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THE COORDINATING AND DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
STATEMENTS OF ACTIVITIES, FUNCTIONAL EXPENSES,
AND CASH FLOWS

JUNE 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 1-26-05

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December 20, 2004

Board of Directors
The Coordinating and Development Corporation (CDC)
Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying statement of financial position of the Coordinating and Development Corporation (CDC) as of June 30, 2004, and the related statement of activities and functional expenses, cash flows, and changes in assets and liabilities of the agency fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coordinating and Development Corporation (CDC) as of June 30, 2004, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements of Coordinating and Development Corporation (CDC) taken as a whole. The supplementary financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, Audits of States, Local Governments and Nonprofit Organizations, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2004 on our consideration of the Coordinating and Development Corporation (CDC)'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is 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.

HMV

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Heard, McElroy & Vestal, LLP

THE COORDINATING AND DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Assets			
Current			
Cash & Cash Equivalents	\$ 75,325	\$ 166,269	\$ 241,594
Accounts Receivable	356,321	0	356,321
Notes Receivable (Current Portion)	47,689	0	47,689
Other Current Assets	<u>2,800</u>	<u>0</u>	<u>2,800</u>
Total Current Assets	<u>482,135</u>	<u>166,269</u>	<u>648,404</u>
Other Assets			
Investments - Vacation Escrow	0	668,544	668,544
Certificates of Deposit	406,957	0	406,957
Notes Receivable (Net of Current Portion & Allowance for Uncollectibles of \$37,669)	<u>228,552</u>	<u>0</u>	<u>228,552</u>
Total Other Assets	635,509	668,544	1,304,053
Equipment (Net of Accumulated Depreciation of \$31,707)	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 1,117,644</u>	<u>\$ 834,813</u>	<u>\$ 1,952,457</u>
Liabilities & Net Assets			
Current			
Accounts Payable	\$ 285,208	\$ 0	\$ 285,208
Other Payables	5,689	0	5,689
Due to Louisiana Department of Labor	115,495	0	115,495
Notes Payable - Current Portion	<u>29,777</u>	<u>0</u>	<u>29,777</u>
Total Current Liabilities	<u>436,169</u>	<u>0</u>	<u>436,169</u>
Long Term Liabilities			
Notes Payable (Net of Current Portion)	773,407	0	773,407
Vacation Fund Payable	<u>0</u>	<u>834,813</u>	<u>834,813</u>
Total Long Term Liabilities	<u>773,407</u>	<u>834,813</u>	<u>1,608,220</u>
Total Liabilities	<u>1,209,576</u>	<u>834,813</u>	<u>2,044,389</u>
Net Assets	<u>(91,932)</u>	<u>0</u>	<u>(91,932)</u>
Total Liabilities & Net Assets	<u>\$ 1,117,644</u>	<u>\$ 834,813</u>	<u>\$ 1,952,457</u>

See Notes to Financial Statements

THE COORDINATING AND DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Unrestricted</u>
Revenues	
Step	\$ 18,601
Workforce Development	5,383,173
Marketing & Economic Development	11,479
Economic Development	91,990
Dues & Other	359,186
TD	13,089
Interest Income	44,056
Community Development	<u>176,963</u>
Total Revenues	<u>6,098,537</u>
Unallocated Payments from Affiliated Organizations	<u>65,081</u>
Total Revenues and Unallocated Payments from Affiliated Organizations	<u>6,163,618</u>
Program Services	
Workforce Development/Step	<u>5,158,722</u>
Total Program Services	<u>5,158,722</u>
Supporting Services	
Interest Expense	8,553
Management & General	<u>886,241</u>
Total Supporting Services	<u>894,794</u>
Unallocated Payments to Affiliated Organization	<u>428,794</u>
Decrease in Net Assets	(318,692)
Net Assets at Beginning of Year	<u>226,760</u>
Net Assets (Deficit) at End of Year	<u><u>\$ (91,932)</u></u>

See Notes to Financial Statements

THE COORDINATING AND DEVELOPMENT CORPORATION
 STATEMENT OF FUNCTIONAL EXPENSES
 PROGRAM SERVICES
 FOR THE YEAR ENDED JUNE 30, 2004

	Program Services						TOTAL
	TRAINING	ECONOMIC DEVELOPMENT	COMMUNITY DEVELOPMENT	LENDING	MARKETING & ECONOMIC DEVELOPMENT	SUPPORT SERVICES	
Expenditures							
Administrative Cost							
Salaries	\$ 154,377	\$ 101,767	\$ 111,046	\$ 22,372	\$ 32,328	\$ 23,763	\$ 445,653
Fringe Benefits	34,966	23,050	25,152	5,068	7,322	5,382	100,940
Office Rent	10,368	7,666	8,137	0	2,463	3,511	32,145
Contractual	0	375	1,216	1,000	2,714	36,655	41,960
Office Supplies	4,384	4,399	5,091	0	1,004	2,450	17,328
Vehicle	0	0	0	0	0	0	0
Equipment Rentals	1,264	2,429	2,565	0	3,191	1,096	10,545
Printing	481	482	511	0	79	2,590	4,143
Postage	2,733	2,788	2,888	20	0	1,205	9,634
Telephone	506	749	981	0	2,064	513	4,813
Advertising	2,443	2,076	2,211	0	250	1,884	8,864
Insurance	2,260	745	544	0	0	996	4,545
Dues/Meetings	7,096	1,758	2,518	55	428	5,900	17,755
Accounting	2,794	1,118	1,143	0	0	690	5,745
Other Administrative Expenses	5,726	24,018	25,806	7,516	1,653	62,274	126,993
Bad Debt	0	0	0	(3,465)	0	0	(3,465)
Travel	13,654	7,023	12,019	0	842	25,105	58,643
Total Administrative Cost	243,052	180,443	201,828	32,566	54,338	174,014	886,241
Vendor Administration	0	0	0	0	0	0	0
Support Services	0	0	0	0	0	0	0
Training	5,158,722	0	0	0	0	0	5,158,722
Total Expenditures	\$ 5,401,774	\$ 180,443	\$ 201,828	\$ 32,566	\$ 54,338	\$ 174,014	\$ 6,044,963

