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August 11, 2014

Board of Directors
Dubois County Area Development Corporation
d/b/a Dubois Strong
961 College Ave.
Jasper, IN 47546

We have reviewed the audit report prepared by Krueger & Associates, CPA's, LLC, for the period January 1, 2011 to December 31, 2011. 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 Dubois County Area Development Corporation d/b/a Dubois Strong, as of December 31, 2011, 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**DUBOIS COUNTY AREA
DEVELOPMENT CORPORATION
D/B/A DUBOIS STRONG
(a Not-For-Profit Organization)**

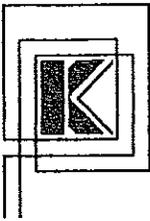
FINANCIAL STATEMENTS

December 31, 2011 and 2010

DUBOIS COUNTY AREA DEVELOPMENT CORPORATION
D/B/A DUBOIS STRONG

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Krueger & Associates, CPA's, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Dubois County Area Development Corporation d/b/a Dubois Strong

We have audited the accompanying statements of financial position of Dubois County Area Development Corporation d/b/a Dubois Strong (a nonprofit organization) as of December 31, 2011 and 2010, 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dubois County Area Development Corporation d/b/a Dubois Strong as of December 31, 2011 and 2010, 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.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating expenses on page eleven are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Krueger & Associates, CPA's, LLC
Certified Public Accountants

August 23, 2012

**DUBOIS COUNTY AREA DEVELOPMENT CORPORATION
D/B/A DUBOIS STRONG**

STATEMENTS OF FINANCIAL POSITION

December 31, 2011 and 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 194,827	\$ 163,072
Certificates of deposit	238,984	233,255
Professional area agreement fees receivable	31,250	33,625
Notes receivable, current portion	32,943	23,421
TOTAL CURRENT ASSETS	498,004	453,373
<u>FIXED ASSETS</u>		
Equipment	51,001	50,816
Leasehold improvements	8,870	8,870
	59,871	59,686
Less: Accumulated depreciation	(34,525)	(27,181)
TOTAL FIXED ASSETS	25,346	32,505
<u>OTHER ASSETS</u>		
Notes receivable, net of current portion	104,289	93,220
TOTAL ASSETS	\$ 627,639	\$ 579,098
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Payroll taxes payable	\$ 5,527	\$ 417
TOTAL CURRENT LIABILITIES	5,527	417
<u>NET ASSETS (UNRESTRICTED)</u>	622,112	578,681
TOTAL LIABILITIES AND NET ASSETS	\$ 627,639	\$ 579,098

The accompanying notes are an integral part of these financial statements.

**DUBOIS COUNTY AREA DEVELOPMENT CORPORATION
D/B/A DUBOIS STRONG**

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
UNRESTRICTED NET ASSETS		
SUPPORT		
Contributions	\$ 175,441	\$ 171,200
Grants received	75,500	93,500
Interest	12,689	15,644
	<u>263,630</u>	<u>280,344</u>
 EXPENSES		
Operating expenses	212,855	237,928
Depreciation	7,344	7,752
	<u>220,199</u>	<u>245,680</u>
 INCREASE IN UNRESTRICTED NET ASSETS	 43,431	 34,664
 UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	 <u>578,681</u>	 <u>544,017</u>
 UNRESTRICTED NET ASSETS AT END OF YEAR	 <u>\$ 622,112</u>	 <u>\$ 578,681</u>

The accompanying notes are an integral part of these financial statements.

**DUBOIS COUNTY AREA DEVELOPMENT CORPORATION
D/B/A DUBOIS STRONG**

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 43,431	\$ 34,664
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,344	7,752
(Increase) decrease in:		
Professional area agreement fee receivable	2,375	3,357
Increase (decrease) in:		
Payroll taxes payable	5,110	(2,211)
Employee pension withheld	-	(161)
	<u>58,260</u>	<u>43,401</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of certificates of deposit	(5,729)	(8,361)
Redemption of certificates of deposit	-	55,766
Purchase of fixed assets	(185)	(7,832)
Advances made on notes receivable	(43,573)	(67,350)
Notes receivable principal repayments received	22,982	18,864
	<u>(26,505)</u>	<u>(8,913)</u>
NET CASH (USED IN) INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
INCREASE IN CASH	31,755	34,488
CASH AT BEGINNING OF YEAR	<u>163,072</u>	<u>128,584</u>
CASH AT END OF YEAR	<u>\$ 194,827</u>	<u>\$ 163,072</u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	\$ <u>-</u>	\$ <u>-</u>
Income taxes paid	\$ <u>-</u>	\$ <u>-</u>

The accompanying notes are an integral part of these financial statements.

