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THE PUNCH MARKET CORPORATION, INC.
AN ENTERPRISE FUND OF THE CITY OF NEW ORLEANS

FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, orally 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.

Receipt Acknowledged
Legislative Auditor

By S. Smith

Release Date: AUG 12 1998

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
BALANCE SHEET	2
STATEMENT OF MONTHLY EXPENSES AND CHANGES IN RETAINED EARNINGS	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6
SUPPLEMENTARY INFORMATION:	
SCHEDULE OF RENTAL INCOME	14
SCHEDULE OF OTHER INCOME	17
SCHEDULE OF OPERATING EXPENSES	18
SCHEDULE OF ACCOUNTS RECEIVABLE - TRADE	19
SCHEDULE OF ACCOUNTS RECEIVABLE - OTHER	20
SCHEDULE OF ACCOUNTS RECEIVABLE - TENANT ADVERTISING	21
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - RESTRICTED ASSETS	22
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	23



LUTHER C. SPRIGHT & COMPANY

A Corporation of Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
The French Market Corporation, Inc.

We have audited the accompanying balance sheet of the French Market Corporation, Inc. (the Market), an enterprise fund of the City of New Orleans, as of December 31, 1997 and 1996, and the related statements of revenues, expenses and changes in retained earnings and its cash flows for the years then ended. These financial statements are the responsibility of the Market's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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 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.

As discussed in Note 1, the financial statements present only the activities of the French Market Corporation and are not intended to present fairly the financial position, results of operations and cash flows of the City of New Orleans in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the French Market Corporation, Inc. as of December 31, 1997 and 1996, and the results of its operations and changes in its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 14 through 22 is presented for purposes of additional analysis and is 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 stated in all material respects in relation to the basic financial statements taken as a whole.

New Orleans, Louisiana
May 29, 1998

FRENCH MARKET CORPORATION, INC.
BALANCE SHEET
AS OF DECEMBER 31, 1993
(With Comparative Totals at December 31, 1992)

ASSETS	1993	1992
CURRENT ASSETS:		
CASH (NOTE 2)	\$ 371,186	\$ 213,828
INVESTMENTS (NOTE 3)	196,046	186,436
RECEIVABLES:		
TRADE	119,747	120,858
OTHER	98,456	87,263
TENANT ADVERTISING	14,079	13,357
PREPAID EXPENSES	<u>43,238</u>	<u>38,824</u>
TOTAL CURRENT ASSETS	840,301	720,117
RESTRICTED (BOND FUND) INVESTMENTS (NOTE 3)		
DEBT SERVICE	181,347	128,314
OPERATION AND MAINTENANCE	1,321,238	1,822,024
DEBT SERVICE RESERVE	281,820	287,080
MAINTENANCE RESERVE	50,107	58,189
BOND REDEMPTION	0	84
CAPITAL IMPROVEMENTS	<u>1,023,837</u>	<u>884,183</u>
TOTAL RESTRICTED ASSETS	3,258,349	2,809,804
PROPERTY, PLANT, AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION (NOTE 4)		
	<u>6,828,494</u>	<u>7,245,167</u>
OTHER ASSETS:		
UTILITY DEPOSITS	8,441	8,441
INVENTORY	0	4,800
OTHER	<u>0</u>	<u>1,827</u>
TOTAL OTHER ASSETS	8,441	16,068
TOTAL	\$ <u>11,027,873</u>	\$ <u>10,899,532</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCH MARKET CORPORATION, INC.
 BALANCE SHEET (CONTINUED)
 AS OF DECEMBER 31, 1997
 (With Comparative Totals at December 31, 1996)

