



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B39699

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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

November 10, 2011

Board of Directors  
Lawrenceburg Schools Endowment Corporation  
c/o Dearborn Community Foundation  
322 Walnut Street  
Lawrenceburg, IN 47025

We have reviewed the audit report prepared by Blue & Co., LLC, Independent Public Accountants, for the period January 1, 2008 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 Lawrenceburg Schools Endowment Corporation, 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.

STATE BOARD OF ACCOUNTS

**LAWRENCEBURG SCHOOLS  
ENDOWMENT CORPORATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2008 AND 2007**

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## TABLE OF CONTENTS DECEMBER 31, 2008 AND 2007

---

	Page
<b>Report of Independent Auditors</b> .....	1
<b>Financial Statements</b>	
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6

---



Blue & Co., LLC / 106 Community Drive / Seymour, IN 47274  
main 812.522.8416 fax 812.523.8615 email blue@blueandco.com

## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors  
Lawrenceburg Schools Endowment Corporation  
Lawrenceburg, Indiana

We have audited the accompanying statements of financial position of Lawrenceburg Schools Endowment Corporation 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 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lawrenceburg Schools Endowment 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.

*Blue & Co., LLC*

June 8, 2009

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2008 AND 2007

---

### ASSETS

	<u>2008</u>	<u>2007</u>
Cash	\$ 472,456	\$ 243,188
Certificates of deposit	245,547	240,973
Investments	94,519	150,544
Nonpermanent donor advised fund	<u>102,160</u>	<u>109,059</u>
	<u>\$ 914,682</u>	<u>\$ 743,764</u>

### LIABILITIES AND NET ASSETS

#### Liabilities

Accounts payable	\$ 3,750	\$ -0-
Grants payable	<u>55,328</u>	<u>-0-</u>
Total liabilities	59,078	-0-

#### Net assets

Unrestricted	797,090	695,570
Temporarily restricted	<u>58,514</u>	<u>48,194</u>
Total net assets	<u>855,604</u>	<u>743,764</u>
	<u>\$ 914,682</u>	<u>\$ 743,764</u>

---

See accompanying notes to financial statements.

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2008

---

	Unrestricted	Temporarily Restricted	Total
<b>Support and revenues</b>			
Governmental support	\$ 934,074	\$ 10,000	\$ 944,074
Interest income	14,309	2,420	16,729
Unrealized losses on investments	(60,830)	-0-	(60,830)
Miscellaneous income	589	-0-	589
Net assets released from restrictions	<u>2,100</u>	<u>(2,100)</u>	<u>-0-</u>
Total support and revenues	890,242	10,320	900,562
<b>Expenses</b>			
Grants	764,784	-0-	764,784
Legal and accounting	8,931	-0-	8,931
Administrative services	15,000	-0-	15,000
Miscellaneous	<u>7</u>	<u>-0-</u>	<u>7</u>
Total expenses	<u>788,722</u>	<u>-0-</u>	<u>788,722</u>
Change in net assets	101,520	10,320	111,840
<b>Net assets at beginning of year</b>	<u>695,570</u>	<u>48,194</u>	<u>743,764</u>
<b>Net assets at end of year</b>	<u>\$ 797,090</u>	<u>\$ 58,514</u>	<u>\$ 855,604</u>

---

See accompanying notes to financial statements.

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2007

---

	Unrestricted	Temporarily Restricted	Total
<b>Support and revenues</b>			
Governmental support	\$ 374,063	\$ -0-	\$ 374,063
Interest income	27,706	4,020	31,726
Unrealized gains on investments	4,653	-0-	4,653
Miscellaneous income	225	-0-	225
Net assets released from restrictions	<u>2,200</u>	<u>(2,200)</u>	<u>-0-</u>
Total support and revenues	408,847	1,820	410,667
<b>Expenses</b>			
Grants	368,207	-0-	368,207
Legal and accounting	5,587	-0-	5,587
Administrative services	18,750	-0-	18,750
Miscellaneous	<u>125</u>	<u>-0-</u>	<u>125</u>
Total expenses	<u>392,669</u>	<u>-0-</u>	<u>392,669</u>
Change in net assets	16,178	1,820	17,998
<b>Net assets at beginning of year</b>	<u>679,392</u>	<u>46,374</u>	<u>725,766</u>
<b>Net assets at end of year</b>	<u>\$ 695,570</u>	<u>\$ 48,194</u>	<u>\$ 743,764</u>

---

See accompanying notes to financial statements.

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007

---

	<u>2008</u>	<u>2007</u>
<b>Operating activities</b>		
Change in net assets	\$ 111,840	\$ 17,998
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Unrealized losses (gains) on investments	60,830	(4,653)
Interest income added to certificates of deposit	(4,574)	(9,101)
Earnings reinvested in investments	(4,805)	(10,317)
Changes in assets and liabilities:		
Accounts payable	3,750	-0-
Grants payable	<u>55,328</u>	<u>(5,047)</u>
Net cash flows from operating activities	222,369	(11,120)
<b>Investing activities</b>		
Change in nonpermanent donor advised fund	<u>6,899</u>	<u>(19,537)</u>
Net change in cash	229,268	(30,657)
<b>Cash, beginning of year</b>	<u>243,188</u>	<u>273,845</u>
<b>Cash, end of year</b>	<u>\$ 472,456</u>	<u>\$ 243,188</u>

---

*See accompanying notes to financial statements.*

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

---

### 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

Lawrenceburg Schools Endowment Corporation ("LSEC") was incorporated in May 1997 to provide resources, such as grants and scholarships, to the students, faculty, staff and schools in the Lawrenceburg area for educational purposes. LSEC is substantially supported by revenue sharing amounts received from the City of Lawrenceburg from the taxes collected related to riverboat gaming.

