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RESEARCH PARK CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2003

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Postlethwaite & Netterville

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Research Park Corporation
Baton Rouge, Louisiana

We have audited the accompanying statements of net assets of Research Park Corporation and its subsidiary as of December 31, 2003 and 2002, and the related statements of revenues, expenses, and changes in fund net assets and cash flows for the years then ended. These financial statements are the responsibility of Research Park Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Research Park Corporation and its subsidiary as of December 31, 2003 and 2002, and their activities and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated March 15, 2004 on our consideration of the Research Park Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 2 through 5, are not a required part of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Postlethwaite & Netterville

Baton Rouge, Louisiana
March 15, 2004

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REQUIRED SUPPLEMENTARY INFORMATION

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RESEARCH PARK CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2003

The Management's Discussion and Analysis of the Research Park Corporation's financial performance presents a narrative overview and analysis of Research Park Corporation's (RPC) financial activities for the year ended December 31, 2003 and 2002. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements, which begin on page 6.

FINANCIAL HIGHLIGHTS

2003

RPC's assets exceeded its liabilities (net assets) at the close of fiscal year 2003 by $14,801,047 which represents a 4.85% increase in net assets from last fiscal year. Total assets remained relatively consistent from $16,682,831 in 2002 to $16,888,497 in 2003. The mix of those assets changed as a result of the sale of the mortgage note and "out parcels" of land for Bon Carre' Town Center, as defined in Note 7 to the financial statements, for $9,000,000 and the purchase of the investment in Bon Carre' Business Center. RPC's interest in Bon Carre' Business Center, LLC, including its preferred interest, is carried at cost. The Louisiana Technology Park renegotiated its agreement with the data center in 2002 that resulted in significant savings in 2003.

2002

RPC's assets exceeded its liabilities (net assets) at the close of fiscal year 2002 by $14,116,199 which represents approximately a 6.86% increase in net assets from last fiscal year. Total assets increased from $16,276,673 in 2001 to $16,682,831. The mix of those assets changed as a result of the purchase of the mortgage note, as defined in Note 7 to the financial statements, and "out parcels" of land for Bon Carre' Town Center for $9,000,000. In the prior year, the majority of RPC's assets were in liquid investments and property and equipment. The Louisiana Technology Park, a subsidiary of RPC, was in operation for a full year during 2002; however, the number of incubator start-up companies fell short of earlier projections; therefore, revenue was below expectations for the year. The contract with the data services center was assigned to another vendor during 2002 and the fee was renegotiated with the new vendor.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*.

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information
(Other than MD&A)

These financial statements consist of two sections - Management's Discussion and Analysis (this section), and the basic financial statements (including the notes to the financial statements).

RESEARCH PARK CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2003

Basic Financial Statements

The basic financial statements present information for the Research Park Corporation as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statements of Net Assets; the Statements of Revenues, Expenses, and Changes in Fund Net Assets; and the Statements of Cash Flows.

The Statements of Net Assets (page 6) presents a summary of assets and liabilities with totals of each. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of RPC is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Assets (pages 7 - 8) presents information which shows how the RPC's net assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statements of Cash Flows (pages 9 - 10) presents information showing how RPC's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income to net cash provided by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statements of Net Assets
December 31

	2003	2002	2001
Current assets	$ 6,218,454	$ 2,015,395	$ 10,338,416
Investment	5,171,059	8,160,121	-
Capital assets	5,498,984	6,507,315	5,938,257
Total assets	16,888,497	16,682,831	16,276,673
Current liabilities	536,070	553,187	479,037
Long-term liabilities	1,551,380	2,013,445	2,470,526
Total liabilities	2,087,450	2,566,632	2,949,563
Total net assets	$ 14,801,047	$ 14,116,199	$ 13,327,110

All of the assets of the RPC are unrestricted as to their specific use; that is, they can be used for any lawful purpose consistent with the by-laws and articles of incorporation. The RPC has one long-term obligation relating to the purchase of equipment and software for the data center. In 2002, the $9,000,000 investment is the mortgage note of $8,160,121 and "outparcels" of land, at a cost of $839,879, for Bon Carre' Town Center, RPC's former landlord. In 2003, RPC sold the mortgage note and land to Bon Carre' Business Center, LLC which then foreclosed on the defaulted development. RPC then purchased 26% of common stock and $3,000,000 of non-voting cumulative 9% preferred stock, for a total investment of $5,171,059.

