

RECEIVED

JAN 04 1999

LEGISLATIVE AUDITOR

99100830
9476

OFFICIAL
FILE COPY

DO NOT SEND OUT

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

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

SEPTEMBER 30, 1998

Under provisions of public law 101-508, this report is a public document. A copy of the report shall be furnished to the auditor, the entity and other interested officials. The report is available for public inspection at the Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/13/2008

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	2
Statement of Financial Position - September 30, 1998	3
Statement of Activities & Functional Expenses For the Year Ending September 30, 1998	4
Statement of Cash Flows for the Year Ending September 30, 1998	5
Notes to Financial Statements	6-10
Compliance Letter	11-12

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

CERTIFIED PUBLIC ACCOUNTANT
MEMBER OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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

1543 Grimmett Drive
Shreveport, LA 71107
FAX 318-222-7772

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

November 20, 1998

Independent Auditor's Report

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

I have audited the accompanying statement of financial position of Ark-La-Tex Investment & Development Corporation (AIDC) (a nonprofit organization) as of September 30, 1998, and the related statement of activities & functional expenses, and cash flows for the year then ended. This financial statement is the responsibility of the Organization's management. My responsibility is to express an opinion on this financial statement based on my audit.

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

In my opinion, the financial statement referred to above present fairly, in all material respects, the financial position of AIDC as of September 30, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles. In accordance with *Government Auditing Standards*, I have also issued a report dated November 20, 1998 on my consideration of the Company's compliance with laws and regulations.

Sincerely,

George E. McGovern III
Certified Public Accountant

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 1998

ASSETS

Current Assets	
Cash & Cash Equivalents (Note D)	\$ 290,571
Certificates of Deposit (Note D)	486,164
Accounts Receivable (Note F)	5,507
Interest Receivable	<u>3,535</u>
Total Current Assets	<u>785,777</u>
Buildings/Improvements/Land/Equipment (Note G)	
Buildings/Improvements/Equipment	1,242,138
Land	<u>227,500</u>
Total Buildings/Improvements/Land/Equipment	1,469,638
Less: Accumulated Depreciation	<u>(120,561)</u>
Net Buildings/Improvements/Land/Equipment	<u>1,349,077</u>
Other Assets	
Deposits (Utilities)	<u>2,500</u>
Total Assets	<u>\$2,137,354</u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Current Portion - Notes Payable (Note I)	\$ 7,615
Note Payable - Affiliated Company (Note I)	28,651
Other Current Liabilities (Note H)	<u>362</u>
Total Current Liabilities	36,628
Long Term Notes Payable Net of Current Portion (Note I)	<u>44,287</u>
Total Liabilities	80,915
Net Assets	<u>2,056,439</u>
Total Liabilities and Net Assets	<u>\$2,137,354</u>

The accompanying notes are an integral part of these statements.

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES & FUNCTIONAL EXPENSES
FOR THE YEAR ENDING SEPTEMBER 30, 1998

Revenues

Rent & Other (Note G)	\$ 146,268
Loan Servicing and Processing (Note B & C)	65,855
Contribution from The Coordinating & Development Corporation	107,443
Grants (Note O)	375,000
Interest	<u>42,017</u>
Total Revenues	<u>736,583</u>

Expenditures

Repairs	3,109
Salaries and Payroll Tax	127,435
Interest (Note I)	4,328
Office	4,949
Miscellaneous	1,444
Advertising	116
Auto	822
Contract	3,180
Rent	6,436
Dues	1,521
Insurance	12,209
Professional	4,117
Telephone	1,871
Meetings	3,624
Depreciation (Note G)	<u>42,221</u>
Total Expenditures	<u>217,382</u>

Revenues in Excess of Expenditures 519,201

Net Assets @ Beginning of Year 1,537,238

Net Assets @ End of Year \$2,056,439

The accompanying notes are an integral part of these statements.