See Notes to Financial Statements

THE COORDINATING AND DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004

Cash Flows From Operating Activities	
(Decrease) Increase in Net Assets	\$(318,692)
Adjustments To Reconcile Change In Net Assets To Net Cash (Used) Operating Activities	
Bad Debt Recorvery	(3,465)
Decrease in Cash Deficit	(943)
Increase in Accounts Receivable	(141,511)
Increase in Accounts Payable	100,895
Decrease in Other Payables	(1,811)
Increase in Other Current Assets	(1,790)
Increase in Due to Louisiana Dept. of Labor	<u>115,495</u>
Net Cash (Used) By Operating Activities	<u>(251,822)</u>
Cash Flows From Investing Activities	
Certificates of Deposit	(678,521)
Repaid Notes Receivable	39,657
Increase in Vacation Fund Payable	<u>43,371</u>
Net Cash (Used) By Investing Activities	<u>(595,493)</u>
Cash Flows From Financing Activities	
Loans Repaid	<u>(29,483)</u>
Net Cash (Used) By Financing Activities	<u>(29,483)</u>
(Decrease) in Cash & Cash Equivalents	(876,798)
Beginning Cash & Cash Equivalents	<u>1,118,392</u>
Ending Cash & Cash Equivalents	<u>\$ 241,594</u>

Note: No income taxes were paid for the year.
Interest of \$8,553 was paid during the year and none was capitalized.

See Notes to Financial Statements

THE COORDINATING AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE A - ACCOUNTING POLICIES

1. The accompanying financial statements have been prepared on the accrual basis, whereby all revenues are recognized when susceptible to accrual and expenditures are recorded when the related fund liability is incurred. The Coordinating and Development Corporation (CDC) 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/divisions. A fund is a separate accounting entity with a self-balancing set of accounts. Governmental funds are used to account for all of CDC's activities, and divisions are used to provide for segregation of programs within CDC.
2. The Coordinating and Development Corporation (CDC) is a private, not-for-profit, IRS Section 501(c)(4) Corporation. The Corporation 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.
3. Depreciation - Depreciation is provided on the straight line method over the useful life of the office equipment. Equipment is recorded at cost, and includes all items with cost exceeding \$500 and a useful life greater than one year.
4. Cash & Cash Equivalents - The Company considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.
5. Divisions - The following divisions, reported as funds, are maintained:
 1. Division of Economic Development
 2. Division of Workforce Development
 3. Division of Project Review
 4. Division of Natural Resources
 5. Division of Local Funds
 6. Division of Community Development
 7. Division of 8%
 8. Division of IRP
 9. Division of TD
 10. Division of Marketing & Economic Development
 11. Division of Culture, Recreation & Tourism
 12. Division of Step

The reporting of all divisions in one report is in compliance with OMB Circular A-133.

6. Transfers In/Transfers Out - Transfers in/out represents funding from/to the Division of Local Funds.
7. Budgets - Budgets are not required for all divisions.
8. Investments - Investments are presented in the financial statements at fair market value.
9. Temporarily Restricted Assets - As discussed in Note C, the Company has a policy that reimburses employees for unused vacation time, which is reflected as a restricted asset. These restrictions will expire when the vacation time is used or the individuals retire.

THE COORDINATING AND DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2004

NOTE A - ACCOUNTING POLICIES (continued)

10. Capitalized Interest - The Company did not capitalize interest in year ended June 30, 2004.
11. Advertising - The Company expenses non-direct response advertising as incurred.
12. 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 year presented, no adjustment was necessary.
13. Collateral - On all loans through the Division of IRP, the Company requires adequate collateral and secures a mortgage which is usually real estate.
14. Allowance for Doubtful Accounts - The Company evaluates its losses annually on the IRP Division and records this as an allowance. Bad debts are written off directly as they are identified, and a minimum allowance of 6% of the net loan balance is reserved.

Interest income is recorded as earned. The Board will write off notes/accounts receivable at such time as all efforts have been exhausted to recover the asset. Loans are considered past due when payments are 30 days in arrears.

NOTE B - ACCOUNTS RECEIVABLE

Accounts receivable for the year ended 6/30/04 are as follows:

Receivable	Division	6/30/04 Amount
La. Dept of Labor	Step	\$ 6,125
La. Dept. of Labor	Workforce Development	305,925
Var. Municipalities	Economic Development	2,312
Var. Municipalities	Community Development	28,461
State of Louisiana	Local Funds	11,014
Colson	Tri District (TD)	2,484
		\$356,321

NOTE C - VACATION ESCROW

During the year ended 6/30/90, the Company began accruing the funding for its vacation fund, which allows personnel who leave or retire the ability to sell back their unused vacation time.