LIABILITIES AND FUND EQUITY	1997	1996
LIABILITIES		
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$ 74,910	\$ 150,161
ACCRUED EXPENSES	204,390	193,341
OTHER LIABILITIES	13,917	8,180
RENTAL DEPOSITS	76,880	86,140
DUE TO CITY AGENCIES-NET	56,390	24,467
DEFERRED REVENUES	14,634	29,735
ACCRUED INDIRECT PAYABLE	3,775	3,675
CURRENT PORTION OF REVENUE BONDS PAYABLE (NOTE 5)	<u>178,080</u>	<u>180,080</u>
TOTAL CURRENT LIABILITIES	<u>808,081</u>	<u>826,431</u>
LONG-TERM DEBT:		
REVENUE BONDS PAYABLE (NOTE 5)	<u>265,000</u>	<u>255,000</u>
TOTAL LIABILITIES	<u>1,073,081</u>	<u>1,081,431</u>
FUND EQUITY:		
CONTRIBUTED CAPITAL	<u>2,894,221</u>	<u>2,894,221</u>
RETAINED EARNINGS:		
RESERVE PER BOND (IDENTITY)	<u>3,288,274</u>	<u>3,808,874</u>
RESERVE FOR CAPITAL IMPROVEMENTS	<u>321,412</u>	<u>321,412</u>
TOTAL RESERVES	<u>4,009,726</u>	<u>4,431,326</u>
UNRESERVED	<u>3,210,828</u>	<u>3,240,404</u>
TOTAL FUND EQUITY	<u>10,645,875</u>	<u>11,711,891</u>
TOTAL	<u>\$ 11,621,876</u>	<u>\$ 12,683,322</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCH MARKET CORPORATION, INC.
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN RETAINED
EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1997
 (With Comparative Totals at December 31, 1996)

	1997	1996
OPERATING REVENUES:		
RENTAL INCOME	\$ 4,992,298	\$ 5,029,082
OTHER INCOME	<u>793,288</u>	<u>885,427</u>
TOTAL OPERATING REVENUES	<u>5,785,586</u>	<u>5,914,509</u>
OPERATING EXPENSES:		
GENERAL AND ADMINISTRATIVE	776,897	732,292
SHOPPING CENTER	1,526,847	1,551,214
FARMERS' LEA MARKET	595,164	622,004
PARKING LOTS	742,808	797,003
TENANT ADVERTISING	672,882	645,878
WISCONSIN CENTER	158,268	180,816
WASHINGTON ARTILLERY PARK	184,268	0
DEPRECIATION	588,871	671,875
GAU DEBT EXPENSE	<u>0</u>	<u>123,863</u>
TOTAL OPERATING EXPENSES	<u>4,886,512</u>	<u>4,733,719</u>
OPERATING INCOME	719,074	680,790
NONOPERATING REVENUES/EXPENSES:		
INTEREST INCOME	93,752	141,140
BOND INTEREST	<u>127,883</u>	<u>148,475</u>
TOTAL NONOPERATING EXPENSES	<u>221,635</u>	<u>289,615</u>
NET INCOME	<u>500,291</u>	<u>471,274</u>
INCREASE (DECREASE) IN RESERVED		
RETAINED EARNINGS PER BOND PURCHURE	1752,200	1441,547
RESERVE FOR CAPITAL IMPROVEMENTS:	<u>(480,000)</u>	<u>(611,412)</u>
NET CHANGE IN UNRESERVED RETAINED EARNINGS	<u>20,291</u>	<u>129,369</u>
RETAINED EARNINGS - UNRESERVED,		
BEGINNING OF YEAR	<u>3,340,404</u>	<u>3,280,448</u>
CONTRIBUTIONS (See F)	<u>(600,000)</u>	<u>0</u>
RETAINED EARNINGS - UNRESERVED,		
END OF YEAR	<u>\$ 3,320,404</u>	<u>\$ 3,380,404</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCH MARKET CORPORATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1997
(With Comparative Totals as December 31, 1996)

