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ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

SEPTEMBER 30, 1999

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 FEB 7 6 2000

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION

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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 Grimmert Drive  
Shreveport, LA 71107  
FAX 318-222-7772

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

November 20, 1999

Independent Auditor's Report

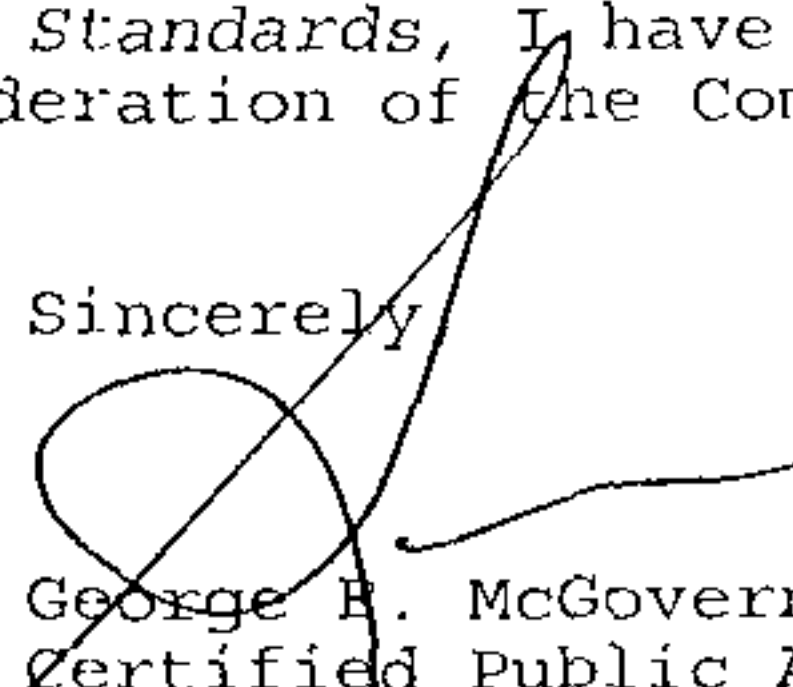
To the Board of Directors of  
Ark-La-Tex Investment & Development Corporation (AIDC)  
Shreveport, LA

I have audited the accompanying statement of financial position of Ark-La-Tex Investment & Development Corporation (AIDC) (a nonprofit organization) as of September 30, 1999, 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, 1999, 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, 1999 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, 1999

ASSETS

Current Assets	
Cash & Cash Equivalents	\$ 391,877
Certificates of Deposit	138,269
Accounts Receivable	8,464
Interest Receivable	<u>3,800</u>
Total Current Assets	<u>542,410</u>
Buildings/Improvements/Land/Equipment	
Buildings/Improvements/Equipment	1,282,540
Land	<u>227,500</u>
Total Buildings/Improvements/Land/Equipment	1,510,040
Less: Accumulated Depreciation	<u>( 159,360)</u>
Net Buildings/Improvements/Land/Equipment	<u>1,350,680</u>
Other Assets	
Deposits (Utilities)	<u>2,500</u>
Total Assets	<u>\$1,895,590</u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Current Portion - Notes Payable	\$ 8,003
Vacation Accrual	45,089
Other Current Liabilities	<u>48</u>
Total Current Liabilities	53,140
Long Term Notes Payable Net of Current Portion	<u>36,893</u>
Total Liabilities	90,033
Net Assets	<u>1,805,557</u>
Total Liabilities and Net Assets	<u>\$1,895,590</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, 1999

Revenues

Rent & Other	\$ 88,125
Loan Servicing and Processing	92,477
Interest	<u>32,863</u>
 Total Revenues	 <u>213,465</u>

Expenditures

Repairs	12,376
Salaries, Payroll Tax, Fringe Benefits	120,026
Interest	4,007
Office	7,157
Training	2,979
Advertising	631
Auto	9,783
Contract	900
Rent	6,512
Dues	1,261
Insurance	12,741
Professional	2,257
Telephone	1,593
Meetings	800
Depreciation	<u>47,812</u>