During the current year, additional time earned and raises resulted in the following adjustments to the account:

FYE 6/30/04	\$ 834,813
Funded	668,544
Unfunded	\$ 166,269

THE COORDINATING AND DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2004

NOTE C - VACATION ESCROW (continued)

The addition for 6/30/04 is unfunded at year end and is reflected as a liability to the local fund (currently there is \$166,269 of unfunded funds). The vacation fund monies are currently invested in the following:

	Cost	Market Value @ 6/30/04
Money Market Fund held at Hibernia Bank	\$657,742	\$ 657,742
Liberty (Mutual) Fund for US Government Securities Class C Fund	10,802	10,802
Total	\$668,544	\$ 668,544

These funds serve as collateral on the \$520,000 note described in Note T.

NOTE D - RELATED PARTIES/AFFILIATES

The CDC operated several divisions and is affiliated with three active nonprofit entities and two for-profit entity as follows:

Affiliates

- (A) Tri District Development Corporation (TD) - A revolving loan program of which CDC membership constitutes 1/3 control. This entity's year end is 9/30. During the year ended 6/30/04, the Corporation received \$13,089 in revenues from Tri District.
- (B) Ark-La-Tex Investment & Development Corporation (AIDC) - This Company is responsible for funding 503/504 loans. This entity's year end is 9/30. CDC is reimbursed by AIDC for its employee's time. During the year ended 6/30/04, the Company paid AIDC rent on its office buildings and equipment in Shreveport, Louisiana and Natchitoches, Louisiana on a 30 day lease totaling \$86,232. CDC contributed \$335,650 to AIDC in 6/30/04.
- (C) Ark-La-Tex Regional Export & Technology Center, Inc. (ARETC) - A nonprofit entity responsible for implementing/developing import/export economical advances in the ten parish area. During the year ended 6/30/04, CDC paid the Company \$93,144.
- (D) Red River Valley Bidco Inc. (RRVB) - A for-profit entity owned by AIDC formed to encourage the formation of business and industrial development corporations.
- (E) N.W.E.D. Inc. - A for-profit entity.

THE COORDINATING AND DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2004

NOTE D - RELATED PARTIES/AFFILIATES (continued)

Divisions

(A) Division of Economic Development - Funded by the federal government and CDC under Grant 08-83-03381 and 08-83-03545, whose purpose is to aid in economic growth in the surrounding ten parish area. This program requires a matching commitment of 75/25. For the year ended 6/30/04, CDC had contributed \$88,453 of Local Division funds. As of year end, it owes the Local Fund \$2,312. During the current year, the Division received the following revenues:

Various	\$ 29,990
Federal Funds	<u>62,000</u>
	<u>\$ 91,990</u>

(B) Division of Community Development - Funded by contracts with entities to provide administrative services for entities receiving Louisiana Community Development Block Grant (LCDBG) funds. In prior years, the Division was called "Division of Planning & Programming". During the current year, the Division received \$24,865 to Local Funds, and owes \$28,461 to Local Funds.

(C) Division of Natural Resources - Funded by the Louisiana Association of Planning & Development Districts and CDC. There was no activity during the current year.

(D) Division of Workforce Development (WIA) - Funded by the Job Training Partnership Act administered by the Louisiana Department of Labor. This program is geared at training in four primary areas:

- a. OJT (On-the-job training)
- b. Classroom Training
- c. Work Experience
- d. Dislocated Workers

This Division also includes funding by the Louisiana Department of Education (JTPA Bureau, WIA, and Welfare to Work). CDC makes no direct financial contributions to this program. In prior years, the division was known as the "Division of Employment & Training".

(E) Division of Project Review - Its purpose is to review federal grants. There was no activity during the current year.

(F) Division of Culture, Recreation & Tourism - Funded in prior years to promote tourism to Northwest Louisiana. There was no activity during the current year.

(G) Division of Local Funds - Any activity not included in the above. For the year ended 6/30/04, it contributed \$156,177 and received \$0 from other divisions. As of year end, it is owed \$38,642 by other divisions and owes \$171,394 to other funds. The vacation fund restricted account is kept in the Division of Local Funds.

THE COORDINATING AND DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2004

NOTE D - RELATED PARTIES/AFFILIATES (continued)

- (H) Division of 8% - This program is administered by CDC and subcontracted to the Louisiana Department of Education. Its purpose is to provide classroom training to economically disadvantaged youths in remedial skills.
- (I) Division of Marketing & Economic Development - This program is a joint agreement between the Parish of Caddo and CDC for the promotion of Caddo Parish, LA. During the year, the Division received \$42,859 from Local Funds.
- (J) Division of IRP - A relending program administered by CDC as further described in Note P.
- (K) Division of TD - This program represents funds received in managing/administering Tri District Development Corporation, a related entity whose purpose is administration of revolving loan fund. The Division received funding of \$0 from Local Funds. As of year end, it owes \$7,873 to Local Fund.
- (L) Division of Step - Job Readiness (JR) activities provide participants an opportunity to engage in activities that are beneficial to their move toward self-sufficiency and their family's well being. The Step process is to prepare the client to find a job as quickly as the participants workplace literacy level, job skills and experience allow and or assist participants in the area of job retention and income growth.

NOTE E - OPERATING LEASES

The Company leases facilities & equipment owned by Ark-La-Tex Investment & Development Corporation and is currently leasing under a 30 day lease agreement. Facilities are located in Caddo, Desoto, Bossier, Webster and Natchitoches Parish @ \$8,550/month.

NOTE F - RETIREMENT PLAN - DEFINED CONTRIBUTION

The Company contributed \$155,033 during the year ended 6/30/04, and all employees with greater than six months employment with the Company are eligible. The Company contributed 15% of the employees' gross pay.