	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
OPERATING INCOME	\$ 710,826	\$ 660,240
RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES:		
DEPRECIATION	660,871	671,873
BAD DEBT EXPENSE	0	(29,860)
CHANGES IN ASSETS AND LIABILITIES:		
NET RECEIVABLES	(6,489)	(25,712)
PREPAID EXPENSES	(1,200)	(2,818)
UTILITY DEPOSITS	580	85
RENTAL DEPOSITS	4,896	3,895
OTHER ASSETS	1,887	(287)
ACCOUNTS PAYABLE	(52,751)	(21,849)
ACCUMULATED EXPENSES	41,240	(2,458)
OTHER LIABILITIES	4,822	(5,877)
RENTAL DEPOSITS	3,338	3,505
DEFERRED REVENUES	(70,881)	17,288
DUE TO OTHER AGENCIES	20,865	(480,887)
ACCUMULATED INTEREST PAYABLE	(393)	(323)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>1,286,801</u>	<u>1,237,232</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
PAYMENTS FOR CAPITAL ACQUISITIONS	(26,801)	(550,811)
INTEREST ON INVESTMENTS	183,733	141,549
PURCHASE OF INVESTMENTS	(4,296,899)	(5,847,818)
SALE OF INVESTMENTS	<u>3,589,880</u>	<u>5,687,296</u>
Net Cash (Used) Provided in Investing Activities	<u>(871,789)</u>	<u>(589,884)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
BOND PRINCIPAL REPAYMENTS	(180,000)	(170,000)
INTEREST PAID	<u>(21,880)</u>	<u>(46,678)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(201,880)</u>	<u>(216,678)</u>
Net (Decrease) Increase in Cash	83,232	43,670
Cash, Beginning of Year	<u>271,669</u>	<u>228,001</u>
Cash, End of Year	<u><u>354,901</u></u>	<u><u>271,671</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**FRENCH MARKET CORPORATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1997**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – The French Market Corporation, Inc. (the Market) was formed January 1, 1973, by the City of New Orleans to provide for the operation and maintenance of the French Market Properties owned by the City of New Orleans. These properties include five buildings and the Farmers Market. The Market is a non-profit corporation that is owned by the City of New Orleans and administered by a Board of Directors consisting of twelve members appointed by the Mayor of New Orleans.

Basis of Accounting – The Market falls under the enterprise fund accounting method as described by Governmental Accounting, Auditing and Financial Reporting (GAAPF) principles which utilizes the accrual basis of accounting for financial purposes.

The financial statements of the Market are not intended to and do not present either the financial position, or results of operations of the City of New Orleans.

Restricted Accounts – Pursuant to the official bond indenture, certain special accounts were established to segregate the receipts, investment and disbursement of funds legally restricted for the specific purpose of each special account.

- **Bond Revenue Fund**

All funds collected by the Market are deposited in the Revenue Fund. The funds on deposit in the Revenue Fund are transferred to the other special accounts as required by the bond indenture.

- **Debt Service Account**

Funds held for the credit of this fund are used for the payment of bond principal and interest on the payment dates established by the indenture agreement.

- **Operation and Maintenance Account**

Funds held for the credit of the Operation and Maintenance Fund are used to pay the operating expenses of the Market.

- Debt Service Reserve Account

Funds held for the credit of the Debt Service Reserve Fund shall be maintained by the Trustee to the Debt Service Fund in such amount as may be necessary to pay the principal and interest on the bonds as the same respectively become due and payable whenever the funds held for the credit of the Debt Service Fund are insufficient.

- Maintenance Reserve Account

Funds held for the credit of the Maintenance Reserve Fund shall be held as a reserve for the purpose of paying the cost of emergency or major repairs, renewals and replacements with respect to the Market. Such costs are necessary for the safe or efficient operation of the Market or to prevent loss of revenue.

- Bond Redemption Account

Funds held for the credit of the Bond Redemption Fund shall be used for the redemption of bonds.

- Capital Improvement Account

Funds held for the credit of the Capital Improvement Fund shall be used to pay the cost of capital improvement projects made to the Market's properties.

Investments – All investments, restricted and unrestricted, are stated at cost, which approximates market.

Tenant Advertising – The lease agreement with most tenants provides that a sum equal to 1% of gross sales shall be paid by the tenants to the Market for the purpose of providing advertising, publicity and general business promotion of the Market. The Market must place all funds obtained from tenants for advertising in a trust to be used solely for the purpose previously stated.

Property, Plant and Equipment – Property, plant and equipment are recorded at cost. Maintenance and repairs are charged to operations as incurred, whereas significant renewals and betterments are capitalized. Depreciation is made from property, plant and equipment for automobiles.