Total Expenditures 230,835

Revenues in Excess of Expenditures ( 17,370)

Other Financing Sources/Uses	
Distributions to N.W.E.D. Inc.	( 317,376)
Contributions from CDC	<u>83,864</u>

Total Other Financing Sources/Uses ( 233,512)

Excess of Revenues and Other Sources  
Over Expenditures and Other Uses ( 250,882)

Net Assets @ Beginning of Year 2,056,439

Net Assets @ End of Year \$1,805,557

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, 1999

Cash Flows from Operating Activities	
Decrease in Net Assets	\$( 250,882)
Depreciation	47,812
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
(Increase) Decrease in Accounts Receivable	( 2,957)
(Increase) Decrease in Interest Receivable	( 265)
Increase (Decrease) of Vacation Accrual	45,089
Increase (Decrease) in Other Current Liabilities	<u>( 313)</u>
Net Cash from Operating Activities	<u>( 161,516)</u>
Cash Flows from (Used By) Investing Activities	
Purchase and Improvements of Land and Building	( 49,415)
Maturing of Certificates of Deposit	<u>347,894</u>
Net Cash from (Used By) Investing Activities	<u>298,479</u>
Cash Flows from (Used By) Financing Activities	
Payment on Principal - Related Party	( 28,651)
Payment on Principal	<u>( 7,006)</u>
Net Cash from (Used By) Financing Activities	<u>( 35,657)</u>
Increase (Decrease) in Cash & Cash Equivalents	101,306
Cash & Cash Equivalents @ Beginning of Year	<u>290,571</u>
Cash & Cash Equivalents @ End of Year	<u><u>\$ 391,877</u></u>

Note: The Company considers all maturities less than three months to be cash equivalents and no income taxes were paid. Interest of \$4,007 was paid in FYE 9/99 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, 1999

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, 1999

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>9/30/99</u>	<u>Interest Rate</u>
Bank One	\$ 39,224	4.250%
Bank One (Trust Dept.)	94,090	4.250%
Hibernia	64,977	5.250%
Bank of Coushatta	71,204	4.250%
Exchange Bank	44,464	4.000%
Ringgold Bank-Community	58,357	4.500%
Central Bank-Checking	92,239	0%
Gibbsland Bank	<u>65,591</u>	4.400%
	<u>\$ 530,146</u>	

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

Cash & Certificates of Deposits (Maturities < 3 Months)	\$ 391,877
Certificates of Deposits (Maturities > 3 Months and < 1 year)	<u>138,269</u>
	<u>\$ 530,146</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, 1999

NOTE G - BUILDINGS/LAND/RENT INCOME

	<u>Balance</u> <u>9/30/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/99</u>
Land-Hollywood	\$ 19,500	\$ 0	\$ 0	\$ 19,500
Building-Greenwood	752,504	19,743	0	772,247
Land-Greenwood	200,000	0	0	200,000
Software-Caddo	2,605	0	0	2,605
Sign-Greenwood	12,768	0	0	12,768
Automobile	53,133	21,404	( 9,013)	65,524
Bldg & Improvements - Hollywood	299,617	0	0	299,617
Land-Natchitoches Parish - Note J	8,000	0	0	8,000
Building-Natchitoches Parish - Note J	83,150	0	0	83,150
Furniture-Ruston	7,456	0	0	7,456
Furniture-Caddo	30,905	8,268	0	39,173
Accumulated Depr.	<u>(120,561)</u>	<u>( 47,812)</u>	<u>9,013</u>	<u>( 159,360)</u>
Net	<u>\$1,349,077</u>	<u>\$ 1,603</u>	<u>\$ 0</u>	<u>\$ 1,350,680</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 \$83,864.
- (3) The Company is also affiliated with four other nonprofit organizations and one for-profit organization.