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING SEPTEMBER 30, 1998

Cash Flows from Operating Activities	
Increase in Net Assets	\$ 519,201
Depreciation	42,221
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
(Increase) Decrease in Accounts Receivable	(2,865)
(Increase) Decrease in Interest Receivable	(2,135)
Increase (Decrease) in Other Current Liabilities	<u>(218)</u>
Net Cash from Operating Activities	<u>556,204</u>
Cash Flows from (Used By) Investing Activities	
Purchase and Improvements of Land and Building	(967,877)
Purchase of Certificates of Deposit	<u>(95,641)</u>
Net Cash from (Used By) Investing Activities	<u>(1,063,518)</u>
Cash Flows from (Used By) Financing Activities	
Payment on Principal	(178,596)
Borrowing	<u>200,000</u>
Net Cash from (Used By) Financing Activities	<u>21,404</u>
Increase (Decrease) in Cash & Cash Equivalents	(485,910)
Cash & Cash Equivalents @ Beginning of Year	<u>776,481</u>
Cash & Cash Equivalents @ End of Year	<u>\$ 290,571</u>

Note: The Company considers all maturities less than three months to be cash equivalents and no income taxes were paid. Interest of \$4,328 was paid in FYE 9/98 and none of this was capitalized.

The accompanying notes are an integral part of these statements.

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998

NOTE A - ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

Budgets - Budgets are not required.

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

Impairment - The carrying value of property, equipment and intangibles is evaluated periodically in relation to the operating performance and future undiscounted cash flows of the underlying businesses. Adjustments are made if the sum of expected future cash flows is less than book value. For the years presented, no adjustment was necessary.

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1998

NOTE B - LOANS

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

NOTE C - FEES

The Company is compensated for loan processing and closing.

NOTE D - CASH

<u>Depositor</u>	<u>9/30/98</u>	<u>Interest Rate</u>
Bank One	\$ 90,661	3.900-4.000%
Bank One (Trust Dept.)	90,016	4.900%
Hibernia	61,664	5.250%
Peoples Bank	96,576	4.250-4.500%
Bank of Coushatta	68,832	4.500%
Exchange Bank	54,723	4.600-4.800%
Central Bank	87,670	4.250%
Ringgold Bank-Community	55,494	4.250%
Logansport-Community	55,989	4.375%
Central Bank-Checking	52,188	0%
Gibsland Bank	62,922	4.400%
	<u>\$ 776,735</u>	

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

Cash & Certificates of Deposits (Maturities < 3 Months)	\$ 290,571
Certificates of Deposit (Maturities > 3 Months and < 1 year)	<u>486,164</u>
	<u>\$ 776,735</u>

NOTE E - MANAGEMENT

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

NOTE F - ACCOUNTS RECEIVABLE

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

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1998

NOTE G - BUILDINGS/LAND/RENT INCOME

	Balance 9/30/97	Additions	Balance 9/30/98
Land-Hollywood	\$ 19,500	\$ 0	\$ 19,500
Building-Greenwood	0	752,504	752,504
Land-Greenwood	0	200,000	200,000
Software-Caddo	0	2,605	2,605
Sign-Greenwood	0	12,768	12,768
Automobile	53,133	0	53,133
Bldg & Improvements - Hollywood	299,617	0	299,617
Land-Natchitoches Parish - Note J	8,000	0	8,000
Building-Natchitoches Parish - Note J	83,150	0	83,150
Furniture-Ruston	7,456	0	7,456
Furniture-Caddo	30,905	0	30,905
Accumulated Depr.	<u>(78,340)</u>	<u>(42,221)</u>	<u>(120,561)</u>
Net	<u>\$423,421</u>	<u>\$ 925,656</u>	<u>\$ 1,349,077</u>

The Company was paid \$88,125 for rent during the year and has 30 day leases with affiliated companies.

NOTE H - AFFILIATIONS

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

- (1) Salaries (per Note E)
- (2) During the year, CDC advanced \$107,443.
- (3) The Company is also affiliated with three other nonprofit organizations and one for-profit organization.
- (4) The Company repaid \$175 to an affiliated company.

NOTE I - NOTES PAYABLE

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

9/99	\$ 7,615
9/00	8,003
9/01	8,409
9/02	8,835
9/03	9,284
9/04	<u>9,756</u>
	<u>\$51,902</u>

During the year, the Company borrowed \$200,000 from an affiliated company with 5 year terms @ 11% interest secured by the building and land at Greenwood, Louisiana. It is management's intent to repay this note in the current year thus, it is classified at current. During the year, the Company paid \$3,651 in interest on this note.