Property, plant and equipment is depreciated on a straight-line basis over the following estimated useful lives of the assets:

Building and Improvements	10 – 30 years
Furniture, Fixtures, and Equipment	5 – 10 years
Vehicles	5 years

Accounts Receivable – It is the practice of management to provide an allowance for any amount which in management's opinion may not be collectible based upon a review of the current status of existing receivables.

Vacation and Sick Leave – All full-time classified employees of the Market hired prior to January 1, 1978 are permitted to accrue a maximum of 50 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Employees hired after December 31, 1978 can accrue a maximum of 45 days of annual leave and an unlimited number of sick leave. Upon termination of employment, an employee is paid for accrued annual leave based upon current hourly rate of pay and for accrued sick leave on a forward basis. If termination is the result of retirement, the employer has the option of converting accrued sick leave to additional years of service.

Income Taxes – The Market is owned by the City of New Orleans, and as such, no federal or state income taxes are assessed.

Revolving/Drawdown – Certain amounts have been reclassified for comparative purposes. Such reclassifications had no effect on net income for the respective years.

3. CASH

As of December 31, 1997, the Market had the following cash accounts and related FDIC insurance or other types of collateral to secure the Market's accounts:

INSTITUTION AND ACCOUNT TYPE	BOOK <u>(BALANCE)</u>	BANK <u>(BALANCE)</u>	AMOUNT OF DEPOSITORY INSURANCE OR <u>COLLATERAL</u>
BOA-05-874	\$142,801	\$119,857	\$119,857
BOA-04-848	237,593	143,581	143,581
CANTOR BANK	<u>700</u>	<u>1</u>	<u>1</u>
TOTAL	\$371,195	\$263,439	\$263,438

3. INVESTMENTS

The investments of the Market as December 31, 1997 consist of the following:

General Fund Investments	\$	185,565
Restricted Bond Fund Investments	\$	1,258,314
TOTAL	\$	1,443,879

State statutes authorize the City of New Orleans and all subdivisions, except for the Pension Trust Fund, to invest in U.S. bonds, treasury notes, and other federally-insured investments. The City of New Orleans also may invest in repurchase agreements secured by U.S. Government obligations.

The Market's investments are categorized below to give an indication of the level of risk assumed by the Market at year end. Category 1 includes investments that are insured or guaranteed or for which the securities are held by the Market or its agent in the Market's name. Category 2 includes uninsured and unguaranteed investments for which the securities are held by the financial institution's trust department or agent in the Market's name. Category 3 includes uninsured and unguaranteed investments for which the securities are held by the financial institution or by its trust department, or agent, but not in the Market's name.

	CATEGORY			CARRYING VALUE	MARKET VALUE
	1	2	3		
Short-term Government Securities	\$ 1,453,989	\$ 0	\$ 0	\$ 1,453,989	\$ 1,453,989

4. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following:

	1992	1991
Building and Improvements	\$ 9,536,849	\$ 9,125,758
Market and Staff Equipment	375,941	360,654
Parking Lot	568,887	568,887
Office Equipment	133,111	132,109
Furniture and Fixtures	38,874	38,874
Vehicles	62,192	55,002
Visitors Center Equipment	25,844	31,512
Utilityline Handwall Gate	472,398	472,389
Construction in Progress	102,370	285,089
Sub-total	11,318,736	11,100,943
Accumulated Depreciation	(4,438,322)	(3,868,286)
Net Property, Plant, and Equipment	\$ 6,880,414	\$ 7,232,657

Depreciation charge to expense was \$386,631 and \$571,875 for 1992 and 1991 respectively.

5. REVENUE BONDS PAYABLE

Revenue Bond Payable consists of the following at December 31:

1996		1997	
Current	Long-Term	Current	Long-Term
6% First mortgage mortgage revenue bonds, dated June 1, 1975, due to annual principal installments ranging from \$90,000 to \$285,000 beginning June 1, 1977, final payment due June 1, 2000			
		\$170,000	\$385,000
		\$180,000	\$555,000

The principal payments due on the Revenue Bonds are as follows:

YEARS ENDING OCTOBER 31,	PRINCIPAL AMOUNT OF BONDS TO BE LIQUIDATED
1998	170,000
1999	180,000
2000	185,000
TOTAL	\$ 535,000

The indenture, under which the revenue bonds were issued, provides for the establishment of certain restricted accounts (See NOTE 3).

