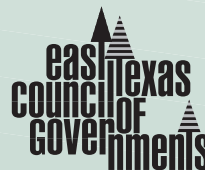


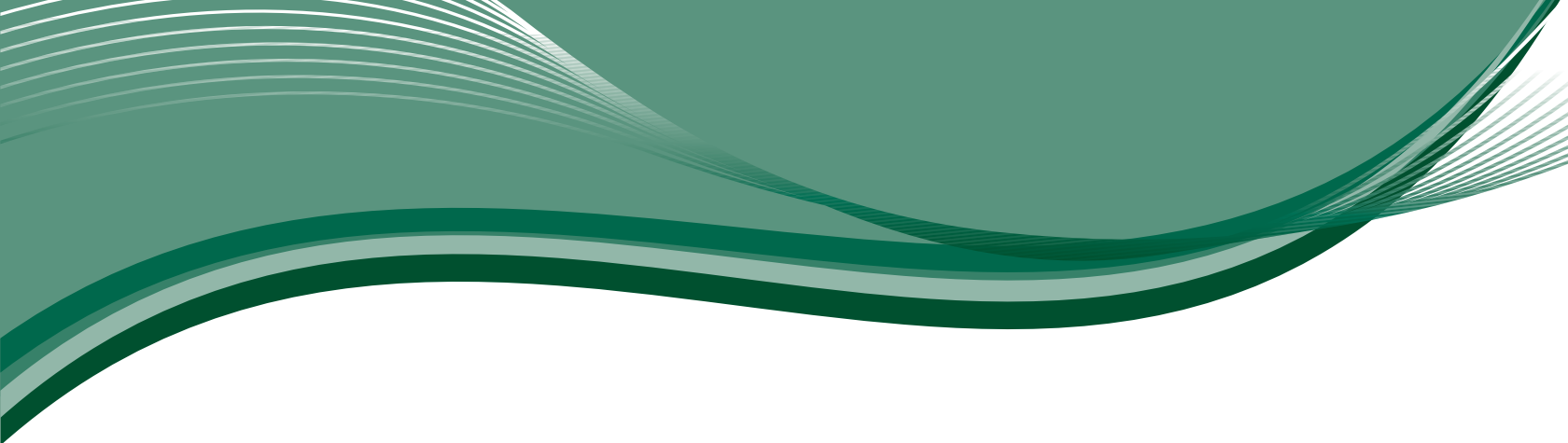
East Texas Regional Development Company

2008
Annual
Report



An affiliate of the East Texas Council of Governments





The three great essentials to achieve anything worth while are, first, hard work; second, stick-to-itiveness; third, common sense.

- Thomas Edison

Loans approved by ETRDC Board	6
Loans submitted & approved by SBA.....	3
Total amount of approved loans	\$1,065,000

2008 Annual Report

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General Membership

BOARD OF DIRECTORS

Mr. Alan Grantham, Chair BancorpSouth	Mr. Troy M. Robinson Bank Texas
Mr. Steve Manley Vice-Chair Southside Bank	Mr. Hunter Hilburn ED Suite
Mr. Ronald Moody, Secretary/Treasurer Rusk County	Mr. Jay Stokes City of Gladewater
Ms. Brenda Samford City of Carthage	Mr. David Ruff First State Bank Hallsville
Mr. Brad Bunt Kilgore College Small Bus. Development Center	Mr. Mike Newland Total Quality Machining
Ms. Natalie Lynch Austin Bank	

MEMBERS

Commissioner Bill Hale Rusk County	Commissioner Jerry Lomax Harrison County
Mayor Walter Derrick City of Gladewater	Mayor Angela Raiborn City of Rusk
Commissioner Jerry Galloway Wood County	Mayor Bob Avery City of Jefferson
Mayor Terry Tolar City of Grand Saline	Commissioner JoAnn Hampton Smith County
Mr. George Wilkins Upshur-Gregg SWCD	Commissioner Jerry West Henderson County
Commissioner Larry Shelton Camp County	Councilmember Andrea Baird City of Palestine
Commissioner Buddy Ferguson Upshur County	Mayor Carson Joines City of Carthage
Councilman Robert Nelson City of Lindale	Mayor Cay House City of Emory
Commissioner Charles Davis Gregg County	

Financial Section

In the past year, the East Texas Regional Development Company as well as the entire nation was affected by recession and turmoil in the financial industry. Fiscal Year 2008 was a difficult and disappointing year for lending. Loan approvals were at a five year low and the number of inquiries dropped off dramatically. Yet despite this lower number of approvals, financially, the ETRDC had a good year. Revenues exceeded expenses by nearly \$4,500 which is far better than the \$11,000 loss incurred in the previous year. Expenses were cut and income increased.

