

REPORT

Franklinton Area Economic
Development Foundation, Inc.

Franklinton, Louisiana

**Compiled Financial Statements
For the Years Ended
October 31, 2004 and October 31, 2003**

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 2-16-05

WILLIAM R DURDEN

Certified Public Accountant

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Franklinton, Louisiana

Financial Statements
As of and for the Years Ended
October 31, 2004 and October 31, 2003
With Supplemental Information Schedule

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WILLIAM R. DURDEN

Certified Public Accountant

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(985)839-4413
FAX (985)839-4402

MEMBER
A.I.C.P.A.

MEMBER
L.C.P.A.

To the Board of Franklinton Area
Economic Development Foundation, Inc.
Franklinton, Louisiana

I have compiled the accompanying statements of assets and net assets-modified cash basis of the Franklinton Area Economic Development Foundation, Inc. (a nonprofit organization) as of October 31, 2004 and October 31, 2003, and the related statements of revenues, expenses, and other changes in net assets-modified cash basis, and the statements of cash flows – modified cash basis, for the years then ended, and the accompanying supplementary information-modified cash basis contained in Schedule I, which is presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. I have not audited or reviewed the accompanying financial statements and supplementary schedule and, accordingly, do not express an opinion or any other form of assurance on them.



WILLIAM R. DURDEN, CPA

December 15, 2004

FINANCIAL STATEMENTS

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF ASSETS AND NET ASSETS - MODIFIED CASH BASIS
AS AT OCTOBER 31

	2004	2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,400.34	\$ 5,991.18
Investments		
Unrestricted	336,753.31	271,382.86
Restricted for business park	-	-
Other current assets	298.42	381.15
Total current assets	339,452.07	277,755.19
Notes Receivable	100,000.00	-
Furniture, equipment, and sign (at cost net of depreciation)	2,100.72	1,263.40
Total assets	\$ 441,552.79	\$ 279,018.59
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ -	\$ -
Deferred Revenue-State Act 14	1,627.78	-
Total current liabilities	1,627.78	-
Net assets:		
Restricted for business park	-	-
Unrestricted:		
Operating	437,824.29	277,755.19
Investment in fixed assets	2,100.72	1,263.40
Total unrestricted net assets	441,552.79	279,018.59
Total liabilities and net assets	\$ 441,552.79	\$ 279,018.59

See accompanying notes and accountant's compilation report.

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES
IN NET ASSETS - MODIFIED CASH BASIS
For the years ended OCTOBER 31,

	<u>2004</u>	<u>2003</u>
Public Support, Dues, and Revenues		
Garbage tax rebate	\$ 158,274.00	\$ 85,124.50
Dues	5,780.00	7,810.00
State Act 14 Appropriations	13,372.22	210.00
Interest income	4,954.57	5,451.02
Total Revenues	<u>182,380.79</u>	<u>98,595.52</u>
Program Expenses		
Accounting	1,800.00	1,800.00
Contributions	-	13,431.82
Depreciation	550.34	411.57
Donation refund	-	-
Dues & subscriptions	122.42	1,739.84
Postage	148.00	148.00
Insurance	934.28	702.28
Internet service	203.85	241.40
Office supplies & expenses	904.63	487.34
Repairs & maintenance-building	228.50	162.00
Annual meeting	83.00	313.95
Management service	2,136.00	1,995.00
Maintenance of Office	930.00	360.00
Telephone	1,288.86	1,196.50
Conference/Convention	100.00	-
Travel	150.47	-
Utilities	1,091.10	913.24
Miscellaneous	152.92	135.97
CLED Seminar	-	1,582.13
Investment in Industrial Park Economic Development	-	234,238.01
Total program expenditures	<u>21,474.37</u>	<u>259,859.05</u>
Change in net assets	160,906.42	(161,263.53)
Net assets as of beginning of year	<u>279,018.59</u>	<u>440,282.12</u>
Net assets as of end of year	<u>\$ 439,925.01</u>	<u>\$ 279,018.59</u>

See accompanying notes and accountant's compilation report.

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
For the years ended October 31

	2004	2003
Program Activities		
Change in net assets	\$ 160,906.42	\$ (161,263.53)
Adjustments to reconcile changes in net assets to net cash provided by program activities:		
Depreciation	550.34	411.57
(Increase)decrease in other assets	82.73	46.65
(Increase)decrease in Notes Receivable	(100,000.00)	-
Deferred Revenue	1,627.78	
Net cash provided by program activities	63,167.27	(160,805.31)
Financing Activities		
Transfers from (to) investments	(65,370.45)	49,910.94
Net cash provided by financing activities	(65,370.45)	49,910.94
Investing Activities		
Purchase of office equipment	(1,387.66)	-
Net cash used by investing activities	(1,387.66)	-
Net increase (decrease)in cash and cash equivalents	(3,590.84)	(110,894.37)
Cash and cash equivalents - beginning of year	5,991.18	116,885.55
Cash and cash equivalents - end of year	\$ 2,400.34	\$ 5,991.18

See accompanying notes and accountant's compilation report.