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RESEARCH PARK CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2003

Statements of Revenues, Expenses, and Changes in Net Assets
For the years ended December 31, 2003 and 2002

	2003	2002	2001
Operating revenues	$ 163,068	$ 111,243	$ 30,256
Operating expenses	4,694,918	4,694,279	3,091,254
Operating loss	(4,531,850)	(4,583,036)	(3,060,998)
Non-operating revenues (expenses)			
State appropriations	4,327,721	4,457,327	8,442,066
Tax revenue	762,228	707,561	752,076
Gain on sale of land	-	-	4,073,585
Data center build-out	-	-	(4,170,000)
Other revenue (expense)	126,749	207,237	(133,692)
Total non-operating revenues (expenses)	5,216,698	5,372,125	8,964,035
Change in net assets	$ 684,848	$ 789,089	$ 5,903,037

2003

The Research Park Corporation's total operating revenues increased by $51,825 or approximately 47%. Operating revenues consist primarily of incubator fees, rental income and data center services fees. In the current year, Operating expenses remained consistent between the two years. Operating revenues increased as a result of rental to a commercial tenant mid-year. Non-operating revenues decreased by $155,427 or approximately 2.9%, due partially to a decrease in state appropriations received during 2003 as well as a decrease in donated services from the prior year.

2002

The Research Park Corporation's total operating revenues increased by $80,987 or 267.67%. Operating revenues consist primarily of incubator fees and data center services fees. Operating expenses increased $1,477,715 or 47.80%. Both operating revenues and expenses increased due to the data center being in operations for a full year during 2002 versus a partial year in 2001. The main component of operating expenses is the outsourcing fee for the data center which was $2,870,000 and $1,600,000 in 2002 and 2001, respectively. Non-operating revenues decreased by $3,591,910 or 40.07%, due partially to a decrease in state appropriations received during 2002. During 2001, RPC received state appropriations to complete the build-out of the data center of approximately $4,000,000 which was expended during 2001. Additionally, during 2001 RPC sold land which resulted in a gain on sale of approximately $4,100,000.

RESEARCH PARK CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2003

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of 2003 and 2002, RPC had $6.8 and $7.3 million, respectively, invested in capital assets, including data center equipment and land. (See table below) These amounts represent a net increase (decrease) (including additions and deductions) of ($1,008,331) and $569,058 or 15.5% and 9.6% over 2002 and 2001, respectively.

Capital Assets at Year End - Net of Depreciation

	2003	2002	2001
Land	$ 2,099,615	$ 2,939,494	$ 2,099,615
Equipment (net of accumulated depreciation)	3,399,369	3,567,821	3,838,642
Totals	$5,498,984	$ 6,507,315	$ 5,938,257

Debt

RPC had $2,013,445 and $2,447,268 outstanding at the end of 2003 and 2002, respectively, on its financing agreement relating to the purchase of hardware and software for the data center, compared to $2,907,041 outstanding at 2001.

ECONOMIC FACTORS AND NEXT YEAR'S OPERATIONS

RPC's management considered the following factors and indicators when setting next year's budget and goals. These factors and indicators include:

- Increased number of tenants in the Incubator;
- Improving economy especially in the technology sector;
- Increased revenue from Bon Carre' Business Center, LLC, and
- Development of an additional facility at CAMD

RPC expects that next year's results will improve based on the following:

- Bon Carre' will begin generating revenues;
- A major company in the technology park expects to complete construction and commence operations, and
- Additional companies are expected to be accepted into the Incubator program

CONTACTING THE RESEARCH PARK CORPORATION'S MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Research Park Corporation's finances and to show the RPC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Edward Ashworth, President.

