

LAFAYETTE RECONSTRUCTION'S ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements

Note 3 Uninsured Deposits

LEEDC maintains its cash deposits in high quality financial institutions. Cash balances exp. at times, exceed FDIC insurance coverages. At April 30, 1990 uninsured deposits totalled \$38,808.

Note 4 Due to affiliated Organization

During the year ended April 30, 1987, LEEDC entered into joint venture with the Economic Development Authority (EDA) to establish a low interest loan fund to assist with exterior renovations of commercial buildings in the downtown area. LEEDC contributed \$50,000 and EDA contributed \$50,000. These funds are restricted for loan purposes only. Upon dissolution of the Parade Grant Program, the \$100,000 will be paid to EDA as well as any interest earned on loans made, provided between LEEDC and EDA.

Note 5 Real Estate Transactions

During the year ended April 30, 1994, the Organization was the recipient of a donation of real estate from the State of Louisiana. LEEDC subsequently sold the property and received \$90,000 cash and a 25 year, six percent promissory note for \$1,298,000 (which is subordinated to a construction mortgage obtained for renovations). The intent of the parties is that the buyer will pay accrued interest annually in the amount of surplus cash from operation of the property (after all operating expenses, debt service obligations, distributions required to be made to the purchaser of limited partnership interests and reasonable reserves). Any unpaid interest shall be accrued and deferred, but not compounded. Upon maturity of the note (March 3, 2019) LEEDC will receive a donation of the property as payment of the outstanding balance of its mortgage and accrued interest receivable. In accordance with FASB 46, accounting for sales of Real Estate, recognition of the profit on the sale of property should be reported when (1) the collectibility of the sale price is reasonably assured and (2) the earnings process is virtually complete. Since collectibility of the entire sales price is questionable, gain on the sale of property has been calculated based on the difference between LEEDC's basis in the property, the fair market value at the date of donation (\$45,900), and the cash payments received (\$90,000). For the years ended April 30, 1987 and 1988, no payments were received.

INTERNAL CONTROL AND COMPLIANCE

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 an opinion on the financial statements and not to provide assurance on the internal control structure.

We noted certain matters involving the internal control structure and its operation that we considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Loan Files*

Finding:

LEEDC has a standard checklist for loans which details the documentation required on each loan. This checklist is completed annually; however, in our review of loan files we found that current financial statements are not on file for some customers, which was also mentioned in the April 30, 1998 audit report.

Recommendation:

We recommend that LEEDC perform a thorough examination of the outstanding loan files and determine if the required documentation is on file. For those loans which lack specific documentation, LEEDC should obtain the necessary information.

Also, LEEDC should review the loan files subsequent to issuance, preferably annually on the loan's anniversary date, to ensure that documentation is current for all information required.

Response:

LEEDC staff will be reviewing all loan files for completeness and will request and follow up on any missing documentation. For future loans, current financial statements, insurance policies and appraisals/valuations will be required prior to disbursement of loan funds. This same information will be obtained annually on all loans.

Administrative and General Expenses*

Finding:

The City of Lafayette's Community Development Department pays the majority of LEEDC's administrative and general operating expenses as part of an agreement between LEEDC and the City of Lafayette. A portion of these costs is segregated in the City's accounting records; however, not all costs are kept separately, and LEEDC is unaware of the total administrative and general expenses paid on their behalf by the City of Lafayette. Per the agreement with the City, there is a \$5,000 maximum amount allowable for administrative costs annually.

Recommendation:

After invoices submitted to the City of Lafayette have been processed for payment, LNEEC employees should record the amount of expenditures paid on their behalf and the corresponding grant revenue in LNEEC's financial records.

Response:

Administrative funds, per the agreement between LNEEC and the City of Lafayette, will be used for LNEEC's administrative and general operating expenses. Financial records will support these expenses.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the reportable conditions marked with an asterisk(*) above are material weaknesses.