The SBA 504 program continues to be an excellent source of small business financing. Throughout the past 14 months of economic crisis in the United States and world wide, the SBA 504 program has remained stable. Pool issuance increased by nearly 6% and set new records. While monthly fluctuations did occur, the interest rate for the majority of the year remained between 5-6%.

Market forecasters are predicting another tough year for financial markets. However, the stability of the 504 program and the protection that it provides lenders should help to increase the use of this valuable program. The ETRDC is looking forward to a great year in 2009.

Luke Kimbrough
Director of Public Information
and Regional Services

**EAST TEXAS REGIONAL DEVELOPMENT COMPANY, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2008**

Assets		
Current Assets		
Cash and cash equivalents	\$	756,021
Accounts receivable		996
Notes receivable		181,987
		939,004
Total current assets		939,004
		\$ 939,004
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$	6,496
Due to related organization		36,633
Escrow deposits		15,000
		58,129
Total current liabilities		58,129
Net Assets		
Unrestricted		880,875
		880,875
Total net assets		880,875
Total liabilities and net assets		\$ 939,004

EAST TEXAS REGIONAL DEVELOPMENT COMPANY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Revenue and Support	
Loan servicing	\$ 94,177
Interest earned	23,837
	<hr/>
Total Revenue and Support	118,014
	<hr/>
Expenses	
Salaries	26,646
Employee benefits	12,899
Travel and conferences	7,343
Advertising and marketing	2,250
Professional services	23,320
Insurance	5,066
Membership dues	1,749
Office supplies & services	4,039
Printing and publications	8,622
Postage	2,801
Administrative expenses	18,718
	<hr/>
Total expenses	113,453
Change in net assets	4,561
Net assets, beginning of year	876,314
Net assets, end of year	\$ 880,875
	<hr/> <hr/>

**EAST TEXAS REGIONAL DEVELOPMENT COMPANY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Cash flows from operating activities	
Increase (decrease) in net assets	4,561
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
(Increase) decrease in operating assets-	
Accounts receivable	2,843
Notes receivable	8,969
Increase (decrease) in operating liabilities-	
Accounts payable	4,941
Due to related organization	16,453
Escrow deposits	15,000
	<hr/>
Net cash provided by (used in) operating activities	52,767
	<hr/>
Net increase (decrease) in cash	52,767
Cash and cash equivalents, beginning of year	703,254
	<hr/>
Cash and cash equivalents, end of year	756,021
	<hr/> <hr/>

Business Section

The ETRDC would not exist if it were not for the small businesses of East Texas who have placed their trust in us to help build their business and make their dreams come true. We would like to thank all of our clients who have allowed us to work with them.

Beacon Hospice & Beacon Hospice Inpatient Facility



Beacon Hospice & Beacon Hospice Inpatient Facility is a 16 bed inpatient and outpatient facility for the terminally ill located on Gilmer Road in Longview, Texas. This unique community development project serves as Longview's first inpatient hospice facility. It is designed to feel more like a home with every room being private and includes its own patio.

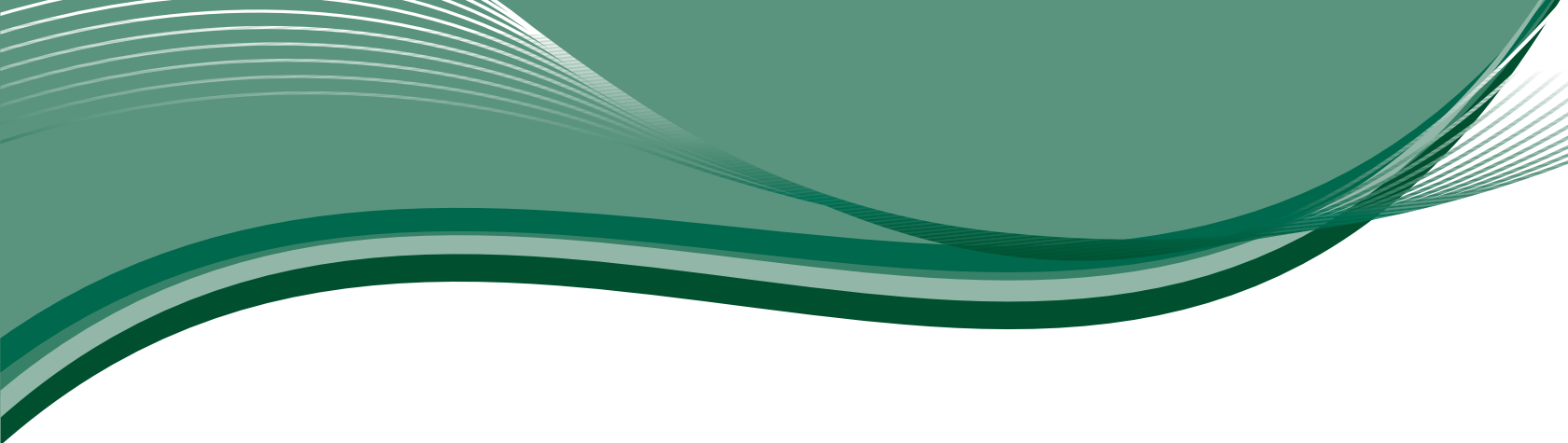
Families, friends, and patients have access to a chapel, meditation room, large living room with stone fireplace, children's play area, covered back deck, conference room, library, computer area, gazebo and serenity garden.