NOTE G - INDIRECT COSTS

The Company allocated indirect costs as follows:

	Amount For 2004	Allocation Formula
Rent	\$102,600	Direct Labor/Revenue
All Other Administrative Expenses	(Less than \$50,000)	Direct Labor/Revenue

THE COORDINATING AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE H - WELFARE TO WORK & WIA

CDC acts as a recipient/subrecipient of WIA funds from the State of Louisiana, Department of Regulatory Services (Labor). All revenues represent reimbursed cost under the terms of the various contracts with the State.

1. WIA-Adult

The purpose of this portion of WIA is to establish programs to prepare unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals who are in need of such training to obtain productive employment.

WIA-Youth

Programs under this part are conducted only during the summer months. Individuals eligible under this part must be economically disadvantaged and between the ages of fifteen and twenty-one.

WIA-Dislocated Worker

This program allows for dislocated workers to be trained. This program allows the placement of dislocated workers while allowing the employers to train them.

2. Training - Classroom

This is used to record costs of tuition, books, and tools, if necessary, for program participants.

3. Training - Limited Work Experience

This is used to record the expenditures associated with the part of the program that is limited to high school seniors that are allowed to work fifteen hours per week, not to exceed a total of two hundred and fifty hours.

4. Training - OJT

This is used to record expenditures associated with on the job training. When an individual meets the requirements to enter this program, WIA will reimburse the individual's employer for one half of the participant's salary for a period not to exceed six months.

5. E. S. Contract

These are contracts with the Office of Employment Security whereby the Office of Regulatory Services screens prospective program participants for eligibility for the WIA/OJT program and solicits and develops on the job training contracts with employers.

6. Support Service

Cost of supportive services which are necessary to enable an individual eligible for training under WIA, but who cannot afford to pay for such services, to participate in a training program funded under WIA.

THE COORDINATING AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE H - WELFARE TO WORK & WIA (continued)

7. Participant Support
Accounts for payments made to participants in the WIA programs.
8. Administrative
Administrative costs are limited to ten/thirty percent of the total contract, depending on the program.
9. History
The WIA Division is administered by The Coordinating and Development Corporation (CDC) which is a corporation exempt from income tax under Internal Revenue Code Section 501(c)(4). The Coordinating and Development Corporation (CDC), originally organized and chartered in 1954, is a not-for-profit, private corporation whose service area includes the ten parishes and ninety-two municipalities of Northwest Louisiana. CDC provides a wide range of services to its membership through its six operating Divisions: Economic Development, Workforce Development, Community Development, IRP, TD, Marketing & Economic Development and Local.

The Coordinating and Development Corporation (CDC) also provides specialized services to its membership through assisting the following corporations: Ark-La-Tex Investment & Development Corporation, Mid-Continent Capital Corporation, Tri District Development Corporation, River Cities High Technology Group, Inc., Industrial Trust Corporation, Louisiana Foreign Sales Corporation, Ark-La-Tex Regional Export and Technology Center, Inc., and the Red River Valley BIDCO, Inc. Services include: business investment and finance, employment and training, public works and infrastructure, economic development, international business development, planning and management, energy conservation/natural resources and aesthetics development.
10. Budgets
Budgets are adopted on a basis consistent with generally accepted accounting principles. All appropriations lapse at year end.
11. Equipment
Equipment purchased by the Labor funds remains the property of the grantor and is not capitalized. Total cost of equipment owned by Labor currently being used by CDC is:

Workforce Development \$ 961,885

NOTE I - UNRESTRICTED ASSETS

All funds are unrestricted for use within the funds except for a portion of the Local Fund. In this fund, the monies set aside for the vacation accrual is restricted.

THE COORDINATING AND DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2004

NOTE J - EQUIPMENT

During the year ended 6/30/04, the following occurred:

	<u>Life</u>	<u>Method</u>	6/30/03 <u>Balance</u>	<u>Additions</u>	6/30/04 <u>Balance</u>
Furniture & Equip.	5-7yrs.	S/L	\$31,707	\$ 0	\$31,707
Accumulated Depr.			<u>31,707</u>	<u>0</u>	<u>31,707</u>
Net			<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

All repairs during the year were expensed.

NOTE K - CASH & CERTIFICATES OF DEPOSIT

Cash & Certificates of Deposit consist of the following:

<u>Division</u>	<u>Banking Institution</u>	<u>Amount @ June 30, 2004</u>
Certificates of Deposit		
IRP	Regions	\$ 102,429
IRP	Coushatta	297,891
IRP	Bank One	<u>6,637</u>
		<u>406,957</u>
Checking Accounts		
Local	Bank One	12,480
Local	AmSouth	<u>156,611</u>
		<u>169,091</u>
Workforce Development	Bank One	16,080
Workforce Development	Regions	<u>664</u>
		<u>16,744</u>
IRP	Trust Dept	<u>55,759</u>
	Total	<u>\$ 648,551</u>
Cash & Cash Equivalentents		<u>\$ 648,551</u>

The monies at each institution are only insured for \$100,000 and the uninsured amount @ 6/30/04 is \$257,222.

NOTE L - LOCAL FUND REVENUES

Revenues for the year consisted of:

Other	\$ 70,234
Dues	<u>288,952</u>
	<u>\$ 359,186</u>

THE COORDINATING AND DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2004

NOTE M - ESTIMATES

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

NOTE N - 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 O - OPERATIONS/CREDIT RISK

The Company is dependent upon the continuance of the government grant funding to support the economic development in the ten parish area. The loans are subject to risk of collection; however, the management believes the collateral is adequate.