RESEARCH PARK CORPORATION
BATON ROUGE, LOUISIANA

STATEMENTS OF NET ASSETS
DECEMBER 31, 2003 AND 2002

ASSETS

	2003	2002 (As Restated)
CURRENT ASSETS		
Cash	$ 5,859,059	$ 1,583,860
Interest receivable	-	7,188
Taxes receivable	170,918	158,021
Other receivables, net of allowance for doubtful accounts	19,267	16,326
Other assets	169,210	-
Prepaid expenses	-	250,000
	6,218,454	2,015,395
INVESTMENTS		
Mortgage note	-	8,160,121
Investment in Bon Carre' Business Center, LLC	5,171,059	-
	5,171,059	8,160,121
CAPITAL ASSETS		
Furniture and equipment	742,794	516,244
Data center equipment	3,793,964	3,793,964
Website	28,935	28,935
Leasehold improvements	180,831	15,680
	4,746,524	4,354,823
Less: accumulated depreciation	(1,347,155)	(787,002)
	3,399,369	3,567,821
Land	2,099,615	2,939,494
Capital assets - net	5,498,984	6,507,315
Total Assets	$ 16,888,497	$ 16,682,831

LIABILITIES AND NET ASSETS

	2003	2002 (As Restated)
CURRENT LIABILITIES		
Accounts payable	3,735	71,213
Accrued expenses	59,493	41,540
Other liabilities	10,777	6,611
Financing agreement payable	462,065	433,823
	536,070	553,187
LONG-TERM LIABILITIES		
Financing agreement payable, net of current portion	1,551,380	2,013,445
NET ASSETS		
Invested in capital assets (net of related debt)	3,485,539	4,060,047
Unrestricted	11,315,508	10,056,152
	14,801,047	14,116,199
Total Liabilities and Net Assets	$ 16,888,497	$ 16,682,831

The accompanying notes are an integral part of these statements.

RESEARCH PARK CORPORATION
BATON ROUGE, LOUISIANA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002 (As Restated)
REVENUES		
Incubator fees	$ 99,406	$ 76,108
Rental income	42,378	-
Data center services	12,767	28,980
Other	8,517	6,155
Total revenues	163,068	111,243
EXPENSES		
Bad debt expense	4,292	8,210
Computer expenses	177,092	528,552
Consulting fees	29,454	62,639
Depreciation	560,153	496,004
Dues, licenses, and subscriptions	15,446	9,460
Employee benefits	46,547	50,061
Insurance	39,251	14,049
Marketing	37,639	31,669
Miscellaneous expenses	105,003	46,364
Office supplies	22,153	16,685
Outsourcing services	2,850,000	2,870,000
Payroll taxes	30,307	24,192
Postage and printing	6,626	3,927
Professional fees	69,971	110,991
Rent	143,267	4,380
Salaries and wages	464,549	352,281
Telephone	23,047	16,441
Travel	21,318	12,347
Utilities	38,348	30,861
Meals and entertainment	10,455	5,166
Total expenses	4,694,918	4,694,279
Operating loss	(4,531,850)	(4,583,036)

The accompanying notes are an integral part of these statements.

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RESEARCH PARK CORPORATION
BATON ROUGE, LOUISIANA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002 (As Restated)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	$ 4,327,721	$ 4,457,327
Equity earnings on investment	214,369	-
Hotel/Motel tax revenue	762,228	707,561
Contributions	-	180,860
Interest income	67,151	185,317
Interest expense	(154,771)	(158,940)
	5,216,698	5,372,125
CHANGE IN NET ASSETS	684,848	789,089
Net assets - beginning of the year as previously reported	14,241,509	13,327,110
Correction of an error (Notes 5 and 11)	(125,310)	-
Net assets - beginning of the year as restated	14,116,199	-
Net assets - end of year	$ 14,801,047	$ 14,116,199

The accompanying notes are an integral part of these statements.

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RESEARCH PARK CORPORATION
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from:		
Other operating receipts	$ 160,127	$ 95,791
Cash paid for:		
Salaries and employee benefits	(555,028)	(451,566)
General and administrative expenses	(591,944)	(267,244)
Hardware and software maintenance	(177,092)	(528,552)
Outsourcing services	(2,600,000)	(3,120,000)
Net cash used in operating activities	(3,763,937)	(4,271,571)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) Sale of mortgage note	9,000,000	(8,160,121)
Purchase of Bon Carre' Business Center	(5,125,900)	-
Interest income	74,339	178,129
Net cash provided by (used in) investing activities	3,948,439	(7,981,992)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations received	4,327,721	4,457,327
Taxes received	749,331	726,437
Interest expense	(160,831)	(134,881)
Net cash provided by noncapital financing activities	4,916,221	5,048,883
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Principal reductions of long-term debt	(433,823)	(459,773)
Capital expenditures	(391,701)	(912,332)
Net cash used in capital financing activities	(825,524)	(1,372,105)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,275,199	(8,576,785)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,583,860	10,160,645
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 5,859,059	$ 1,583,860

The accompanying notes are an integral part of these statements.