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1998

NOTE J - LEASES

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

Other operating leases:

<u>Leases</u>	<u>Description</u>	<u>Monthly Payment</u>	<u># of Months</u>	<u>Beg. Date</u>	<u>End Date</u>
Toyota Motor Credit	Vehicle	\$ 410.03	36	7/96	6/99
GMAC	Vehicle	\$ 426.80	30	6/96	12/98

NOTE K - ESTIMATES

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

NOTE L - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

NOTE M - OPERATIONS

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

NOTE N - VACATION PAY ACCRUAL & DEFINED CONTRIBUTION PLAN

The Company has a vacation pay plan that allows eligible employees to sale unused vacation. The accrual at 9/30/98 of \$37,443 is based upon current salaries.

In addition, the Company has a defined contribution plan for all employees with greater than six months service.

NOTE O - GRANTS

Grants were awarded to allow for the purchase of the building in Greenwood, LA.

	<u>Funded</u>	<u>Unfunded</u>
State of Louisiana	\$ 0	\$500,000
Horseshoe Casino	0	0
Swepeco	100,000	0
Caddo Parish Commission	200,000	0
City of Shreveport	50,000	0
Greater Bossier/Economic Development Foundation	25,000	0
	<u>\$375,000</u>	<u>\$500,000</u>

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

CERTIFIED PUBLIC ACCOUNTANT
MEMBER OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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

1543 Grimmatt Drive
Shreveport, LA 71107
FAX 318-222-7772

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

November 20, 1998

Independent Accountant's Report

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
The Coordinating and Development Corporation

I have audited the financial statements of The Coordinating and Development Corporation (a nonprofit organization) as of and for the year ended June 30, 1998, and have issued my report thereon dated November 20, 1998. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether The Coordinating and Development Corporation's financial statements are free of material misstatement, I 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 those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

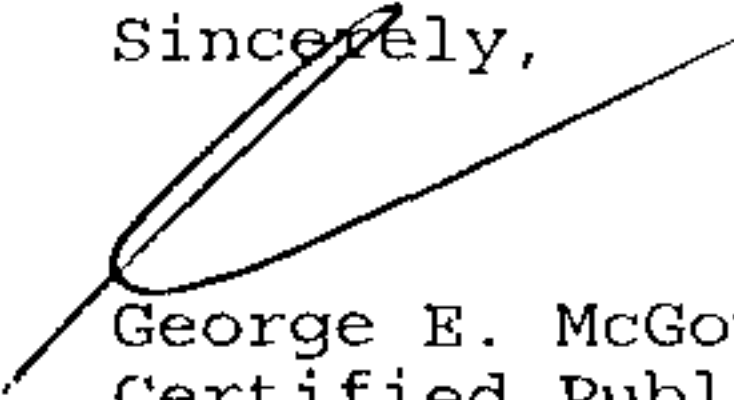
Internal Control Over Financial Reporting

In planning and performing my audit, I considered The Coordinating and Development Corporation's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Board of Directors of
The Coordinating and Development Corporation
November 20, 1998
Page 2

This report is intended for the information of the management, federal awarding agencies, legislative auditor, and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



George E. McGovern III
Certified Public Accountant

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

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

1543 Grimmatt Drive
Shreveport, LA 71107

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

November 20, 1998

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Ark-La-Tex Investment & Development Corporation (AIDC)

I have audited the compliance of Ark-La-Tex Investment & Development Corporation (AIDC) (a nonprofit organization) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to its major federal programs for the year ended September 30, 1998. Ark-La-Tex Investment & Development Corporation (AIDC)'s major federal program is the Job Training Partnership Act which constitutes 99% of its federal funding. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Ark-La-Tex Investment & Development Corporation (AIDC)'s management. My responsibility is to express an opinion on Ark-La-Tex Investment & Development Corporation (AIDC)'s compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ark-La-Tex Investment & Development Corporation (AIDC)'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Ark-La-Tex Investment & Development Corporation (AIDC)'s compliance with those requirements.

