



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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February 2, 2010

Board of Directors
Blackford County
Economic Development
121 N. High Street
Hartford City, IN 47348

We have reviewed the audit report prepared by Whiting & Company, LLC, Independent Public Accountants, for the period January 1, 2007 to December 31, 2008. 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 Blackford County Economic Development, as of December 31, 2008, 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 four comments.

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**BLACKFORD COUNTY
ECONOMIC DEVELOPMNET
HARTFORD CITY, INDIANA**

FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007



WHITINGER & COMPANY^{LLC}
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Blackford County Economic Development
Hartford City, Indiana

We have audited the accompanying statement of assets, liabilities, and net assets – modified cash basis of Blackford County Economic Development (a non-profit organization) as of December 31, 2008 and 2007, and the related statement of revenues, expenses, and other changes in net assets – modified cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 audits provide a reasonable basis for our opinion.

As described in Note 1, the Organization's policy is to prepare its financial statements on the basis of modified cash receipts and disbursements; consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligations are incurred. This basis is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets – modified cash basis of Blackford County Economic Development as of December 31, 2008 and 2007, and the revenues, expenses, and other changes in net assets – modified cash basis for the years then ended, on the basis of accounting described in Note 1.

Whitinger & Company LLC

Certified Public Accountants

June 18, 2009

FINANCIAL STATEMENTS

BLACKFORD COUNTY ECONOMIC DEVELOPMENT

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2008 AND 2007

ASSETS		2008	2007
CURRENT ASSETS			
Cash		\$ 171,813	\$ 135,999
Total Current Assets		\$ 171,813	\$ 135,999
NONCURRENT ASSETS			
Furniture and equipment		\$ 45,983	\$ 45,983
Less accumulated depreciation		(44,267)	(42,508)
Total Noncurrent Assets		\$ 1,716	\$ 3,475
Total Assets		\$ 173,529	\$ 139,474
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Payroll withholdings		\$ 1,828	\$ 1,604
Total Current Liabilities		\$ 1,828	\$ 1,604
NET ASSETS - UNRESTRICTED		171,701	137,870
Total Liabilities and Net Assets		\$ 173,529	\$ 139,474

BLACKFORD COUNTY ECONOMIC DEVELOPMENT

STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS - MODIFIED CASH BASIS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
SUPPORT AND REVENUE		
Grants - unrestricted	\$ 13,600	\$ 12,589
Grants - other	155,750	155,750
Membership dues	12,788	13,950
Interest income	348	340
Other income	6,850	10,340
	<u>189,336</u>	<u>192,969</u>
Total Support and Revenue	\$ 189,336	\$ 192,969
EXPENSES		
Salary expense	\$ 77,555	\$ 64,606
Payroll taxes	6,248	5,109
Insurance and benefits	10,969	12,606
Rent	16,275	18,600
Equipment expenses	654	77
Printing expense	-	119
Insurance expense	2,269	2,228
Occupancy expense and telephone	2,196	1,977
Office and related expenses	1,417	1,251
Repairs and maintenance	693	890
Seminars, conferences, and meetings	5,401	7,945
Professional fees	1,754	1,835
Travel	1,900	2,267
Advertising, promotion, and prospect development	14,681	14,011
Dues, licenses, and subscriptions	5,847	5,463
Miscellaneous	688	660
Other unbudgeted expenses	5,200	-
Depreciation expense	1,758	2,691
	<u>155,505</u>	<u>142,335</u>
Total Expenses	\$ 155,505	\$ 142,335
CHANGE IN NET ASSETS	\$ 33,831	\$ 50,634
NET ASSETS AT BEGINNING OF YEAR	<u>137,870</u>	<u>87,236</u>
NET ASSETS AT END OF YEAR	<u>\$ 171,701</u>	<u>\$ 137,870</u>

See accompanying Notes to Financial Statements.

BLACKFORD COUNTY ECONOMIC DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Blackford County Economic Development was organized in August 1987 as a non-profit organization for the purpose of providing marketing services to attract new industry to the Hartford City/Blackford County area, to assist existing businesses with retention or expansion plans, and to serve as liaison with local businesses and state programs.

Basis of Accounting

The Organization uses the modified cash basis method of reporting, which requires certain revenue and the related assets to be recognized when received rather than when earned and certain expenses to be recognized when paid rather than when the obligations are incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its *Statement of Financial Accounting Standards (SFAS) No. 117, 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 net assets, temporarily restricted net assets, and permanently restricted net assets.

Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Donated Services

The value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

BLACKFORD COUNTY ECONOMIC DEVELOPMENT**NOTES TO FINANCIAL STATEMENTS****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***Donor-Imposed Restrictions*

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restriction.

If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Property and Equipment

Property and equipment are carried at cost, while donated equipment is recorded at its fair-market value at the date of acquisition. Expenditures for additions, improvements, and replacements are added to the property and equipment accounts. Repairs and maintenance are charged to expense as incurred. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Estimated useful lives of the various assets range from five to twenty years. Depreciation expense for 2008 and 2007 is \$1,758 and \$2,691, respectively.

Income Taxes

Blackford County Economic Development is exempt from federal income taxes under *Section 501(c)(4)* of the *Internal Revenue Code*. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of *Section 509(a)* of the *Code*.

Advertising

The Organization charges advertising and marketing costs to expense as incurred. Advertising, marketing, and promotion expenses amounted to \$14,681 and \$14,011 for 2008 and 2007, respectively.

BLACKFORD COUNTY ECONOMIC DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS

2. OPERATING LEASE

The Organization leases office space from the City of Hartford City. Rent expense was \$16,275 and \$18,600 for the years ended December 31, 2008 and 2007, respectively.

3. GRANTS -- GOVERNMENT AGENCIES

Fees received from government agencies consisted of the following:

<u>Agency</u>	<u>Amount</u>	<u>Percent of Total Revenue</u>	<u>Amount</u>	<u>Percent of Total Revenue</u>
City of Hartford City	\$ 50,000	26.4 %	\$ 50,000	25.9 %
Blackford County	100,000	52.8	100,000	51.8
City of Montpelier	5,750	3.0	5,750	3.0
	<u>\$ 155,750</u>	<u>82.2 %</u>	<u>\$ 155,750</u>	<u>80.7 %</u>



WHITINGER & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Board of Directors
Blackford County Economic Development
Hartford City, Indiana

In planning and performing our audit of the financial statements of Blackford County Economic Development for the year ended December 31, 2008 and 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Blackford County Economic Development's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during the audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated June 18, 2009, on the financial statements of Blackford County Economic Development.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with Organization personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Prior Period Information

The accounting records for the organization did not reflect any adjustments from 2006 reflected on information used to prepare the Organization's annual Form 990. These adjustments included depreciation expense, capitalization of fixed assets purchased, and adjustment of payroll liabilities at year end.

Fixed Assets

During our review of fixed assets, we noted that annual depreciation expense had not been recorded for 2007 or 2008. Depreciation expense expected can be provided to record the expense for 2009. Upon review of the depreciation schedule and discussions with employees, we noted that the schedule includes assets that have been disposed. We recommend management compare actual assets on hand to the depreciation schedule and adjust off assets that are no longer in service.

Payroll Liabilities

We tested year end balances of payroll liabilities and noted some posting errors. These liability balances should be reviewed monthly to ensure proper presentation of amounts due and to verify payroll taxes are being paid as required.

Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Association to provide oversight and independent review functions.

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

Whitinger & Company LLC

Certified Public Accountants

June 18, 2009