The interest expense necessary to meet the above bond obligation is \$33,800 for the year ending December 31, 1997.

The bond indenture agreement requires that funds be deposited into the Debt Service Account monthly to cover bond principal and interest payments as they become due.

6. MINIMUM FUTURE RENTALS

The market has entered into rental agreements which require the tenant to pay the market minimum monthly rental payments plus contingent rentals. These operating leases expire in various years through the year 2000.

Minimum future rentals to be received under the various operating leases as of December 31, 1995 for each of the next five (5) years and the sum of all leases expiring subsequent to 2000 is the aggregate are:

YEARS ENDING DECEMBER 31,	AMOUNT
1996	\$ 682,108
1997	515,723
1998	173,148
2000	<u>25,898</u>
TOTAL	\$ 1,325,877

Minimum future rentals do not include the service of any options that may be available to the various tenants.

Minimum future rentals also do not include any contingent rentals that may be received under the lease agreements as other rentals. Contingent rentals received in 1995 and 1996 were \$613,673 and \$268,082, respectively.

7. WASHINGTON ARTILLERY PARK

In January 1997, the newly renovated Washington Artillery Park reopened to provide a place where locals and visitors can find news, information, and 34-hour public restrooms. The park had been transferred from City agency to City agency in the past. Now that the park has been revitalized the French Market Corporation will provide resources to meet future maintenance needs of the park.

8. BAD DEBT EXPENSE

The Market Board of Directors adopted a new policy with aggressive steps taken for the notification and collection of delinquent rents. Consequently, there was no bad debt expense in the current year. See Management Action at the Status of Prior Year Findings in the back of this report.

9. DISTRIBUTIONS

The French Market Corporation distributed \$ 300,000 to the City of New Orleans. This amount represents a distribution of unreserved retained earnings of the French Market Corporation.

FRISHMARKET CORPORATION, INC.
 SCHEDULE OF RENTAL INCOME
 FOR THE YEAR ENDED DECEMBER 31, 1997
 (WITH COMPARATIVE TOTALS AT DECEMBER 31, 1996)

DESCRIBTION	1997		1996	
	AMOUNT	PERCENTAGE	TOTAL	PERCENTAGE
BUILDING "A"				
CAFE DU MONDE	\$ 49,330	\$ 200,820	\$ 299,872	\$ 49,983
AUNT SALLY'S	66,372	189,248	219,897	60,912
COOKERY	13,228	7,244	20,462	10,258
BERRY CHRISTMAS	19,000	14,942	32,742	19,828
THE GIFT SHOP	38,000	4,290	34,208	30,812
EVANIS	48,448	0	48,448	48,448
THE GUILT SHOP	25,000	0	25,000	25,000
CARDMARK EXPRESS	29,432	0	29,432	32,000
TOTAL BUILDING "A"	280,860	428,302	819,271	280,862
BUILDING "B"				
LITTLE TON SHOP	\$ 23,787	\$ 21,228	\$ 44,923	\$ 29,787
ART TO WEAR	10,000	0	17,880	17,171
COTTON CARNIVAL CLUB	16,580	23,264	42,426	19,120
BACKLITERS	18,280	0	18,280	14,078
ICE CREAM MACHINES	0	0	0	2,287
940 DODGEEUR CAUSE	10,180	1,894	19,694	17,120
LIBERTY BARK	4,880	2,880	7,187	0
970 OUR SECRET	90,482	473	16,004	14,182
HEAD TO TOE	14,720	8,713	23,473	8,288
JAZZ & THROB	11,280	0	17,080	17,080
TOTAL BUILDING "B"	\$ 141,027	\$ 66,428	\$ 207,427	\$ 128,081
			\$ 102,794	\$ 177,942

SEE AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
 SCHEDULE OF RENTAL INCOME COMPONENTS
 FOR THE YEAR ENDED DECEMBER 31, 1987
 (WITH COMPARATIVE TOTALS AT DECEMBER, 1986)

