



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B35609

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

January 26, 2010

Board of Directors  
Whitley County Economic  
Development Corporation  
220 W. Van Buren Street, Ste. 102  
Columbia City, IN 46725

We have reviewed the audit report prepared by Management & CPA Services, Inc., Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Whitley County Economic Development Corporation, as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

We call your attention to the findings in the report. The management letter contains six comments.

STATE BOARD OF ACCOUNTS

**WHITELY COUNTY ECONOMIC  
DEVELOPMENT CORPORATION**

**Financial Statements**

For the year ended  
December 31, 2007

**WHITELY COUNTY ECONOMIC  
DEVELOPMENT CORPORATION**

**Table of Contents**

	<b><u>Page</u></b>
<b>Independent Auditor's Report</b>	1
<b>Financial Statements</b>	
Statement of Activities	2
Statement of Financial Position	3
Statement of Cash Flows	4
Notes to Financial Statements	5-7

**Independent Auditor's Report**

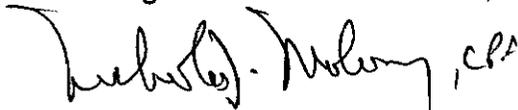
The Board of Directors  
Whitely County Economic Development Corporation  
Columbia City, Indiana

I have audited the accompanying statement of financial position of Whitely County Economic Development Corporation (a nonprofit organization) as of December 31, 2007 and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Whitely County Economic Development Corporation as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Management & CPA Services, Inc.



Fort Wayne, Indiana  
August 28, 2008

**WHITELY COUNTY ECONOMIC  
DEVELOPMENT CORPORATION**

**Statement of Activities**  
For the year ended June 30, 2007

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenues</b>			
County economic development	\$ 299,800	-	\$ 299,800
Donations	7,500	-	7,500
Interest income	8,578	-	8,578
<b>Total Current Assets</b>	<u>315,878</u>	<u>-</u>	<u>315,878</u>
<b>Program Services</b>			
Advertising and marketing	5,202	-	5,202
Consulting	1,982	-	1,982
Postage	2,111	-	2,111
Printing	149	-	149
Wages	43,004	-	43,004
Web site	1,249	-	1,249
<b>Total Program Services</b>	<u>53,697</u>	<u>-</u>	<u>53,697</u>
<b>Supporting Services</b>			
Accounting	6,800	-	6,800
Automotive	548	-	548
Computer	2,957	-	2,957
Depreciation	15,500	-	15,500
Employee benefits	2,071	-	2,071
Insurance	9,843	-	9,843
Legal	1,200	-	1,200
Meals and entertainment	3,702	-	3,702
Miscellaneous	2,715	-	2,715
Rent	31,200	-	31,200
Repairs and maintenance	10,498	-	10,498
Subscriptions	3,507	-	3,507
Supplies	10,018	-	10,018
Taxes, payroll	7,241	-	7,241
Telephone	6,974	-	6,974
Training	2,218	-	2,218
Travel	2,540	-	2,540
Wages	41,780	-	41,780
Loss on disposal	1,257	-	1,257
<b>Total Supporting Services</b>	<u>162,569</u>	<u>-</u>	<u>162,569</u>
<b>Increase in Net Assets</b>	99,612	-	99,612
<b>Net Assets as of December 31, 2006</b>	<u>176,656</u>	<u>-</u>	<u>176,656</u>
<b>Net Assets as of December 31, 2007</b>	<u>\$ 276,268</u>	<u>-</u>	<u>\$ 276,268</u>

See Accompanying Notes to the Financial Statements

**WHITELY COUNTY ECONOMIC  
DEVELOPMENT CORPORATION**

**Statement of Financial Position  
For the year ended June 30, 2007**

**Assets**

**Current Assets:**

Cash - checking	\$ 11,564
Petty cash fund	300
Cash - savings	197,620
	<u>209,484</u>

**Total Current Assets**

**Property and Equipment:**

Furnishings and office equipment	114,703
Leasehold improvements	6,405
<b>Total Property, Plant and Equipment</b>	<u>121,108</u>
<b>Less: Accumulated Depreciation</b>	<u>(46,748)</u>

**Net Property and Equipment**

74,360

**Total Assets**

\$ 283,844

**Liabilities and Net Assets**

**Current Liabilities**

Accounts payable	\$ 6,515
Accrued expense	1,061

**Total Current Liabilities**

7,576

**Net Assets:**

Unrestricted net assets	<u>276,268</u>
-------------------------	----------------

**Total Liabilities and Net Assets**

\$ 283,844

See Accompanying Notes to Financial Statements

**WHITELEY COUNTY ECONOMIC  
DEVELOPMENT CORPORATION**

**Statement of Cash Flows**  
For the year ended December 31, 2007

**Cash Flows From Operating Activities:**

Cash received from communities	\$ 299,800
Cash received from unrestricted donations	7,500
Cash received from interest	8,578
Cash disbursed from program services	(53,697)
Cash disbursed from supporting services	<u>(139,061)</u>

**Net Cash Provided by Operating Activities** 123,120

**Cash Flows From Investing Activities:**

Payments for the purchase of property and equipment	<u>(9,202)</u>
---	----------------