This report is intended solely for the use of the Board of Directors, management and the grantor agency, the City of Lafayette, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Lafayette Neighborhood's Economic Development Corporation, is a matter of public record.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
October 20, 1997

DARNALL, SIKES & FREDERICK
(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

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**Independent Auditor's Report on Compliance
with Laws and Regulations Based on an Audit of Basic
Financial Statements Performed in Accordance with
Government Auditing Standards**

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To the Board of Directors
Lafayette Neighborhood's Economic
Development Corporation
Lafayette, Louisiana

We have audited the financial statements of the Lafayette Neighborhood's Economic Development Corporation, as of and for the year ended April 30, 1997, and have issued our report thereon dated October 28, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audit of State and Local Governments." Those standards and Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

This report is intended solely for the use of the Board of Directors, management and the grantor agency, the City of Lafayette, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Lafayette Neighborhood's Economic Development Corporation, is a matter of public record.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette Louisiana
October 20, 1997

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
FOUNDER OF THE CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, 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, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, prevention of any weaknesses of the structure in 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.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting Controls

Cash receipts
Cash disbursements
General Ledger

General Requirements

Cash management
Federal financial reports
Administrative requirements
Political activity
Civil rights
Drug Free Workplace Act

Specific Requirements

Type of services allowed
Eligibility
Special requirements
Monitoring subrecipients
Reporting

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

During the year ended April 30, 1997, the Lafayette Neighborhood's Economic Development Corporation had no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under the following nonmajor federal financial assistance program, U.S. Department of Housing & Urban Development.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or

detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances that are applicable to the aforementioned nonmajor program, which is identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Lafayette Neighborhood's Economic Development Corporation's ability to administer Federal financial assistance programs in accordance with applicable laws and regulations.

Loan Files*

Finding:

LEEDC has a standard checklist for loans which details the documentation required on each loan. This checklist is completed annually; however, in our review of loan files we found that current financial statements are not on file for some customers, which was also mentioned in the April 30, 1996 audit report.

Recommendation:

We recommend that LEEDC perform a thorough examination of the outstanding loan files and determine if the required documentation is on file. For those loans which lack specific documentation, LEEDC should obtain the necessary information.

also, LEEDC should review the loan files subsequent to issuance, preferably annually on the loan's anniversary date, to ensure that documentation is current for all information required.

Response:

LEEDC staff will be reviewing all loan files for completeness and will request and follow up on any missing documentation. For future loans, current financial statements, insurance policies and appraisals/valuations will be required prior to disbursement of loan funds. This same information will be obtained annually on all loans.

Administrative and General Expenses*

Finding:

The City of Lafayette's Community Development Department pays the majority of LEEDC's administrative and general operating expenses as part of an agreement between LEEDC and the City of Lafayette. A portion of these costs is segregated in the City's accounting records; however, not all costs are kept separately, and LEEDC is unaware of the total administrative and general expenses paid on their behalf by the City of Lafayette. Per the agreement with the City, there is a \$8,000 maximum amount allowable for administrative costs annually.

Recommendation:

After invoices submitted to the City of Lafayette have been processed for payment, LWEDC employees should record the amount of expenditures paid on their behalf and the corresponding grant revenue in LWEDC's financial records.

Response:

Administrative funds, per the agreement between LWEDC and the City of Lafayette, will be used for LWEDC's administrative and general operating expenses. Financial records will support these expenses.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the reportable conditions marked with an asterisk(*) above are material weaknesses.

This report is intended solely for the use of the Board of Directors, management and the grantor agency, the City of Lafayette, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Lafayette Neighborhood's Economic Development Corporation, is a matter of public record.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
October 28, 1993

DARNALL, SIKES & FREDERICK
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

Report of Darnall, Sikes & Frederick, Inc.

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**Independent Auditor's Report on Compliance
with the General Requirements Applicable to
Federal Financial Assistance Programs**

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To the Board of Directors
Lafayette Neighborhood's Economic
Development Corporation
Lafayette, Louisiana

We have audited the financial statements of the Lafayette Neighborhood's Economic Development Corporation as of and for the year ended April 30, 1987, and have issued our report thereon dated October 20, 1987.

We have applied procedures to test the Lafayette Neighborhood's Economic Development Corporation's compliance with the following requirements applicable to its Federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended April 30, 1987: civil rights, political activity, cash management, administrative requirements, Federal financial reports and Drug Free Workplace Act.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Lafayette Neighborhood's Economic Development Corporation's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Corporation had not complied, in all material respects, with these requirements.