Beacon Hospice is a locally owned and operated hospice which serves the Northeast Texas counties of Camp, Cass, Gregg, Harrison, Henderson, Hopkins, Marion, Morris, Panola, Rains, Rusk, Smith, Titus, Upshur, Van Zandt and Wood.

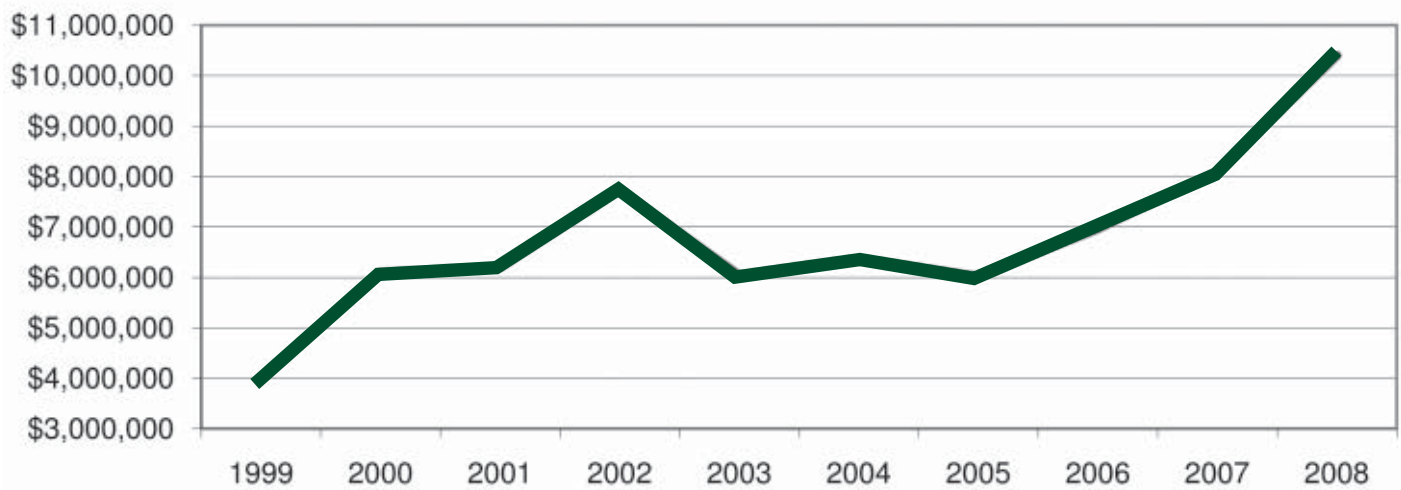
Beacon Hospice is a family of professionals who are passionate believers in the hospice concept. It utilizes a broad spectrum of specialists, including physicians and nurses specifically trained in hospice care. With such diversity of experiences, Beacon Hospice is able to make sure patients get the very best in palliative care and symptom management.



Beacon Hospice strives to provide levels of personal care that exceed industry averages. Each of their staff members has been intimately involved with hospice for many years. Each has been privileged to share first hand the unique lessons, life experiences and gifts that hospice brings to its patients and their families.



Historical Portfolio Amounts





ETRDC Current Portfolio

24 loans

\$10,398,000 Total Debentures

410 jobs created or retained due to the SBA 504 loan program.



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