|--------------------|-------------------------------|
| <b>EQUITY INVESTMENTS - CONTINUED</b>  |                    |                               |
| Hirel Holding, Inc. - 5,592 shares of common stock                             | \$268,387          | \$264,473                     |
| US Agencies, Inc. - 150,800 shares of common stock                             | 798,000            | 1,170,000                     |
| Proforma Radio Electronics, Inc. - 5,000<br>shares of Series B preferred stock | 150,000            | 150,000                       |
| Boater Boat, final payout payment due<br>September 30, 1997                    | -0-                | 20,000                        |
| <u>Total equity investments</u>  | <u>\$1,216,387</u> | <u>\$1,604,473</u>            |
| <u>Total investments</u>   | <u>2,838,338</u>   | <u>\$,888,610</u>             |



RELATIVE REPORT

John Hester, III, CPA  
 Joel Landrum, Jr., CPA  
 Russell J. Early, CPA  
 Dwight Gardner, CPA  
 Victor G. Farnsworth, CPA  
 James L. Matthews, Jr., CPA  
 G. Kenneth Perry, II, CPA  
 Warren J. Carr, CPA



**JOHN S. DOWLING & COMPANY**

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS  
**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
 AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
 BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
 PERFORMED IN ACCORDANCE WITH  
 GOVERNMENT AUDITING STANDARDS**

John S. Dowling, CPA  
 (1994-1995)

Harold Dwyer, CPA  
 (1994-1995)

Board of Directors  
 Louisiana Economic Development Corporation  
 Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Louisiana Economic Development Corporation as of and for the year ended June 30, 1997, and have issued our report thereon dated September 23, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits outlined in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Louisiana Economic Development Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Louisiana Economic Development Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we consider to be material weaknesses.

Board of Directors  
Louisiana Economic Development Corporation  
Page 2

This report is intended for the information of the Board of Directors, management, and the Louisiana legislative body. However, this report is a matter of public record and its distribution is not limited.

*John L. Rowland & Company*

Opelousas, Louisiana  
September 23, 1997