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:

9/00	\$ 8,003
9/01	8,409
9/02	8,835
9/03	9,284
9/04	<u>10,365</u>
	<u>\$44,896</u>

During the prior 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. Management repaid this note in this year with no interest. The principal payment was \$28,651.

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1999

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:

The Company has two car leases that are considered to be operating leases with total monthly payments of less than \$1,000/month.

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 sell unused vacation. The accrual at 9/30/99 of \$45,089 is based upon current salaries.

In addition, the Company has a defined contribution plan for all employees with greater than six months service. During the year, the Company paid \$7,087.

NOTE O - GRANTS

Grants were awarded to allow for the purchase of the building in Greenwood, LA. This was funded after year end.

ARK-LA-TEX INVESTMENT & DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1999

NOTE P - YEAR 2000

In accordance with GASB TB 98-1, the Company has recognized potential short comings in their electronic data-processing systems and other equipment that might adversely effect their operations in the year 2000 and beyond. The following summarizes the Company's position at the end of fiscal year 1998.

Awareness Stage - The Company has developed a budget and time frame for implementation of the project plan to occur no later than 12/15/99.

Assessment Stage - The Company anticipates this to take place during the last six months of 1999. A dual system is running offsite to assure compliance.

Remediation Stage and Validation/Testing Stage will take place in the year 1999.

NOTE Q - DISTRIBUTIONS

The Company has contributed \$317,376 to an affiliated company. The affiliated company has applied for a determination letter from the Internal Revenue Service for acknowledgement of its tax exempt status. As of the writing of this report, the Service has not yet ruled. If a favorable determination letter is not received, the funds will be remitted back to the AIDC.

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 Grimmer Drive  
Shreveport, LA 71107  
FAX 318-222-7772

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

November 20, 1999

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  
Ark-La-Tex Investment & Development Corporation (AIDC)

I have audited the financial statements of Ark-La-Tex Investment & Development Corporation (AIDC) (a nonprofit organization) as of and for the year ended September 30, 1999, and have issued my report thereon dated November 20, 1999. 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 Ark-La-Tex Investment & Development Corporation's (AIDC) 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*.

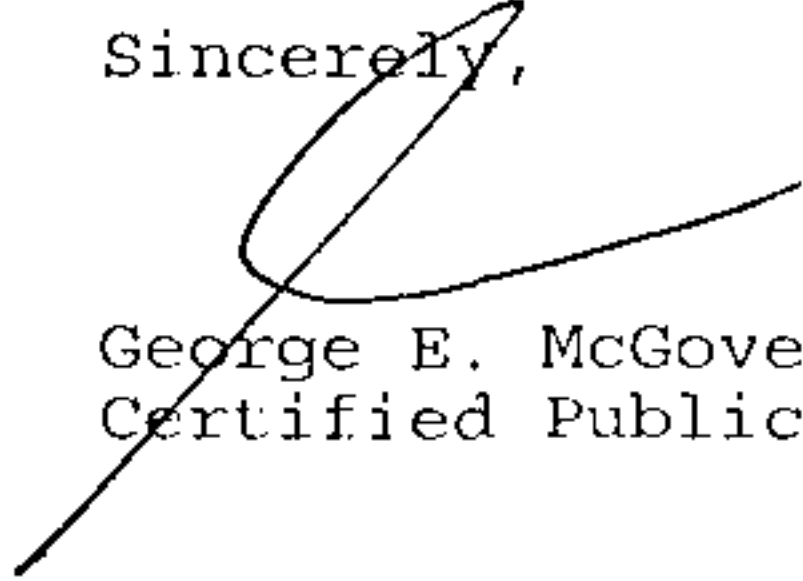
Internal Control Over Financial Reporting

In planning and performing my audit, I considered Ark-La-Tex Investment & Development Corporation's (AIDC) 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  
Ark-La-Tex Investment & Development Corporation (AIDC)  
November 20, 1999  
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