NOTE P - IRP LOANS

The Company has entered into a relending program with the United States Department of Agriculture (USDA) through the Rural Development Program. The program allows for a total lending program of \$890,762 @ 1% interest, principal due over a 27 year amortization beginning after the program's third year. The monies are advanced/loaned by USDA upon loan approval to qualified businesses. As of 6/30/04, the following has transpired:

	(Notes Payable)
	Loans From
	<u>USDA</u>
Amortization	
6/05	\$ 29,777
6/06	30,075
6/07	30,470
6/08	30,900
6/09 &	
Thereafter	<u>681,962</u>
	<u>\$ 803,184</u>

The Company has made a total of nine loans @ 6/30/04. The Company has charged 6-9.5% interest on debt and loans are normally for 10 year terms.

Notes Receivable	\$ 313,910
Current Portion	(47,689)
Allowance	<u>(37,669)</u>
	<u>\$ 228,552</u>

The reserve is estimated to be 12% of the unpaid balance.

Accrued interest @ 6/30/04 is \$5,689.

THE COORDINATING AND DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2004

NOTE P - IRP LOANS (continued)

<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Lendee</u>	<u>Original Loan</u>	<u>Balance @ 6/30/04</u>
October, 2001	8.0	10 years	Rockin Rooster	\$ 100,000	\$ 87,333
July, 1999	9.5	10 years	H. Fanning	52,000	0
January, 2000	6.0	10 years	Hendrix Mfg.	222,000	141,542
November, 1998	9.5	9 years	KJH Investments	135,000	0
January, 1999	9.5	15 years	Kajohn Inv.	150,000	0
November, 1998	9.5	7 years	Lites Brothers	50,725	17,549
October, 1999	7.5	10 years	Plantation Silk	81,000	0
October, 1999	8.5	10 years	Rivertown Dev.	100,000	67,486
July, 2000	7.5	12 years	Rolling Knolls	<u>120,000</u>	<u>0</u>
				<u>\$1,010,725</u>	<u>\$ 313,910</u>

Plantation Silk was written off in the prior year as being uncollectible.

Due 6/05	\$ 47,689
6/06	50,762
6/07	44,906
6/08	48,173
6/09	51,683
Thereafter	<u>70,697</u>
	<u>\$313,910</u>

All loans are current at June 30, 2004.

NOTE Q - BOARD OF DIRECTORS

All services are on a voluntary basis. The board members were only reimbursed travel expenditures.

NOTE R - RISK MANAGEMENT

The Company is exposed to various risk of loss and insured against these losses through comprehensive commercial insurance. Claims resulting from these losses have historically not exceeded insurance coverage.

NOTE S - CONTINGENCIES

The Company is a participant/guarantor to a construction contract in Bossier City as of the year end. The project is owned by AIDC and costs are projected to range between \$1,500,000 and \$2,000,000.

THE COORDINATING AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE T - NOTES PAYABLE HIBERNIA

On December 23, 2003, The Coordinating and Development Corporation received a letter of credit of \$2,150,000, maturity date January 1, 2015 from Hibernia Bank, which is secured by certain pieces of real estate owned by AIDC and the following Certificates of Deposit held under the name of The Coordinating and Development Corporation.

Hibernia CD, dated 3/15/04, maturity date 3/15/06, interest rate 2.87%	\$ 534,428
Hibernia CD, dated 3/15/04, maturity date 3/15/06, interest rate 2.87%	374,296
Hibernia CD, dated 3/15/04, maturity date 3/15/06, interest rate 2.87%	<u>388,754</u>
Total	<u>\$1,297,478</u>

These CD's were assigned to AIDC.

This letter of credit is collateral for bonds borrowed by The Coordinating and Development Corporation from the Louisiana Local Government Environmental Facilities & Community Development Authority Rev Bonds for the same amount (\$2,150,000) payable at floating interest rate, which at 6/04 was 3.9355%.

The Coordinating and Development Corporation has assigned all of this to AIDC in that the purpose of the loan is to develop buildings in Northwest Louisiana and the repayment of this debt is to come from rentals.

An additional loan from Hibernia to The Coordinating and Development Corporation of \$520,000, with varying interest rates (at 6/30/04, it was 4.75%) secured by funds held by The Coordinating and Development Corporation has also been assigned to AIDC.

This debt is reflected as being owed by AIDC as per the agreement between the two entities.

THE COORDINATING AND DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2004

NOTE U - WIA PROGRAMS

During the year, revenues/expenditures were from the following programs:

	FY04	PY04	FY03	PY03	FY02	PY02	TOTAL
Adult Admin	\$ 19,175	\$ 0	\$ 101,300	\$ 24,581	\$ 0	\$ 0	\$ 145,056
Adult Program	674,706	0	550,900	204,719	0	0	1,430,325
Youth Admin	0	5,266	0	123,699	0	98,029	226,994
Youth Program	0	405,463	0	1,401,477	0	298,775	2,105,715
Delinquent Workers Admin	38,947	0	19,350	29,568	0	0	87,865
Delinquent Workers Program	453,315	0	1,000,599	(66,696)	0	0	1,387,218
	<u>\$1,186,143</u>	<u>\$410,729</u>	<u>\$1,672,149</u>	<u>\$ 1,717,348</u>	<u>\$ 0</u>	<u>\$396,804</u>	<u>\$5,383,173</u>

NOTE V - PAYABLE

The Company owes the Department of Labor \$115,495.