NOTES TO FINANCIAL STATEMENTS

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements
October 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Franklinton Area Economic Development Foundation, Inc. (the Foundation) was organized as a nonprofit corporation on February 15, 1991, under the laws of the State of Louisiana. The Foundation's purpose is to promote economic development in the Franklinton area through encouraging manufacturing, processing and service firms to locate in the Franklinton area and render assistance to promote stability and growth to Franklinton area firms and industry that are currently providing employment opportunities. The Foundation's primary support is derived from a parish sales tax rededication concerning the landfill operating excess revenues, which flows through the Town of Franklinton from the Washington Parish Government. The Town of Franklinton allocates these funds based on a percentage established each year by the Board of Alderman. The Town is required to provide this percentage 90 days prior to December 1st.

The Foundation is a tax exempt organization as described in Section 501(a) of the Internal Revenue Code and thus, is exempt from federal and state income taxes.

Public Support and Revenue

Annual membership is available to individuals and businesses who meet the membership qualifications of completing a membership application, subject to approval by the Board of Directors, and paying the annual dues amount. Each member in good standing shall be entitled to one vote. Membership fees are generally available for unrestricted use and recognized as revenue when received.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Consequently, the Foundation has not recognized accounts receivable from members or the Town or accounts payable to vendors and their related effects on earnings in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with the modified cash receipts and disbursements basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Property and Equipment

Property and equipment is carried at cost. Depreciation is provided using the straight – line method over the estimated useful lives of the assets.

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements
October 31, 2004

Continued

Income Taxes

Income taxes are not provided for in the financial statements since the Foundation is exempt from federal and state income taxes under code section 501(a) of the Internal Revenue Code and similar state provisions. The Foundation is also exempt from filing an annual report, form 990, with the Internal Revenue Service under Rev. Proc. 95-48, Section 3.1, due to the fact that the majority of its income is derived from a distribution of sales tax from the Town of Franklinton.

Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value, and consist solely of Certificates of Deposit at local, Washington Parish financial institutions. The certificates have varying dates of maturity from 6 to 24 months.

NOTE 2: NOTES RECEIVABLE

The Foundation entered into an unsecured promissory note with HBTV, L.L.C for \$100,000 in July 2004. The note is payable in five years with no principal or interest paid on the note for the first year. The note is due August 1 beginning in 2006. The loan will remain interest-free providing borrower adds five (5) new employees a year, starting with the second year. Should the borrower add less than five (5) permanent jobs per year after the first year the interest rate of four percent (4%) per annum will be reduced each year on a percentage basis, as follows:

(1)	Five (5) Jobs	100% Reduction
(2)	Four (4) Jobs	80% Reduction
(3)	Three (3) Jobs	60% Reduction
(4)	Two (2) Jobs	40% Reduction
(5)	One (1) Job	20% Reduction
(6)	Zero (0) Jobs	0% Reduction

However, should the borrower add at least Twenty-five (25) new and permanent jobs over the entire five (5) year period, no interest shall be due on the note and any annual interest paid by the borrower to the lender shall be reimbursed by the lender to the borrower.

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements
October 31, 2004

Continued

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>11/1/2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>10/31/2004</u>
Furniture and Fixtures	\$ 147.84	\$ -	\$ -	\$ 147.84
Office Equipment	3,716.31	1,387.66	-	5,103.97
Sign	1,003.73	-	-	1,003.73
Less: Accum. Depreciation	<u>(3,604.48)</u>	<u>(550.34)</u>	<u>-</u>	<u>(4,154.82)</u>
	<u>\$ 1,263.40</u>	<u>\$ 837.32</u>	<u>\$ -</u>	<u>\$ 2,100.72</u>

NOTE 4: INVESTMENT IN INDUSTRIAL PARK

The Foundation entered into an agreement with the Town of Franklinton to provide 66% of the purchase price of a 102-acre tract of land for the Town to develop into an industrial park. On November 21, 2002 the property was purchased for \$351,239. The Foundation's portion of the land cost was \$234,159. The land is titled in the name of the Town of Franklinton and the Town will retain 100% ownership in the property. Thus the investment in the land is recorded on the books and records of the Foundation as an expenditure, and not a capital asset.

NOTE 5: CONTRIBUTED SERVICES

On October 10, 1996, the Washington-St. Tammany Electric Cooperative, Inc., agreed to furnish the building for the office for the Franklinton Area Economic Development Foundation, Inc. There is no formal lease agreement, nor is any time period specified in the letter of donation from the Cooperative.

