



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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January 13, 2011

Board of Directors
Lincolnland Economic
Development Corporation
P.O. Box 276
Rockport, IN 47635

We have reviewed the audit report prepared by Melvin E. Held, LLC, Independent Public Accountant, 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 Lincolnland Economic Development Corporation, as of December 31, 2008 and 2007, and the results of its operations for the periods 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.

STATE BOARD OF ACCOUNTS

LINCOLNLAND ECONOMIC DEVELOPMENT
CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lincolnland Economic Development Corporation
Rockport, Indiana

I have audited the accompanying statements of financial position of Lincolnland Economic Development Corporation (a non-profit organization) as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation'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 Lincolnland Economic Development Corporation as of December 31, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Melvin E. Held, CPA
Santa Claus, Indiana
September 23, 2009

LINCOLNLAND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION

ASSETS

	December 31,	
	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash	\$ 15 059	\$ 54 771
Reserve Accounts (Note 3)	24 658	23 457
Accounts Receivable--Spencer County (Note 4)	35 000	0
Investment in Real Estate (Note 2)	<u>52 069</u>	<u>37 086</u>
Total Current Assets	<u>126 786</u>	<u>115 314</u>
 PROPERTY AND EQUIPMENT, at cost (Note 1)		
Land	9 000	9 000
Building	51 727	51 727
Vehicle	20 255	20 255
Office Equipment	31 081	28 212
Leasehold Improvement	3 429	3 429
Less Accumulated Depreciation	<u>(57 668)</u>	<u>(52 566)</u>
Net Property and Equipment	<u>57 824</u>	<u>60 057</u>
Total Assets	<u>\$ 184 610</u>	<u>\$ 175 371</u>
	=====	=====

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	<u>\$ 2 714</u>	<u>\$ 2 753</u>
 NET ASSETS		
Operating	157 238	149 161
Board Designated (Note 3)	<u>24 658</u>	<u>23 457</u>
Total Net Assets	<u>181 896</u>	<u>172 618</u>
Total Liabilities and Net Assets	<u>\$ 184 610</u>	<u>\$ 175 371</u>
	=====	=====

See accompanying notes to financial statements.

LINCOLNLAND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES

For the year ended December 31
2008 2007

PUBLIC SUPPORT AND REVENUES		
Spencer County General Fund	\$ 140 000	\$ 140 000
Private Sector Funding/Donations	64 225	25 850
Special Projects	8 040	10 442
Miscellaneous	900	7 500
Interest	<u>1 462</u>	<u>1 604</u>
Total Public Support and Revenue	<u>214 627</u>	<u>185 396</u>
EXPENSES - Economic Development Programs		
Employment Costs	140 597	135 088
Printing/Advertising	2 705	1 242
Communications	4 386	5 471
Meeting/Programs	12 183	12 647
Professional Services	2 145	2 128
Business Travel	9 034	6 008
Office Expense	5 125	8 104
Depreciation	5 102	4 343
Occupancy	620	2 413
Insurance	2 997	3 096
Special Projects	4 566	4 728
Grant Matching Funds (Note 5)	13 750	9 083
Dues & Subscriptions	1 100	794
Miscellaneous	<u>1 039</u>	<u>4 525</u>
Total Program Expense	<u>205 349</u>	<u>199 670</u>
Change in Net Assets	9 278	(14 274)
Net Assets as of Beginning of Year	<u>172 618</u>	<u>186 892</u>
Net Assets as of End of Year	<u>\$ 181 896</u>	<u>\$ 172 618</u>
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See accompanying notes to financial statements.

LINCOLNLAND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS

For the year ended December 31

2008 2007

OPERATING ACTIVITIES

Change in Net Assets	\$ 9 278	\$ (14 274)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		

Depreciation	5 102	4 343
Investment in real estate	(14 983)	0
Accounts Receivable	(35 000)	35 000
Accounts Payable	(39)	(6 500)

	(35 642)	18 569
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INVESTING ACTIVITIES

Decrease (Increase) in Reserve Accounts	(1 201)	(1 226)
Acquisition of Equipment	(2 869)	0

	(4 070)	(1 226)
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Net Increase (Decrease) in Cash and Cash Equivalents	(39 712)	17 343
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Cash and Cash Equivalents as of Beginning of Year	54 771	37 428
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Cash and Cash Equivalents as of End of Year	\$ 15 059	\$ 54 771
	=====	=====

See accompanying notes to financial statements.

LINCOLNLAND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Activities

The Corporation's mission statement is "To capitalize on and further develop Spencer County's resources and expertise in a manner that will enhance sustainable growth and overall quality of life." The fulfilling of this mission statement is the Corporation's sole program. Also, the Corporation depends on the Spencer County Council for a substantial portion of its annual revenue.

Basis of Accounting

The accompanying financial statements have been prepared from the books of the Corporation on the accrual basis of accounting.

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include all highly liquid investments with original maturities of three months or less.

Property, Equipment, and Depreciation

Depreciation of property and equipment is calculated on the straight-line basis over the estimated useful lives of the assets as follows:

Building	40 years
Leasehold/Improvements	7 years
Vehicles/Equipment	5 years

Income Taxes

The corporation is a private, non-profit corporation incorporated under the laws of Indiana and is exempt from federal income taxes under section 501© (4) of the Internal Revenue Code. It is also exempt from Indiana franchise or income tax.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Significant estimates used in preparing these financial statements are those assumed in depreciating the Company's equipment.

Compensated Absences

The Corporation allows one week to three weeks per year of vacation depending on years of service with no carryover. Also, six sick days per year are allowed with carryover. A liability for unused sick days has not been included due to the uncertainty of the amount.

LINCOLNLAND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - INVESTMENT IN REAL ESTATE

The Corporation invested \$52,068 in parcels of land to be developed as part of an industrial park.

NOTE 3 - CASH RESERVE FUNDS

In 1993 the Corporation established an Operating Reserve Fund deposited in certificates of deposit in banks operating in Spencer County. Funds from this account can only be expended by majority vote of the Corporation's Board of Directors.

NOTE 4 - ACCOUNTS RECEIVABLE--SPENCER COUNTY

The final installment of the 2008 funds from Spencer County was not received until January 2009.

NOTE 5 - GRANT MATCHING FUNDS

The Corporation from time to time provides matching funds to be used to obtain grants for projects associated with economic development in the County.

NOTE 6 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

A substantial portion of the Corporation's revenue comes as support from the Spencer County General Fund. The level of support is subject to the annual county government budgeting process.

NOTE 7 - EMPLOYEE RETIREMENT PLAN

The Corporation contributes 5 percent of an employee's earnings to a retirement plan after one year of service. The Corporation's expense was \$3942 for 2007 and \$3642 for 2008.

NOTE 8 - RELATED PARTY TRANSACTIONS

During 2008 the Corporation completed transactions with two board members as part of a group of similar transactions with a larger number of individuals. These related party transactions were completed on the same basis as the other transactions in the group.

LINCOLNLAND ECONOMIC DEVELOPMENT CORPORATION
EXIT CONFERENCE

An exit conference was held with the contractor's officials on September 23, 2009, at the Corporation's office in Rockport, Indiana. Content of the draft audit report was discussed with those attending.

Contractor Representative

<u>Name</u>	<u>Position</u>
Jacqui Duncan	Administrative Assistant

Auditor Representative
Melvin E. Held, CPA