This report is intended for the information of the board of directors and management. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
October 20, 1987

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
LAFAYETTE CHAPTER

This report is furnished for the information of the board of directors and management. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
October 28, 1997

DARNALL, SIKES & FREDERICK
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Report Form CP, issue 1987

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**Independent Auditor's Report on Schedules of
Federal Financial Assistance**

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To the Board of Directors
Lafayette Neighborhood's Economic
Development Corporation
Lafayette, Louisiana

We have audited the financial statements of the Lafayette Neighborhood's Economic Development Corporation, as of and for the year ended April 30, 1987, and have issued our report thereon dated October 28, 1987. These financial statements are the responsibility of the Lafayette Neighborhood's Economic Development Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of State and Local Governments." These standards and OMB Circular A-133 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Lafayette Neighborhood's Economic Development Corporation, taken as a whole. The accompanying schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
October 28, 1987

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS AND
SOCIETY OF ACCOUNTS
CERTIFIED PUBLIC ACCOUNTANTS

LANSING RECREATION'S ECONOMIC
DEVELOPMENT CORPORATION

Schedule of Federal Financial Assistance
Year Ended April 30, 1987

<u>Event/Program Title</u>	<u>CFDA Number</u>	<u>Federal Assistance A.C. Number</u>	<u>Pass-through Grantee's Number</u>	<u>Current Year Request</u>	<u>Current Year Expenditures/ Loan Subsidies</u>
<u>E.A. Reinforcement of Housing and Urban Development</u>					
<u>Pass-through the City of Detroit Community Development Housing and Urban Development Community Development Block Grant - Reinvestment</u>	14.114	874	8-81-66-01-00	\$125,000	\$29,200

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**LAFAYETTE NEIGHBORHOOD'S
ECONOMIC DEVELOPMENT
CORPORATION**
Lafayette, Louisiana

Financial Report

Years Ended April 30, 1987 and 1986

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

Release Date 9/22, 1987

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In accordance with Government Auditing Standards, we have also issued a report dated October 20, 1997, on our consideration of the Lafayette Neighborhood's Economic Development Corporation's INTERNAL control structure and a report dated October 20, 1997, on its compliance with laws and regulations.

Darnall, Sikes & Frederick

a Corporation of Certified Public Accountants

Lafayette, Louisiana
October 20, 1997

LAFAYETTE NEIGHBORHOOD'S ECONOMIC DEVELOPMENT CORPORATION

Statements of Financial Position
April 30, 1997 and 1996

ASSETS

	<u>1997</u>	<u>1996</u>
Cash and cash equivalents	\$132,878	\$133,389
Loans receivable (net)	331,108	378,843
Accrued Interest Receivable	4,475	3,173
Other receivables	<u>17,969</u>	<u>-</u>
Total current assets	<u>\$486,330</u>	<u>\$635,410</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Due to affiliated organization	\$ 300,113	\$ -
NET ASSETS		
Permanently restricted for loans	378,138	488,296
Permanently restricted for accrue deposit	<u>7,288</u>	<u>7,818</u>
Total net assets	<u>385,426</u>	<u>496,114</u>
Total liabilities and net assets	<u>\$485,531</u>	<u>\$635,420</u>

See Independent auditor's report and notes to financial statements.

LAFAYETTE NEIGHBORHOOD'S ECONOMIC DEVELOPMENT CORPORATION

Statements of Activities
 Years Ended April 30, 1987 and 1986

	<u>1987</u>	<u>1986</u>
PERMANENTLY RESTRICTED NET ASSETS		
Supports:		
City of Lafayette -		
Passed through Federal funds	\$225,381	\$ -
Passed through local funds	7,441	8,068
Interest:		
Loans	37,385	18,827
Investments	8,488	8,534
Application fees	375	300
Other	<u>2,325</u>	<u>1,028</u>
Total public support and revenue	<u>318,325</u>	<u>37,757</u>
Expenses:		
Support services -		
Management and general	<u>118,320</u>	<u>97,826</u>
Total expenses	<u>118,320</u>	<u>97,826</u>
Excess (deficiency) of public support and revenue over expenses	199,995	(60)
Net assets, beginning	<u>816,420</u>	<u>816,420</u>
Net assets, ending	<u>\$783,480</u>	<u>\$816,420</u>

See Independent Auditor's report and notes to financial statements.

LAFAYETTE NEIGHBORHOOD'S ECONOMIC DEVELOPMENT CORPORATION

Statements of Cash Flows
 Years Ended April 30, 1993 and 1992

	<u>1993</u>	<u>1992</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 368,888	\$ (15)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in loans receivable	(351,245)	(317,490)
Change in other receivables	(17,869)	-
Change in accrued interest receivable	(1,831)	219
Net cash used by operating activities	<u>(18,057)</u>	<u>(317,271)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in due to affiliated organization	<u>180,121</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>333,380</u>	<u>350,651</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 132,879</u>	<u>\$ 333,380</u>

See independent auditor's report and notes to financial statements.