THE COORDINATING AND DEVELOPMENT CORPORATION
COMBINED BALANCE SHEET
JUNE 30, 2004

	DIVISION OF WORKFORCE DEVELOPMENT	DIVISION OF STEP	DIVISION OF ECONOMIC DEVELOPMENT	DIVISION OF COMMUNITY DEVELOPMENT	DIVISION OF IRP	DIVISION OF TD	DIVISION & ECONOMIC DEVELOPMENT	DIVISION OF LOCAL FUNDS	TOTAL
Assets									
Current									
Cash & Cash Equivalents	\$ 16,744	\$ 0	\$ 0	\$ 0	\$ 55,759	\$ 0	\$ 0	\$ 169,091	\$ 241,594
Accounts Receivable	305,925	6,125	2,312	28,461	0	2,484	0	11,014	356,321
Notes Receivable (Current Portion)	0	0	0	0	47,689	0	0	0	47,689
Other Current Assets	0	0	0	0	0	0	0	2,800	2,800
Due from Other Funds	84,952	0	0	0	86,442	0	0	38,646	210,040
Total Current Assets	<u>407,621</u>	<u>6,125</u>	<u>2,312</u>	<u>28,461</u>	<u>189,890</u>	<u>2,484</u>	<u>0</u>	<u>221,551</u>	<u>858,444</u>
Investments									
Certificates of Deposit	0	0	0	0	406,957	0	0	0	406,957
Notes Receivable (Net of Current Portion & Allowance)	0	0	0	0	228,552	0	0	0	228,552
Vacation Escrow	0	0	0	0	0	0	0	668,544	668,544
Total Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>635,509</u>	<u>0</u>	<u>0</u>	<u>668,544</u>	<u>1,304,053</u>
Equipment (Net of Accumulated Depreciation)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 407,621</u>	<u>\$ 6,125</u>	<u>\$ 2,312</u>	<u>\$ 28,461</u>	<u>\$ 825,399</u>	<u>\$ 2,484</u>	<u>\$ 0</u>	<u>\$ 890,095</u>	<u>\$ 2,162,497</u>
Liabilities & Net Assets									
Liabilities									
Current									
Accounts Payable	\$ 251,968	\$ 6,125	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,115	\$ 285,208
Cash Deficit	0	0	0	0	0	0	0	0	0
Notes Payable - Current Portion	0	0	0	0	29,777	0	0	0	29,777
Due to Other Funds	0	0	2,312	28,461	0	7,873	0	171,394	210,040
Due to Louisiana Dept of Labor	115,495	0	0	0	0	0	0	0	115,495
Other Payables	0	0	0	0	5,689	0	0	0	5,689
Total Current Liabilities	<u>367,463</u>	<u>6,125</u>	<u>2,312</u>	<u>28,461</u>	<u>35,466</u>	<u>7,873</u>	<u>0</u>	<u>198,509</u>	<u>646,209</u>
Long Term Liabilities									
Notes Payable (Net of Current Portion)	0	0	0	0	773,407	0	0	0	773,407
Vacation Fund Payable	40,158	0	0	0	0	0	0	794,655	834,813
Total Long Term Liabilities	<u>40,158</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>773,407</u>	<u>0</u>	<u>0</u>	<u>794,655</u>	<u>1,608,220</u>
Total Liabilities	<u>407,621</u>	<u>6,125</u>	<u>2,312</u>	<u>28,461</u>	<u>808,873</u>	<u>7,873</u>	<u>0</u>	<u>993,164</u>	<u>2,254,429</u>
Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,526</u>	<u>(5,389)</u>	<u>(103,069)</u>	<u>(91,932)</u>	<u>(91,932)</u>
Total Liabilities & Net Assets	<u>\$ 407,621</u>	<u>\$ 6,125</u>	<u>\$ 2,312</u>	<u>\$ 28,461</u>	<u>\$ 825,399</u>	<u>\$ 2,484</u>	<u>\$ 0</u>	<u>\$ 890,095</u>	<u>\$ 2,162,497</u>

See Notes to Financial Statements

THE COORDINATING AND DEVELOPMENT CORPORATION
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND OTHER SOURCES/USES
 FOR THE YEAR ENDED JUNE 30, 2004