RESEARCH PARK CORPORATION
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002 (As Restated)
Operating loss	$ (4,531,850)	$ (4,583,036)
Adjustments to reconcile operating loss		
to net cash used in operating activities:		
Depreciation	560,153	496,004
Bad debt expense	4,292	
Noncash equipment rent	-	28,130
Changes in operating assets and liabilities:		
Prepaid expenses	250,000	(250,000)
Other receivables	(2,941)	(15,452)
Accounts payable	(67,478)	59,599
Other liabilities	4,166	4,167
Accrued expenses	19,721	(10,983)
Net cash used in operating activities	$ (3,763,937)	$ (4,271,571)

The accompanying notes are an integral part of these statements.

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RESEARCH PARK CORPORATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities

The Research Park Corporation (the Corporation) was formed as a public nonprofit corporation in 1992. The State of Louisiana transferred a tract of land (at the State's cost) in 1993 to the Corporation to establish a research park. The purpose of the research park is to provide an area where various industries may set up their businesses while they are in the developmental stage. The research park will be used to attract these businesses to Louisiana (See Note 3).

During the year ended December 31, 2001, the Corporation refocused its efforts to concentrate primarily on developing early-stage technology businesses. The Corporation formed the Louisiana Technology Park, LLC (LTP) as a subsidiary of the Corporation to act as the technology business incubator for the development stage companies (See Note 3). The Technology Park, which is now in operation, also includes a commercial data center and commercial office space for technology companies. The commercial data center provides data storage and transmission capabilities to incubator companies (See Note 6). During the year ended December 31, 2002, the Corporation formed Bon Carre' Development Company, LLC as a subsidiary of the Corporation, for the purpose of purchasing Bon Carre' Town Center's mortgage note and approximately 18 ½ acres of land relating to that development. (See Note 7)

Two percent of the hotel-motel tax collections in East Baton Rouge Parish are dedicated to the East Baton Rouge Community Improvement Fund. Fifty percent of the tax monies collected by the Community Improvement Fund are allocated to the Corporation. The Corporation also receives state appropriations. (See Note 3).

2. Summary of Significant Accounting Policies

The Corporation applies Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails, and all of the GASB pronouncements issued subsequently.

Reporting Entity

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within a reporting entity. Under provisions of this Statement, the Corporation is considered a primary government since it is a public nonprofit corporation that has a separately appointed governing body and is legally separate. The Corporation has two component units, *Louisiana Technology Park, LLC and Bon Carre' Development Company, LLC*, defined by GASB Statement 14 as other legally separate organizations for which the Corporation is financially accountable. There are no other primary governments with which the Corporation has a significant relationship. The Corporation is not a component unit of any other entity.

Basis of Accounting

The Corporation is considered to be a proprietary type fund and is presented as a business type activity. Proprietary funds are used to account for governmental activities that are similar to those found in the private sector where the determination of operating income and changes in net assets is necessary or useful to sound financial administration. The Generally Accepted Accounting Principles (GAAP) used for proprietary funds are generally those applicable to similar businesses in the private sector (accrual basis accounting). Under the accrual basis of accounting, revenues are recognized in the accounting period in which they were earned and expenses are recognized in the period incurred.

2. Summary of Significant Accounting Policies (continued)

Income Taxes

The Corporation and the LTP are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes is necessary.

Compensated Absences

All full-time employees earn from 10 to 20 days of vacation leave each year, depending on length of service with the Corporation. Vacation leave cannot be accumulated. Upon separation, all earned unused vacation leave will be paid.

All full-time employees earn 12 days of sick leave each year. Sick leave may be accumulated not to exceed 30 work days. If an employee resigns or is terminated, the employee will not be paid for any unused sick leave.