DESCRIPTION	1987		1986	
	RENTAL REVENUE	PERCENTAGE TOTAL	RENTAL REVENUE	PERCENTAGE TOTAL
BUILDING "A"				
SOLA LUNA	\$ 51,000	100.00	\$ 51,000	100.00
NATIONAL PARK SERVICE	48,075	48,075	48,487	48,487
TOTAL BUILDING "A"	99,075	100.00	99,487	100.00
BUILDING "B"				
SANTRO	94,720	0	94,720	0
CRAFTS Bazaar	20,980	21.98	20,890	22.12
MARKET CAFE	80,005	8.04	74,815	11.04
SHOPPING CARTS	7,000	0	7,750	1
TOTAL BUILDING "B"	172,705	28.04	198,275	34.12
BUILDING "E"				
SANTRO RESTAURANT	0	0	50,850	42
Cafe GAMBOLINA	64,300	3.12	70,250	0
BROWN FOOT	17,850	0	14,000	0
TOTAL BUILDING "E"	82,150	1.12	135,100	62

SEE FOOTNOTES ATTACHED TO REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
 SCHEDULE OF RENTAL INCOME (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 1997
 (WITH COMPARATIVE TOTALS AT DECEMBER 31, 1996)

DESCRIPTION	1997		1996		TOTAL	PERCENTAGE	TOTAL
	RENTALS	PERCENTAGE	RENTALS	PERCENTAGE			
OTHER RENTALS:							
PARKING LOTS	\$ 1,609,666	0	\$ 1,678,860	0	\$ 3,288,526	0	\$ 1,688,866
FARMERS MARKET	231,152	0	231,183	0	462,335	0	378,156
FLOR MARKET	1,685,211	0	1,668,212	0	3,353,423	0	1,671,401
TOTAL OTHER RENTALS	3,526,029	0	3,578,255	0	7,104,284	0	3,738,424
TOTAL RENTAL INCOME	\$ 4,384,895	0	\$ 4,566,286	0	\$ 8,951,181	0	\$ 4,481,731

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
SCHEDULE OF OTHER INCOME
FOR THE YEAR ENDED DECEMBER 31, 1997
(WITH COMPARATIVE TOTALS AT DECEMBER 31, 1996)

DESCRIPTION	1997	1996
COMMON AREA ASSESSMENTS	\$ 378,429	\$ 304,984
TENANT ADVERTISING CHARGES	189,758	198,740
RESEX	38,080	38,080
VISITOR CENTER SALES	7,219	34,688
MISCELLANEOUS	<u>91,845</u>	<u>63,019</u>
TOTAL OTHER INCOME	\$ <u>705,331</u>	\$ <u>639,511</u>

SEE ACCOMPANYING AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRESH BREAD® CORPORATION, INC.
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1997 AND 1996

DESCRIPTION	1997	1996
GENERAL AND ADMINISTRATIVE:		
PERSONAL SERVICES	\$ 404,767	\$ 383,000
CONTRACTUAL SERVICES	307,870	387,000
SUPPLIES AND MATERIALS	28,821	45,771
TOTAL GENERAL AND ADMINISTRATIVE	741,458	815,771
SHOPPING CENTER:		
PERSONAL SERVICES	703,303	658,453
CONTRACTUAL SERVICES	448,840	478,000
SUPPLIES AND MATERIALS	82,890	78,658
TOTAL SHOPPING CENTER	1,235,033	1,215,111
FARMERS/FLYER MARKET:		
PERSONAL SERVICES	449,800	484,439
CONTRACTUAL SERVICES	258,000	188,439
SUPPLIES AND MATERIALS	55,784	21,308
TOTAL FARMERS/FLYER MARKET	763,584	694,186
MOONWALK / ELYSIAN FIELDS PARKING LOTS:		
CONTRACTUAL SERVICES	730,000	730,000
TOTAL PARKING LOTS	730,000	730,000
TENANT ADVERTISING:		
CONTRACTUAL SERVICES	642,880	648,730
TOTAL TENANT ADVERTISING	642,880	648,730
VISITOR CENTER:		
PERSONAL SERVICES	67,000	66,000
CONTRACTUAL SERVICES	17,888	68,211
SUPPLIES AND MATERIALS	218	281
TOTAL VISITOR CENTER	85,096	134,492
WASHINGTON ARTILLERY PARK:		
PERSONAL SERVICES	11,000	0
CONTRACTUAL SERVICES	110,000	0
SUPPLIES AND MATERIALS	7,073	0
TOTAL WASHINGTON ARTILLERY	128,073	0
DEPRECIATION	655,071	678,876
BAD DEBT EXPENSE	0	120,880
TOTAL OPERATING EXPENSES	\$ 4,880,170	\$ 4,130,076