	DIVISION OF WORKFORCE DEVELOPMENT	DIVISION OF STEP	DIVISION OF ECONOMIC DEVELOPMENT	DIVISION OF COMMUNITY DEVELOPMENT	DIVISION OF IRP	DIVISION OF ID	DIVISION OF MARKETING & ECONOMIC DEVELOPMENT	DIVISION OF LOCAL FUNDS	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	5,383,173	18,601	91,990	176,963	0	13,089	11,479	359,186	6,054,481
Expenditures									
Administrative Cost									
Salaries	154,377	0	101,767	111,046	11,186	11,186	32,328	23,763	445,653
Fringe Benefits	34,966	0	23,050	25,152	2,534	2,534	7,322	5,382	100,940
Office Rent	10,368	0	7,666	8,137	0	0	2,463	3,511	32,145
Contractual	0	0	375	1,216	0	1,000	2,714	36,655	41,960
Office Supplies	4,287	97	4,399	5,091	0	0	1,004	2,450	17,528
Vehicle	0	0	0	0	0	0	0	0	0
Equipment Rental	1,264	0	2,429	2,565	0	0	3,191	1,096	10,545
Printing	481	0	482	511	0	0	79	2,590	4,143
Postage	2,712	21	2,788	2,888	20	0	1,205	1,205	9,634
Telephone	506	0	749	981	0	0	2,064	513	4,813
Advertising	2,443	0	2,076	2,211	0	0	250	1,884	8,864
Insurance	2,260	0	745	544	0	0	428	996	4,545
Dues/Meetings	7,096	0	1,758	2,518	55	0	0	5,900	17,755
Accounting	2,794	0	1,118	1,143	0	0	0	690	5,745
Other Administrative Expenses	5,726	0	24,018	25,806	3,758	3,758	1,653	62,274	126,993
Travel	13,270	384	7,023	12,019	0	0	842	25,105	58,643
Bad Debt	0	0	0	0	(3,465)	0	0	0	(3,465)
Total Administrative Cost	242,550	502	180,443	201,828	14,088	18,478	54,338	174,014	886,241
Support Services	0	0	0	0	0	0	0	0	0
Vendor Administration	0	0	0	0	0	0	0	0	0
Training	5,140,623	18,099	0	0	0	0	0	0	5,158,722
Total Expenditures	5,383,173	18,601	180,443	201,828	14,088	18,478	54,338	174,014	6,044,963
Other Financing Sources/Uses									
Vacation Fund Contribution	0	0	0	0	0	0	0	16,254	16,254
Interest Income	0	0	0	0	18,197	0	0	9,605	27,802
Transfers In	0	0	88,453	24,865	0	0	42,859	0	156,177
Transfers Out	0	0	0	0	0	0	0	(156,177)	(156,177)
Contributions to ARETC	0	0	0	0	0	0	0	(93,144)	(93,144)
Contributions from ARETC	0	0	0	0	0	0	0	0	0
Transfers from NWED	0	0	0	0	0	0	0	65,081	65,081
Transfers to AIDC	0	0	0	0	0	0	0	(335,650)	(335,650)
Interest Expense	0	0	0	0	(8,553)	0	0	0	(8,553)
Total Other Financing Sources/Uses	0	0	88,453	24,865	9,644	0	42,859	(494,031)	(328,210)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses	0	0	0	0	(4,444)	(5,389)	0	(308,852)	(318,692)
Beginning Net Assets	0	0	0	0	20,970	0	0	205,790	226,760
Ending Net Assets	0	0	0	0	16,526	(5,389)	0	(103,069)	(91,932)

See Notes to Financial Statements

THE COORDINATING AND DEVELOPMENT CORPORATION
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004

	DIVISION OF WORKFORCE DEVELOPMENT	DIVISION OF STEP	DIVISION OF ECONOMIC DEVELOPMENT	DIVISION OF COMMUNITY DEVELOPMENT	DIVISION OF IRP	DIVISION OF TD	DIVISION OF MARKETING & ECONOMIC DEVELOPMENT	DIVISION OF LOCAL FUNDS	TOTAL
Cash Flows From Operations									
Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses	\$ 0	\$ 0	\$ 0	\$ 0	\$(4,444)	\$(5,389)	\$ 0	\$(308,859)	\$(318,692)
Bad Debt Expense	0	0	0	0	(3,465)	0	0	0	(3,465)
(Increase)Decrease In									
Accounts Receivable	(149,017)	(6,125)	10,553	4,093	0	0	0	(1,014)	(141,510)
Interest Receivable	0	0	0	0	0	0	0	0	0
Other Current Assets	0	0	0	0	0	0	0	(1,790)	(1,790)
(Decrease)Increase In									
Cash Deficit	(943)	0	0	0	0	0	0	0	(943)
Due to Louisiana Department of Labor	0	0	0	0	0	0	0	115,495	115,495
Accounts Payable	88,952	6,125	0	0	0	0	0	5,818	100,895
Other Payables	0	0	0	0	(1,811)	0	0	0	(1,811)
Net Cash Provided By (Used By) Operations	(61,008)	0	10,553	4,093	(9,720)	(5,389)	0	(190,350)	(251,821)
Cash Flows From Investing									
Investing in Securities	0	0	0	0	(406,957)	0	0	(271,564)	(678,521)
Increase(Decrease) in Due To/From Fund Transfer	30,543	0	(10,553)	(4,093)	(125,198)	5,389	0	103,911	(1)
Increase(Decrease) in Vacation Fund Payable	40,158	0	0	0	0	0	0	3,213	43,371
Funds Repaid on Loans	0	0	0	0	39,657	0	0	0	39,657
Net Cash Provided By (Used By) Investing	70,701	0	(10,553)	(4,093)	(492,498)	5,389	0	(164,440)	(595,494)
Cash Flows From Financing									
Repayment on Debt	0	0	0	0	(29,483)	0	0	0	(29,483)
Net Cash Provided By (Used By) Financing	0	0	0	0	(29,483)	0	0	0	(29,483)
Net Increase(Decrease) in Cash	9,693	0	0	0	(531,701)	0	0	(354,790)	(876,798)
Beginning Cash & Cash Equivalents	7,051	0	0	0	587,460	0	0	523,881	1,118,392
Ending Cash & Cash Equivalents	\$ 16,744	\$ 0	\$ 0	\$ 0	\$ 55,759	\$ 0	\$ 0	\$ 169,091	\$ 241,594

See Notes to Financial Statements
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THE COORDINATING AND DEVELOPMENT CORPORATION
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