Following are the significant accounting policies of LSEC:

#### Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported support, revenues and expenses. Actual results could vary from the estimates that were used.

#### Basis of Presentation

Net assets, support, investment return, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of LSEC are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions relating to a stipulated purpose or a specified time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

#### Cash and Cash Equivalents

Cash consists primarily of money market investments and excludes amounts held by LSEC's fund manager and included in investments.

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

---

### Investments and Investment Return

LSEC carries its investments at fair market value for financial reporting purposes. Changes in unrealized appreciation or depreciation of investments are reflected in the Statement of Activities in the periods in which such changes occur.

### Nonpermanent Donor Advised Fund

LSEC has established a nonpermanent donor advised fund with Dearborn Community Foundation whereby LSEC retains all rights to the funds. Distribution of these funds is at the discretion of the Advisory Committee consisting of the Board of Directors of LSEC. The established fund is not an endowment fund; therefore principal can be granted.

Dearborn Community Foundation receives an annual administrative fee to be paid quarterly. Dearborn Community Foundation provides services including accounting services and grants and scholarship administration. The established fund is recorded by Dearborn Community Foundation as a custodial fund.

### Support, Revenues and Expense Recognition

Contributions are recognized as revenues in the period the promise is made.

Support and revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decrease in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

All other revenues are recorded when earned.

### Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the notes to financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### Income Taxes

LSEC is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal taxes on related income pursuant to Section 501(a) of the Code.

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

---

### Accounting for Uncertainty in Income Taxes

The Financial Accounting Standards Board ("FASB") has issued Interpretation No. 48 ("FIN 48"), which clarifies generally acceptable accounting principles for recognition, measurement, presentation and disclosure relating to uncertain tax positions. FIN 48 applies to business enterprises, not-for-profit entities, and pass-through entities, such as S corporations and limited liability companies. As permitted by FIN 48 (as amended), LSEC has elected to defer the application of FIN 48 until issuance of its December 31, 2009 financial statements. For financial statements covering periods prior to calendar 2009, LSEC evaluates uncertain tax positions in accordance with existing generally accepted accounting principles and makes such accruals and disclosures as might be required thereunder.

## 2. CERTIFICATES OF DEPOSIT

At December 31, 2008 and 2007, LSEC has \$245,547 and \$240,973, respectively, in certificates of deposit with two banks maturing in February 2011. The interest rates on the certificates of deposit range from 5.75% to 6.27% at December 31, 2008 and 2007.

## 3. INVESTMENTS

Investments are reported at fair market value and consist of domestic equity mutual funds of \$94,519 and \$150,544 at December 31, 2008 and 2007, respectively. These investments appreciated (depreciated) in value by \$(60,830) and \$4,653 during the years ended December 31, 2008 and 2007, respectively. LSEC has the ability to borrow up to \$47,259 at 4.75 percent against this account at December 31, 2008. LSEC had no borrowings outstanding against this account at December 31, 2008.

## 4. RISKS AND UNCERTAINTIES

LSEC holds investments in equity mutual funds (Note 3). Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

### 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

Effective January 1, 2008, LSEC adopted FASB Statement No. 157 (FAS 157), *Fair Value Measurements (as amended)*, which provides a comprehensive framework for measuring fair value and expands required disclosures concerning fair value measurements. Specifically, FAS 157 sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs. The adoption of FAS 157 did not have a material impact on LSEC's financial statements.

FAS 157 defines levels within the hierarchy of inputs as follows:

- Level 1 – Unadjusted quoted prices for identical assets and liabilities in active markets.
- Level 2 – Quoted prices for similar assets and liabilities in active markets (other than those included in Level 1) which are observable for the assets or liability, either directly or indirectly.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The following table sets forth financial assets measured at fair value in the Statement of Financial Position and the respective levels to which the fair value measurements are classified within the fair value hierarchy as of December 31, 2008:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Certificates of deposit	\$ 245,547	\$ -0-	\$ 245,547	\$ -0-
Investments	94,519	94,519	-0-	-0-
Nonpermanent donor advised fund	102,160	-0-	-0-	102,160

The fair value of certificates of deposit approximates their cost. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

LSEC has transferred assets to the Dearborn Community Foundation, Inc. and retained a beneficial interest in those assets. LSEC is to receive the interest annually, but none of the principal. LSEC has granted variance power to the Dearborn Community Foundation, Inc. to carry out the purposes of the designated endowment created by the initial transfer. The fair value of this asset measured on a recurring basis using significant unobservable inputs (Level 3) are included in the

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

---

statements of financial position at \$102,160 at December 31, 2008. The progression of this endowment fund is as follows:

Beginning balance	\$	109,059
Contributions		338,128
Grant payments		<u>(345,027)</u>
	\$	<u>102,160</u>

### 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for scholarships at December 31, 2008 and 2007 in the amount of \$58,514 and \$48,194, respectively.

### 7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2008 and 2007 by the expiration of purpose restrictions related to contributions in the amount of \$2,100 and \$2,200, respectively.

### 8. FUNCTIONAL EXPENSES

LSEC serves as a vehicle for providing educational resources in the Lawrenceburg area. Expenses related to providing this service for the years ended December 31, 2008 and 2007 are classified as follows:

	<u>2008</u>	<u>2007</u>
Provision of educational resources	\$ 764,784	\$ 368,207
General and administrative expenses	<u>23,938</u>	<u>24,462</u>
	<u>\$ 788,722</u>	<u>\$ 392,669</u>

### 9. CONCENTRATION OF CREDIT RISK

LSEC maintains its cash in bank deposit accounts at two financial institutions which, at times, may exceed federally insured limits. LSEC has not experienced any losses in such accounts. LSEC believes it is not exposed to any significant credit risk on cash.