Cash

For purposes of reporting cash flows, cash includes highly liquid investments with original maturities of three months or less.

Estimates

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

Revenue Recognition

Funds received from state appropriations that are unrelated to capital outlay, are recognized in the period received, which normally equates to the fiscal period that the appropriation represents. All funds received from governmental entities or in the form of a donation are considered nonoperating revenue.

Investments

The Corporation accounts for its investment in the common stock of the Bon Carre' Business Center, LLC (BCBC) using the equity method as provided for in APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." The Corporation accounts for its investment in the preferred stock of BCBC at cost.

RESEARCH PARK CORPORATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Cooperative Endeavor Agreement

Effective November 30, 2000 the Corporation and LTP entered into a cooperative endeavor agreement with the State of Louisiana and the Louisiana Department of Economic Development to provide state funding to the LTP. The State has provided the Corporation with $4.3 million for 2003 and $4.5 million for 2002. The Corporation and LTP must renovate and maintain facilities to provide for the Technology Park. The funds received must be used as payment or reimbursement for a portion of the project costs. Pursuant to the cooperative endeavor agreement, the Corporation and LTP will receive each year, subject to changes in state appropriations, funds from the state ranging from $4.7 million to $4.9 million through the year ending December 31, 2007 as long as it is operating the Technology Park. Due to RPC renegotiating its contract for data center services, the amount RPC receives from the state under the cooperative endeavor agreement may be substantially less than is provided in the agreement.

4. Credit Risk and Concentrations

At year-end, the carrying amount of the Corporation's deposits was $5,859,059 and $1,583,860 and the bank balances were $5,856,211and $1,593,908 at December 31, 2003 and 2002, respectively. Of the bank balances, $270,789 and $186,616 for 2003 and 2002, respectively, were secured by federal depository insurance, and $5,585,422 and $1,407,292 for 2003 and 2002, respectively, were in excess of the federally insured amount. The Corporation believes the credit risk associated with this is minimal. (GASB Category 3)

Since LTP is still in the initial phase of attracting incubator companies, it is dependent upon continued support from the hotel/motel tax and state funding.

5. Property and Equipment

Certain errors resulting in the understatement of previously reported depreciation expense for the year ended December 31, 2002, were discovered by management of the Company during the current year. Accordingly, the 2002 financial statements have been restated to correct the error. (See Note 11)

	2003			
	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 2,939,494	$ -	($ 839,879)	$ 2,099,615
Furniture and equipment	516,244	226,550	-	742,794
Data center equipment	3,793,964	-	-	3,793,964
Website	28,935	-	-	28,935
Leasehold improvements	15,680	165,151	-	180,831
	7,294,317	391,701	(839,879)	
6,846,139				
Accumulated depreciation	(787,002)	(560,153)	-	(1,347,155)
	$ 6,507,315	($ 168,452)	($ 839,879)	$ 5,498,984

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5. Property and Equipment (continued)

	2002 (As Restated)			
	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 2,099,615	$ 839,879	$ -	$ 2,939,494
Furniture and equipment	306,741	209,503	-	516,244
Data center equipment	3,793,964	-	-	3,793,964
Website	28,935	-	-	28,935
Leasehold improvements	-	15,680	-	15,680
	6,229,255	1,065,062	-	7,294,317
Accumulated depreciation	(290,998)	(496,004)	-	(787,002)
	$ 5,938,257	$ 569,058	$ -	$ 6,507,315

6. Commitments

Outsourcing Agreement

The Corporation entered into an outsourcing and service level agreement with a service provider in exchange for data center services in 2001. The agreement called for monthly payments for several years escalating in amount depending on the number of incubator companies operating. On July 1, 2002, the service level agreement was assigned to another service provider. The minimum payments according to the agreement are as follows:

Years ending December 31,	
2004	$ 1,350,000

Minimum payments terminate on July 1, 2004, and LTP will pay fees for additional services used by the incubator companies or its clients at committed rates less a discount. Management expects that as a result, the fees for data center services will be reduced significantly.

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6. Commitments (continued)

Financing Agreement

The Corporation has also entered into an agreement for the purchase of equipment for the data center with terms through October 2007. Obligations under the agreement have been recorded in the accompanying consolidated financial statements at the present value of future minimum payments discounted at 6.51%. The equipment is now in use and is being depreciated.