In my opinion, Ark-La-Tex Investment & Development Corporation (AIDC) complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 1998.

Internal Control Over Compliance

The management of Ark-La-Tex Investment & Development Corporation (AIDC) is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Ark-La-Tex Investment & Development Corporation (AIDC)'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

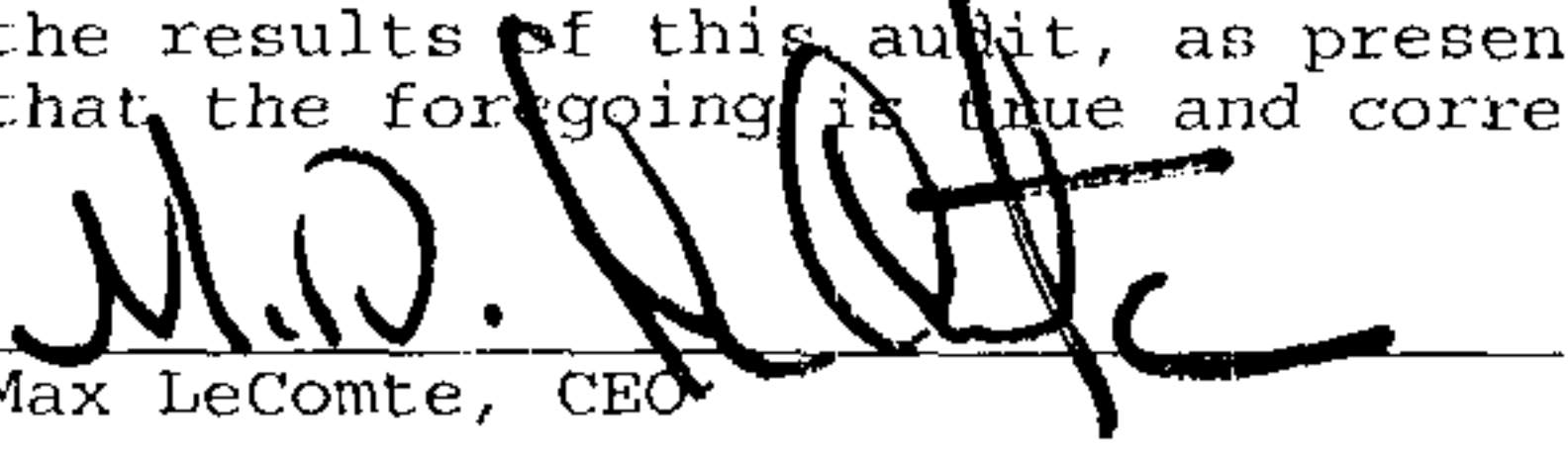
This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

George E. McGovern III
Certified Public Accountant

CERTIFICATE OF AUDIT

This is to certify that to the best of my knowledge and belief, Ark-La-Tex Investment & Development Corporation (AIDC) has: (1) engaged George E. McGovern III, CPA, to perform an audit in accordance with the provisions of OMB Circular A-133 for the year ending September 30, 1998; (2) George E. McGovern III has completed the audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the circular; and (3) the information below is accurate and completely reflects the results of this audit, as presented in the auditor's report. I declare that the foregoing is true and correct.


Max LeComte, CEO

DEC 29 1998
Date

1. The auditor issued an unqualified opinion.
2. The auditor's report indicated no substantial doubt about AIDC's ability to continue as a going concern.
3. The auditor issued an unqualified opinion on the compliance for major programs.
4. This report will be mailed to the following:

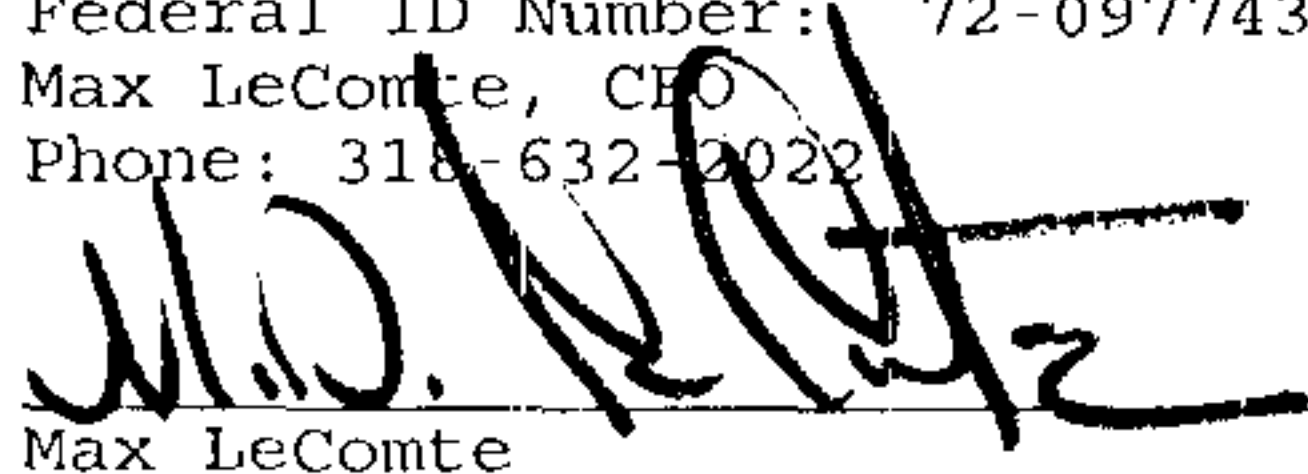
National Clearinghouse for Single
Audit Reports
U.S. Bureau of the Census
1201 East Tenth Street
Jeffersonville, IN 47132

Legislative Auditor
P. O. Box 44397
Baton Rouge, LA 70804

5. The auditee qualified as a low-risk auditee.
6. There was no federal funding.
7. There were no audit findings in the following areas for any federal program:
 - a. Types of services allowed/unallowed
 - b. Eligibility
 - c. Matching
 - d. Federal Financial Assistance
 - e. Program Income
 - f. Procurement
 - g. Subrecipient monitoring
 - h. Allowable costs

8. Auditee information:

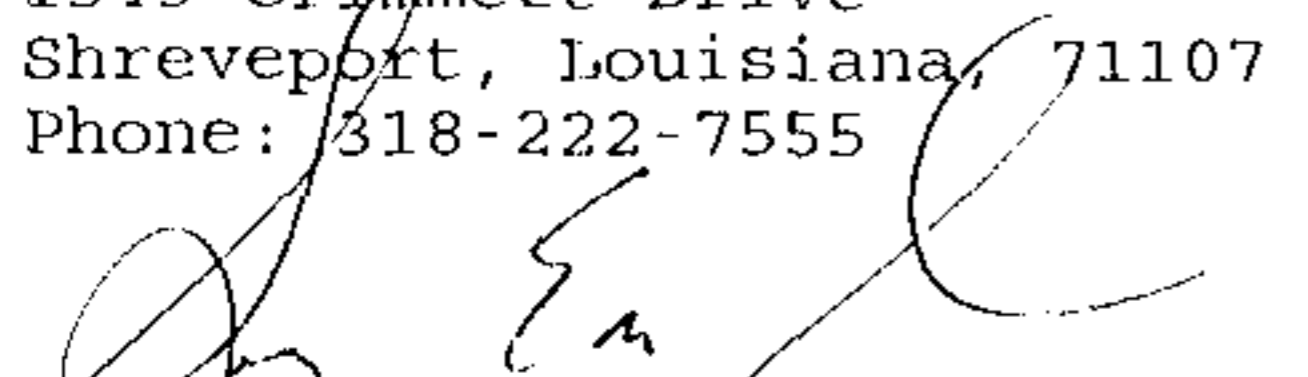
Ark-La-Tex Investment & Development Corporation
Federal ID Number: 72-0977439
Max LeComte, CFO
Phone: 318-632-0022


Max LeComte

11/6/98
Date

9. Auditor information:

George E. McGovern III, CPA
1543 Grinnett Drive
Shreveport, Louisiana, 71107
Phone: 318-222-7555


George E. McGovern

12/29/98
Date