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INCOME

FRENCH MARKET CORPORATION, INC.
SCHEDULE OF ACCOUNTS RECEIVABLE - TRADE
AS OF DECEMBER 31, 1997 AND 1996

TENANT	RENTALS		COMMON AREA	TOTALS	
	1997	1996		1997	1996
ART TO BEANS	\$ 0	\$ 0	\$ 1,517	\$ 1,517	\$ 1,436
ART GALLERY PHALANX	14,327	2,487	0	17,494	11,766
CAFE DU MONDE	16,126	7,066	0	23,805	21,815
FRENCH MARKET CANDLE SHOP	0	0	0	0	2,855
COCKERY BY CHLARED STYLE	4	2,298	2,298	2,298	1,888
LITTLE TOY SHOP	1,581	2,053	0	3,714	2,808
RELA-LUNA RESTAURANT	16,410	7,998	0	24,408	24,256
CACIRO	0	4,228	4,228	4,228	4,811
EVANS-CRIDDLE DARTOY	0	4,821	4,821	4,821	4,280
MIRRY CHRISTMAS GALL. THAT JAZZ	0	1,488	1,488	1,488	1,917
FISH MARKET RESTAURANT	0	0	0	0	0
TOULOU PINK	0	0	0	0	1,460
CAMBRIDIAN CORNER	271	1,217	1,217	1,509	1,462
MCDONALDWAY-CAFE	0	4,024	4,024	4,024	4,499
HEAD TO TOE	385	888	1,281	1,281	870
ITS OUR SECRET	0	751	751	751	711
OLD CRAFT COTTAGE	0	2,222	2,222	2,222	2,897
BLAUZYNE	0	1,821	1,821	1,821	1,544
NATIONAL PARK SERVICE	4,244	0	0	4,244	4,239
ESPRAW POST	0	2,858	2,858	2,858	7,314
FARMERS MARKET	0	0	0	0	0
LAVIN HARVEY	0	1,051	1,051	1,051	1,281
ICE CREAM MACHINE	0	0	0	0	0
COTTON CABBINA CLUB	0	1,421	1,421	1,421	1,279
ART ATTAGE	0	277	277	277	282
N.O. CRAFTS	0	0	0	0	121
CAFE BAMBOUYALA	0	4,727	4,727	4,727	4,460
CARDINAL EXPRESS	0	2,294	2,294	2,294	2,764
ART MUSE FLORENCE	0	0	0	0	445
THE CRYSTAL	0	0	0	0	237
AFRICAN ART	0	487	487	487	450
LIBERTY BARR	401	558	1,892	1,892	0
JAZZ & THINGS	0	1,471	1,471	1,471	0
WOODWORKS	0	121	121	121	0
LENNYS NEWS STAND	0	2,261	2,261	2,261	0
SOFT SHOP	621	1,228	1,841	1,841	0
CRAYTS BUDAPE	1,219	0	1,219	1,219	0
MARKET CAFE	281	0	281	281	0
NO DECAFUR CAFE	0	0	0	0	0
TOTAL ACCOUNTS RECEIVABLE - TRADE	\$ 32,870	\$ 34,028	\$ 119,747	\$ 112,736	

TOTAL AIR CONTRACTS AND ROL INCLUDES BUT EXCLUDES REVENUE RECEIVED FROM TENANTS SUBSEQUENT TO YEAR END.