The future minimum payments under the refinanced agreement and the net present value of the future minimum payments are as follows:

2004	$ 594,654
2005	594,654
2006	594,654
2007	594,654
Total minimum agreement payments	2,378,616
Less: Amount representing interest	(365,171)
Present value of future minimum payments	$ 2,013,445

Lease Agreement

During 2001, LTP entered into a lease agreement for the technology park for a term of 120 months. Rent is based on square footage at escalating lease amounts from $5.50 to $8.00 per square foot, plus an estimated $2.00 per square foot for LTP's share of common area maintenance and related real estate taxes, etc, which escalates at 5% per year. No rental payments were made during December 31, 2002 as the facility was still under construction pending acceptance by the Corporation. As of December 31, 2003, rental payments which commenced in June, 2003 totaling $143,267 have been made to Bon Carre' Business Corporation. Future minimum lease payments are as follows:

2004	$ 320,412
2005	360,820
2006	364,677
2007	368,727
2008	409,715
Thereafter	1,685,799
	$ 3,510,150

7. Investments

Mortgage Note

On December 31, 2002, the Corporation purchased the mortgages, consent judgment, and, to the extent they had any viability, the notes of Bon Carre' Town Center from First Tennessee Bank for $8,160,121.

7. Investments (continued)

Land

In connection with the above transaction, the Corporation also purchased land at a cost of $839,879.

Investment in Bon Carre' Business Center, LLC

On Mach 28, 2003, the Company sold its entire interest in the above land and mortgage note to Bon Carre' Business Center, LLC for which it received $9 million. The Company subsequently purchased a 26% interest in Bon Carre' Business Center, LLC (BCBC) common stock for $2,125,900 plus 3,000 units of cumulative non-voting 9% preferred stock totaling $3,000,000 for a total purchase price of $5,125,900.

As a result of this investment the Corporation's percentage of BCBC's net income was $214,369 which increased the related investment account. This income includes amounts from both the 9% cumulative preferred stock for the period the investment was held as well as the Corporation's percentage of net income related to the common stock investment.

The investment was reduced by $169,210 relating to the allocation by BCBC of movie tax credits. The tax credits are recorded as other assets on the accompanying balance sheet. These credits were recorded at their realizable amounts, which was determined based on the sale of the tax credits subsequent to year-end.

8. Donations

The Corporation received donations of equipment, software, and services in relation to a new State Training Center which opened in the LTP during 2002. Donations of computers and software are recorded at their fair value on the date of donation, which was approximately $153,000. The donated use of printers is recorded as a rental expense at its estimated rental value of $4,380. Donated services for programming computers were recorded at their value of $23,750. No donations were received during 2003.

9. Warrants

LTP receives warrants to purchase shares in its incubator companies. These warrants are exercisable upon certain financing being achieved by the incubator company and have a term of ten years at exercise prices ranging from $.10 to $.367. The warrants are deemed to have minimal fair value at December 31, 2003 and have not been recorded in the accompanying financial statements.

RESEARCH PARK CORPORATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

10. Retirement Plan

The Corporation adopted a 401(K) Plan in 2002 which covers substantially all its employees. The Corporation matches 100% of each employee's salary deferrals up to 3% of their compensation. In addition, the Corporation makes a discretionary profit sharing contribution which is to be determined each year. The contributions for the years ended December 31, 2003 and 2002 were $27,560 and $23,522, respectively.

11. Restatement of Financial Statements

The 2002 financial statements have been restated to correct an error for an understatement of depreciation expense. There was a $125,310 increase in the operating loss and a decrease in the change in net assets for the year ended December 31, 2002 as a result of the correction of the depreciation expense.

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Research Park Corporation
Baton Rouge, Louisiana

We have audited the consolidated financial statements of Research Park Corporation as of and for the year ended December 31, 2003, and have issued our report thereon dated March 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As a part of obtaining reasonable assurance about whether Research Park Corporation's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those 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 Research Park Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated 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 a material weakness. 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 consolidated 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.

This report is intended solely for the information and use of the management of the Research Park Corporation and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

Baton Rouge, Louisiana
March 15, 2003

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