NOTE 6: INTERGOVERNMENTAL AGREEMENT

On June 23, 1992, the Town of Franklinton and the Franklinton Area Economic Development Foundation, Inc., entered into an agreement whereby, in exchange for certain services, in connection with economic development, in the Franklinton area, the

Town obligates itself to make certain payments to the Foundation. The agreement was amended October 9, 2001, requiring the Foundation to make available for inspection and review by the Town's auditor, Mayor and Aldermen or duly authorized representatives,

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements
October 31, 2004

Continued

its books and records. In addition, the Foundation shall provide a copy of their annual financial statements completed by an independent certified public accountant or the Legislative Auditor of the State of Louisiana to the Town. The activities of the Foundation will be reported to the Town after each monthly meeting by the Town's representative appointed to the Foundation board. The Foundation also agrees that if the Foundation dissolves or ceases to function as an economic development arm of the Town of Franklinton, all funds under its control at that time which were received from the Town shall revert to the Town of Franklinton in full ownership and control. The Town of Franklinton remitted to the Foundation 50% of the funds received from the Washington Parish Government for excess sales tax collections over operating expenses of the parish landfill operation, for the year ended June 30, 2004. The funds, totaling \$158,274.03, were received by the Foundation in February 2004.

NOTE 7: DEFERRED INCOME

Total funds of \$15,000 were received from the State Act 14 Appropriations in November 2003. Expenses of \$13,372.22 were recorded from the date of receipt through October 31, 2004. The balance of the appropriation (\$1,627.78) is set up as deferred income in order to match the expenditures as they occur.

NOTE 8: LITIGATION AND CLAIMS

As of October 31, 2004, there were no litigations or claims against the Foundation.

NOTE 9: RELATED PARTY TRANSACTIONS

The Franklinton Area Economic Development Foundation, Inc., had no related party transactions during the period covered by these financial statements.

NOTE 10: SUBSEQUENT EVENT

The Franklinton Area Economic Development Foundation, Inc. entered into a cooperative endeavor with the Washington Economic Development Foundation, Inc. The director of the Washington Economic Development Foundation, Inc. will work at the Franklinton Area Economic Development Foundation, Inc. two days per week or as needed. The Washington Economic Development Foundation, Inc. will invoice the Franklinton Area Economic Development Foundation, Inc. for one half of the director's salary and benefits effective November 1, 2004. The approximate cost will be \$19,500.00 per year.

SUPPLEMENTARY INFORMATION

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENTS OF REVENUE, EXPENSES, AND OTHER CHANGES
IN NET ASSETS - MODIFIED CASH BASIS - BUDGET/ACTUAL - SCHEDULE I
For the year ended October 31, 2004

	ORIGINAL BUDGET	ACTUAL	Variance
Public Support, Dues, and Revenues			
Excess landfill revenue	\$ 75,000.00	\$ 158,274.00	\$ (83,274.00)
Dues	8,000.00	5,780.00	2,220.00
C L E D Donations	-	-	-
Donations	-	-	-
Interest income	3,500.00	4,954.57	(1,454.57)
State Act 14 Appropriations	15,000.00	13,372.22	1,627.78
Total public support, dues, and revenues	<u>101,500.00</u>	<u>182,380.79</u>	<u>(80,880.79)</u>
Program Expenses			
Accounting	600.00	600.00	-
Economic Development	12,500.00	10,650.00	1,850.00
Advertising	2,000.00	-	2,000.00
Annual compilation	1,200.00	1,200.00	-
Conferences & conventions	300.00	100.00	200.00
Contributions	1,500.00	-	1,500.00
Depreciation	-	550.34	(550.34)
Dues & subscriptions	2,500.00	122.42	2,377.58
Maintenance of Office	600.00	930.00	(330.00)
Legal fees	300.00	-	300.00
Postage	400.00	148.00	252.00
Insurance	1,000.00	934.28	65.72
Internet service	500.00	203.85	296.15
Office supplies & expenses	600.00	904.63	(304.63)
Repairs & maintenance-building	1,500.00	228.50	1,271.50
Annual meeting	300.00	83.00	217.00
Management service	2,600.00	2,136.00	464.00
Telephone	1,200.00	1,288.86	(88.86)
Travel	200.00	150.47	49.53
Utilities	1,300.00	1,091.10	208.90
C L E D Disbursements	-	-	-
Miscellaneous	500.00	152.92	347.08
Total program expenditures	<u>31,600.00</u>	<u>21,474.37</u>	<u>10,125.63</u>
Change in net assets	<u>\$ 69,900.00</u>	<u>\$ 160,906.42</u>	

See accompanying notes and accountant's compilation report.