SEE ACCOMPANYING AUDITORS REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
 SCHEDULE OF ACCOUNTS RECEIVABLE - OTHER
 AS OF DECEMBER 31, 1997 AND 1996

DESCRIPTION	1997	1996
TENANTS	\$ 1,504	\$ 437
BGL 1500TH	180	0
W.J. MILLER BMT	81	0
TAM GROUP	7	0
PARKING LOT	80,118	80,320
FARMERS MARKET	282	188
LEYES PONTALDA	24,843	0
MISCELLANEOUS	<u>8</u>	<u>225</u>
TOTAL ACCOUNTS RECEIVABLE-OTHER	\$ <u>95,458</u>	\$ <u>81,370</u>

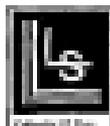
SEE ACCOMPANYING AUDITORS REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
 SCHEDULE OF ACCOUNTS RECEIVABLE - TENANT ADVERTISING
 AS OF DECEMBER 31, 1997 AND 1996

TENANT	1997	1996
BURT GELLY'S PHALARIS	\$ 2,499	\$ 1,791
CAFE DU MONDE	3,219	3,159
FRENCH MARKET CANDLE SHOP	0	283
COURTNEY H CHILDERS STYLE	140	288
LITTLE TOY SHOP	455	368
BELLA LUNA RESTAURANT	3,006	3,691
CAFEBO	350	279
EVANS CREOLE CAFE	417	480
BERRY CHRISTMAS / ALL THING JAZZ	583	378
CARIBBEAN CORNER	86	387
WEDDINGMAN CAFE	545	657
HEAD TO TOE	281	168
IT'S OUR SECRET	378	148
OLD CRAFT COTTAGE	155	155
ART TO WEAR	100	100
PAOLUETTE	83	130
LATA BROS	320	380
COTTON CREAM-CLUB	71	148
CADREUX SERVICE	148	149
JAZZ AND THINGS	130	142
CAFE GUMBOLINA	380	480
ARTEMUS FLORES RD	0	72
ART ATTACKS	18	21
MINYOLENE CHAPTS	0	52
AFRICAN ART	40	52
GIFT SHOP	300	0
LIBERTY BARK	100	0
WOODWORKS	0	0
LENNYS NEWS STAND	148	0
TOTAL, ACCOUNTS RECEIVABLE- TENANT ADVERTISING	\$ 14,879	\$ 12,387

FRENCH MARKET CONSULTANTS, INC.
SCHEDULE OF CASH RECEIPTS AND DISBURSMENTS
INTERIM PERIOD
FOR THE PERIOD ENDED DECEMBER 31, 2007 AND 2006

	2007	2006	2007	2006	2007	2006	2007	2006
	CASH RECEIPTS	OPERATION AND MAINTENANCE RECEIPTS	DEBT SERVICE RECEIPTS	PROPERTY SERVICE RECEIPTS	ROCK MANAGEMENT RECEIPTS	RENTAL SERVICE RECEIPTS	2007	2006
CASH AND CASH EQUIVALENTS								
Beginning of year	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
+	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
-	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
+	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
END OF PERIOD	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL CASH AND CASH EQUIVALENTS	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
CASH DISBURSMENTS								
General Services	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Professional Fees	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Travel Expenses	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Telephone Expenses	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Other Disbursements	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL CASH DISBURSMENTS	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
CASH AND CASH EQUIVALENTS								
Beginning of year	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
+	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
-	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
+	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
END OF PERIOD	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000



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

To The Board of Directors of
The French Market Corporation, Inc.

We have audited the financial statements of the French Market, Inc. (the Market) as of and for the years ended December 31, 1987 and 1986, and have issued our report thereon dated May 29, 1988. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Market's financial statements are free of material misstatement, we performed tests of the Market's 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 these 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 Market'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 for the information of the Board of Directors, management, and the City of New Orleans. However, this report is a matter of public record and its distribution is not limited.



New Orleans, Louisiana

May 28, 2008

**FINCH FUND CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

STATUS OF PRIOR-YEAR FINDINGS

UNRESOLVED

RESOLVED

X

PRIOR-YEAR FINDING:

In performing our audit we noted that jointly-billable items assessed to tenants for late rent payments, but not recorded in the general ledger.

MANAGEMENT ACTION:

The Board of the Finch Market Corporation implemented procedures to ensure that delinquent rent payments would be unlikely to occur. There is a "Two Strikes and You're Out rule" which is detailed in the board policy.