**Net Cash Used in Investing Activities** (9,202)

**Increase in Cash** 113,918

**Cash as of December 30, 2006** 95,566

**Cash as of December 30, 2007** \$ 209,484

**Reconciliation of Changes in Net Assets to Cash Used by Operating Activities:**

**Increase in Net Assets** \$ 99,612

**Adjustments:**

Depreciation	15,500
Loss on disposal	1,257
Changes in certain asset and liability accounts	
Increase (decrease) in:	
Accounts payable	6,515
Accrued expenses	236
<b>Total Adjustments</b>	<u>23,508</u>

**Cash Provided by Operating Activities** \$ 123,120

**WHITELEY COUNTY ECONOMIC  
DEVELOPMENT CORPORATION**

**Notes to Financial Statements**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Corporation is a nonprofit economic development organization operating in Whitely County, Indiana. The Corporation's mission is to implement a unified economic development effort in order to expand employment and business opportunities within the county. The Corporation is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code

**Estimates**

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Method of Accounting**

The financial statements of the Corporation have been prepared utilizing the accrual basis of accounting.

**Financial Statements Presentations**

The Corporation has adopted Statement of Financial Accounting Standards (SFAS) No. 177, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows.

**Contributions**

The Corporation also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made" whereby contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon the satisfaction of time or purpose of the restrictions.

**WHITELEY COUNTY ECONOMIC  
DEVELOPMENT CORPORATION**

**Notes to Financial Statements**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Advertising**

The Corporation's policy is to expense advertising costs as incurred. Advertising costs for the year ended December 31, 2007 were \$5,202.

**Donated Materials and Services**

Donated materials, equipment and services are reflected as contributions in the accompanying financial statements at their estimated fair market value at date of receipt. There were no donations of materials or services for the year ended 2007.

**Concentration of Credit Risk**

The Corporation maintains its cash account at a commercial bank located in Columbia City, Indiana. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 per institution. A summary of the insured and uninsured cash balance as of December 31, 2006 follows:

Total cash in bank	\$315,578
Portion insured by FDIC	100,000
Portion uninsured by FDIC	215,578

**Property and Equipment**

Property and equipment are stated at cost. The cost of property and equipment are depreciated over the estimated useful lives of the assets. Depreciation is computed on the straight-line method. Assets with a cost over \$500 and a useful life in excess of one year are capitalized. Depreciation was \$15,500 for the year ended December 31, 2007.

**NOTE 2. PROFIT SHARING PLAN**

The Corporation has a simple IRA plan covering certain employees. Employees meeting a service requirement may elect to make contributions to the plan. The Corporation matches 100% of employee's contributions up to a maximum deferral of 3%. The matching fund was \$2,071 for the year ended December 31, 2007.

**WHITELY COUNTY ECONOMIC  
DEVELOPMENT CORPORATION**

**Notes to Financial Statements (continued)**

**NOTE 3. OPERATING LEASE**

The Corporation is obligated to a third party, Whitely County, under a noncancelable operating lease for the rental of office space. The lease requires minimum monthly payments of \$2,600. The lease terminated in December 2007. For the year ended December 31, 2007, the Corporation incurred rent expense of \$31,200. Future obligations under the primary terms of the lease as of December 31, 2007 are as follows:

Year ending December 31:

2008	\$--
2009	--
2010	--
2011	--
2012	--
thereafter	--
	-----
Total	\$--
	=====

To the Board of Directors and Management  
Whitley County Economic Development Corporation

In planning and performing our audit of the financial statements of Whitley County Economic Development Corporation for the year ended December 31, 2007, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect Whitley County Economic Development's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Reportable Conditions

During the audit for the year ended December 31, 2007, I noted two reportable conditions:

1. The Company lacks the ability to create an internal financial statement. At present, the company lacks the financial capability/expertise at both its management level and its board of directors to create a monthly financial statement.
2. The Company has only a limited number of staff personnel and, as such, lacks segregation of duties.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that errors or frauds 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.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

Non-reportable Conditions

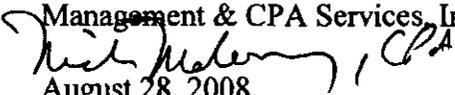
For the year ended December 31, 2007 we noted several non-reportable conditions that the Board should address.

- 1) Presently, the Administration Assistant opens the mail, creates the bank deposit slip, takes the deposit to the bank and forwards the deposit slip and bank deposit document to the President for his review. I recommend that the President prepare the bank deposit slip to provide a check step (i.e. segregation of duties). The President should compare the

deposit slip to the bank deposit document and initial the bank deposit slip to reflect their agreement.

- 2) I noted that there is no dedicated purchase order file for the authorization to purchase fixed assets. Presently, authorization comes via E-Mail or is documented in the Board of Director Minutes. In 2007 there were purchases of a trade show display and two computers whose purchase wasn't documented/authorized in the Board of Director Minutes. I recommend the Organization maintain a dedicated file for all documents related to the purchase of fixed assets.
- 3) Presently a small number of emergency blank checks are maintained in a locked desk to which the Administrative Assistant has the key. I recommend the blank checks be kept in a secure area to which only the President or a board member would have access (i.e. segregation of duties).
- 4) I noticed in the review of the Board of Director Minutes that the Treasurer's signature was missing on several months. The Minutes are used for the purpose of documenting/authorizing the Organization's business decisions and, as such, should have the Treasurer's signature to document their authorization.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Management & CPA Services, Inc.  
  
August 28, 2008