LAFAYETTE NEIGHBORHOOD'S ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements

Note 1 Nature of Activities and Summary of Significant Accounting Policies

Nature of Entity

The Lafayette Neighborhood's Economic Development Corporation (LNEEC) is a non-profit corporation organized under the provisions of the Cooperative Economic Development Law of the State of Louisiana. The Lafayette Neighborhood's Economic Development Corporation operates as a component unit of the City of Lafayette, Louisiana who provides funding to the program.

Nature of Activities

The Lafayette Neighborhood's Economic Development Corporation was organized to help alleviate conditions of economic distress in the City of Lafayette's low and moderate income neighborhoods by stimulating greater private capital investment in those target areas. To accomplish this goal, the LNEEC provides financing to new and expanding small businesses in Lafayette. The organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Significant accounting policies

A. Loans

Loans are stated at principal amount outstanding as of the statement of financial position date, less the allowance for possible loan losses.

B. Allowance for Possible Loan Losses

The allowance for possible loan losses is maintained at a level considered adequate by management to absorb potential losses. The allowance is increased by provisions charged to program expenses and reduced by net charge-offs. The Corporation makes continuous credit reviews of the loan portfolio and considers current economic conditions, historical loan loss experience, and other relevant factors in determining the adequacy of the allowance.

C. Expenses

Expenses are recognized on the accrual basis.

LAFAYETTE NEIGHBORHOOD'S ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements

Note 1 Nature of activities and Summary of Significant Accounting Policies (Continued)

D. Statement of Cash Flow

For purposes of the statements of cash flows, the organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Note 2 Loans

Loans receivable are comprised of loans to local business owners in a specific geographical area. These loans were made for working capital, debt refinancing, and fixed asset acquisitions. Collateral is comprised of chattel mortgages on business equipment and collateral mortgages on real estate. Interest is accrued on outstanding loans from the date of the last principal payment.

The following summary reflects activities in the loan accounts for the years ending April 30, 1991 and 1990:

	<u>1991</u>	<u>1990</u>
Balance, beginning	\$ 408,817	\$ 303,000
Loans made	318,408	243,647
Payments received	(96,798)	(100,885)
Loans written off	<u>(58,850)</u>	<u>(79,888)</u>
Balance, ending	\$ 571,617	\$ 465,874

The following is an analysis of the allowance for loan losses:

	<u>1991</u>	<u>1990</u>
Balance, beginning	\$ 39,014	\$ 39,630
Loans written off	(58,850)	(79,888)
Increase in provision for loan losses	<u>79,545</u>	<u>80,218</u>
Balance, ending	\$ 59,709	\$ 39,960

LAFAYETTE NEIGHBORHOOD'S ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements

Note 3 Operating Expenses

All administrative duties for LNEBC are performed by the City of Lafayette's employees. Administrative expenses other than legal fees are paid directly from LNEBC grant funds. Under the terms of the operating agreement with the City of Lafayette, however, legal fees paid for LNEBC by the City are the City's responsibility and are paid from non-grant funds.

Note 4 Compensation of Board of Directors

Members of the Board of Directors were not paid per diem or other compensation during the period under audit.

Note 5 Related Party Transactions

The Sterling Grove Housing Development, Inc. has the same Board of Directors as LNEBC. During the year ending April 30, 1992, Sterling Grove Housing Development, Inc. received approval for a maximum \$1,298,000 Department of Housing and Urban Development, Section 202 loan to construct a 30-unit elderly housing complex. LNEBC is the sponsor of this housing project.

For the year ended April 30, 1998, there were no transactions between LNEBC and Sterling Grove Housing Development, Inc.

During the year ended April 30, 1997, the Board of Directors of LNEBC passed a resolution to appropriate \$30,800 to Sterling Grove Housing Development, Inc. to pay for support services rendered.

Effective April 9, 1997, LNEBC is no longer under the administration of the City of Lafayette. The service contract has been terminated and LNEBC will now operate on its own.

For the years ended April 30, 1999 and 1996, the City of Lafayette paid \$7,841 and \$8,948 in administration expenditures on behalf of LNEBC.

Note 6 Concentration of Credit Risk

The Organization provides financing to a diversified group of businesses located primarily in the Lafayette area. This assistance is provided based on an evaluation of each customer's financial condition, business knowledge, sufficiency of collateral, etc. Credit losses, upon occurrence, are provided for within the financial statements.