<u>Federal Grantor</u>	<u>Federal CFDA #</u>	<u>Grant Term</u>	<u>Program Amount</u>	<u>Revenues For Year Ended June 30, 2004</u>	<u>Expenditures For Year Ended June 30, 2004</u>
Nonmajor Programs					
US Department of Commerce					
Economic Development Adm	11.300	1/1/03-12/31/03	\$ 50,000	\$ 50,000	\$ 50,000
	11.300	1/1/04-12/31/04	50,000	0	0
Total			<u>100,000</u>	<u>50,000</u>	<u>50,000</u>
Major Programs					
Workforce Investment Act/Dept of Labor					
Adult					
FY03	17.258	7/1/03-6/30/04	1,042,914	652,200	652,200
PY03	17.258	7/1/03-6/30/04	258,765	229,300	229,300
FY04	17.258	7/1/03-6/30/04	986,357	693,881	693,881
PY04	17.258	7/1/03-6/30/04	245,169	0	0
FY03	17.258	7/1/03-6/30/04	641,631	0	0
FY05	17.258	7/1/03-6/30/04	934,288	0	0
Total			<u>4,109,124</u>	<u>1,575,381</u>	<u>1,575,381</u>
Dislocated Worker					
FY03	17.260	7/1/03-6/30/04	1,665,430	1,019,949	1,019,949
PY03	17.260	7/1/03-6/30/04	286,699	(37,128)	(37,128)
FY04	17.260	7/1/03-6/30/04	818,395	492,262	492,262
PY04	17.260	7/1/03-6/30/04	328,180	0	0
FY05	17.260	7/1/03-6/30/04	842,829	0	0
Total			<u>3,941,533</u>	<u>1,475,083</u>	<u>1,475,083</u>
Youth					
PY02	17.259	7/1/03-6/30/04	1,644,345	396,804	396,804
PY03	17.259	7/1/03-6/30/04	1,351,869	1,525,176	1,525,176
PY04	17.259	7/1/03-6/30/04	1,272,614	410,729	410,729
Total			<u>4,268,828</u>	<u>2,332,709</u>	<u>2,332,709</u>
WIA Total			<u>12,319,485</u>	<u>5,383,173</u>	<u>5,383,173</u>
Step			<u>129,308</u>	<u>18,601</u>	<u>18,601</u>
Total Dept of Labor			<u>12,448,793</u>	<u>5,401,774</u>	<u>5,401,774</u>
Total			<u>\$12,548,793</u>	<u>\$ 5,451,774</u>	<u>\$ 5,451,774</u>

See Notes to Financial Statements

THE COORDINATING AND DEVELOPMENT CORPORATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of The Coordinating and Development Corporation and is presented on the accrual basis of accounting, which is the same basis of accounting used for the presentation of the general purpose financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

The Coordinating and Development Corporation did pass through Federal awards to subrecipients during the fiscal year, however no one recipient received \$300,000 nor did CDC expend any Federal awards in the form of noncash assistance.

THE COORDINATING AND DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2004

I was engaged to audit the financial statements of The Coordinating and Development Corporation (CDC) as of and for the year ended June 30, 2004 and have issued my report thereon dated December 20, 2004. I conducted my 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. My report expresses an unqualified opinion on the financial statements for the year ended June 30, 2004.

Section I - Summary of Auditor's Results:

- a. The report on internal control and compliance material to the financial statements reported the following items:
 - Internal Control - There were no reportable conditions
 - Compliance - No noncompliance that is material to the financial statements

- b. Federal Awards:
 - Workforce Investment - Grants awarded totaling \$12,319,485
 - Step - Grants awarded totaling \$129,308
 - Economic Development - Grants awarded totaling \$100,000

- c. Identification of Major Programs:
 - WIA - Total revenues received during this year were \$5,355,534

Section II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

- None

Section III - Findings and Questioned Costs for Federal Awards Which Shall Include Audit Findings as Defined by OMB Circular A-133:

- None

See Accountant's Report and Notes

THE COORDINATING AND DEVELOPMENT CORPORATION
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2004

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
No findings were reported in the schedule of findings and questioned cost.	Response - N/A
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings were reported in the schedule of findings and questioned cost.	Response - N/A
SECTION III MANAGEMENT LETTER	
No findings were reported in the schedule of findings and questioned cost.	Response - N/A

See Accountant's Report and Notes

**HEARD
MCELROY
& VESTAL**
LLP
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December 20, 2004

Board of Directors
The Coordinating and Development Corporation (CDC)
Shreveport, Louisiana

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

We have audited the financial statements of the Coordinating and Development Corporation (CDC), as of and for the year ended June 30, 2004, and have issued our report thereon dated December 20, 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 part of obtaining reasonable assurance about whether the Coordinating and Development Corporation (CDC)'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with 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 the Coordinating and Development Corporation (CDC)'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies and pass-through entities, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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December 20, 2004

Board of Directors
The Coordinating and Development Corporation (CDC)
Shreveport, Louisiana

Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133

Compliance

We have audited the compliance of the Coordinating and Development Corporation (CDC) 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 each of its major federal programs for the year ended June 30, 2004. The Coordinating and Development Corporation (CDC)'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Coordinating and Development Corporation (CDC)'s management. Our responsibility is to express an opinion on the Coordinating and Development Corporation (CDC)'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 we 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 the Coordinating and Development Corporation (CDC)'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Coordinating and Development Corporation (CDC)'s compliance with those requirements.

In our opinion, the Coordinating and Development Corporation (CDC) complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

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Internal Control Over Compliance

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

Our 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies and pass-through entities, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Heard, McErgy, Vestal, LLP