

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT EXAMINATION REPORT
OF
INDIANA ECONOMIC DEVELOPMENT FOUNDATION, INC.
July 1, 2011 to June 30, 2012



FILED
11/14/2013

Reissued On
11/25/2013 To
Include Official
Response

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairman	Governor Mitchell E. Daniels, Jr. Governor Michael R. Pence	01-12-09 to 01-13-13 01-14-13 to 01-08-17
Chief Executive Officer	E. Mitchell Roob, Jr. Daniel J. Hasler Victor P. Smith	01-03-09 to 09-15-11 09-16-11 to 01-13-13 01-14-13 to 01-08-17
President	Eric Doden	01-14-13 to 01-08-17
Treasurer	Thomas L. Skidmore Mark Pishon	01-12-09 to 01-04-13 01-05-13 to 06-30-14



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA ECONOMIC DEVELOPMENT FOUNDATION, INC.

We have examined the accompanying financial statement of the Indiana Economic Development Foundation, Inc. (Foundation), for the year ended June 30, 2012. The financial statement is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the financial statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Foundation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Foundation for the year ended June 30, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Foundation for the year ended June 30, 2012, on the basis of accounting described in Note 1.

Bruce Hartman
State Examiner

October 1, 2013

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Foundation.
The financial statement and notes are presented as intended by the Foundation.

INDIANA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES -
REGULATORY BASIS
For The Year Ended June 30, 2012

	2012
Cash, July 1	\$ 1,054,237
Receipts:	
Corporate contributions	418,900
Event sponsorship	596,204
Interest Income	1,128
Total receipts	1,016,232
Disbursements:	
Advertising and gifts	551,880
Travel	200,181
Expense reimbursement	14,300
Professional services	306,063
Total disbursements	1,072,424
Excess (deficiency) of receipts over disbursements	(56,192)
Cash, June 30	\$ 998,045

The accompanying notes are an integral part of this statement.

INDIANA ECONOMIC DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Indiana Economic Development Foundation, Inc., (Foundation) was established under Indiana Code 5-28-5-13 to solicit and accept private sector funding, gifts, donations, bequests, devises, and contributions. The Foundation's purpose is to assist the Governor and the Indiana Economic Development Corporation in reaching their economic development goals by raising funds from the general public and nonprofit foundations and organizations.

The accompanying financial statement presents the financial information for the Foundation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory basis differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred.

Note 2. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Foundation has a deposit policy for custodial credit risk. The Foundation's deposits were insured by the Federal Depository Insurance Corporation up to the limits established by federal guidelines.

INDIANA ECONOMIC DEVELOPMENT FOUNDATION, INC.
EXAMINATION RESULT AND COMMENT
June 30, 2012

INTERNAL CONTROLS OVER RECEIPTS

Our testing of receipts revealed the following deficiencies in the internal control structure at the Indiana Economic Development Foundation, Inc., (Foundation).

The Foundation did not maintain a daily cash log which would include the date collections were received.

Each agency, department, quasi, institution or office should have internal controls in effect to provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and forms of information processing are part of an internal control system. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview - Guidelines & Policy)

INDIANA ECONOMIC DEVELOPMENT FOUNDATION, INC.
EXIT CONFERENCE

The contents of this report were discussed on October 16, 2013, with Stephen Akard, Vice President and General Counsel, and Mark Pishon, Chief Financial Officer. The Official Response has been made a part of this report and may be found on page 10. A copy of the Examination Result and Comment was sent on October 17, 2013, by email, to Mitchell E. Daniels, Jr., former Chairman; E. Mitchell Roob, Jr., former Chief Executive Officer; Daniel J. Hasler, former Chief Executive Officer; and Thomas L. Skidmore, former Treasurer.

November 18, 2013

Reply to Comments on SBOA Review for the Foundation

INTERNAL CONTROLS OVER RECEIPTS

The foundation does keep a daily cash log but not in the expected format. The foundation deposit frequency during this period averaged less than 1 check per day, 10.6 per month, or 128 for the entire fiscal year. The infrequent deposits were also deposited on the same day received as a regular course of business.

As a result of this report the foundation has changed the procedure and maintains a daily cash log which is maintained by staff not associated with foundation disbursements function.

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