**DUBOIS COUNTY AREA DEVELOPMENT CORPORATION
D/B/A DUBOIS STRONG**

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DATE OF MANAGEMENT REVIEW

Management has evaluated subsequent events through August 23, 2012, the date on which the financial statements were available to be issued.

NATURE OF THE ORGANIZATION

Dubois County Area Development Corporation was organized in 2004 to increase economic development in Dubois County, Indiana. Due to rebranding efforts in 2011 the Organization changed its name to Dubois County Area Development Corporation d/b/a Dubois Strong.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

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. The Organization has no temporarily restricted or permanently restricted net assets.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments of temporarily excess cash with a maturity of three months or less to be cash.

CERTIFICATES OF DEPOSITS

Certificates of deposit are valued at cost, which approximates fair market value.

DUBOIS COUNTY AREA DEVELOPMENT CORPORATION
D/B/A DUBOIS STRONG

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FIXED ASSETS

Fixed assets, which consists of office and computer equipment and leasehold improvements, are stated at cost. The cost of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed. When fixed assets are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

Depreciation of fixed assets is provided utilizing the straight-line method over estimated useful lives of five to fifteen years.

CONTRIBUTIONS

Contributions are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. The Organization has not received any contributions with donor imposed restrictions.

ADVERTISING

The Organization's policy is to expense advertising costs as the costs are incurred.

NOTE 2 - UNINSURED DEPOSITS

The Organization maintains its cash balances at a financial institution in Jasper, Indiana. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured balances at December 31, 2011 and 2010 were \$186,718 and \$147,025, respectively.

**DUBOIS COUNTY AREA DEVELOPMENT CORPORATION
D/B/A DUBOIS STRONG**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

NOTE 3 - INCOME TAX STATUS

Dubois County Area Development Corporation is exempt from federal income taxes under Section 501(c)(3) 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.

NOTE 4 - CASH RECEIVED FROM GOVERNMENTAL UNITS

The Organization has agreements for professional area economic development services with various county governments. The agreements call for the Organization to perform professional consultant services and to perform community and economic development activities. The agreements are in effect from January 1 through December 31 of each year and require the various county governments to pay compensation to the Organization for the services rendered. The payments received by the Organization are recorded as contributions received in the accompanying financial statements.

A summary of the amounts received from the various county governments during the years ended December 31, 2011 and 2010 follows:

	<u>2011</u>	<u>2010</u>
Dubois County, Indiana	\$ 59,263	\$ 59,263
City of Jasper	49,420	49,420
City of Huntingburg	9,835	12,294
Town of Ferdinand	5,063	5,063
Town of Holland	1,086	1,900
Town of Birdseye	<u>250</u>	<u>417</u>
	<u>\$ 124,917</u>	<u>\$ 128,357</u>

At December 31, 2011 and 2010 there was \$31,250 and \$33,625 still owed by the various county governments for 2011 and 2010 services, respectively. This amount is reflected in the statement of financial position.

DUBOIS COUNTY AREA DEVELOPMENT CORPORATION
D/B/A DUBOIS STRONG

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

NOTE 5 - RETIREMENT PLAN

The Organization has adopted a Simple IRA retirement plan. The plan covers all full-time employees who meet a waiting period from their date of employment. The Organization's contribution is based on matching employees contributions up to three percent of employee's compensation. The Organization's contributions to the plan for the year ended December 31, 2010 was \$2,047. There were no contributions for the year ended December 31, 2011 because there were no eligible employees in 2011.

NOTE 6 - NOTES RECEIVABLE

The Organization has established an Enterprise Loan Fund to assist local businesses in obtaining financing for various projects. In 2011 and 2010 various local businesses borrowed funds from the Organization utilizing this fund. The loans have interest rates from non interest bearing to six and a half percent and maturity dates of November 26, 2013 through November 1, 2018. The amounts owed by the various businesses at December 31, 2011 and 2010 were \$137,232 and \$116,641, respectively.

Principal repayments for the next five years and subsequent are as follows:

Period ended December 31:

2012	\$ 32,943
2013	31,364
2014	31,415
2015	22,646
2016	8,820
Thereafter	<u>10,044</u>
	<u>\$ 137,232</u>

The notes are secured by equipment, inventory, accounts receivable and other assets.

**DUBOIS COUNTY AREA DEVELOPMENT CORPORATION
D/B/A DUBOIS STRONG**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

Note 7 - **FAIR VALUE MEASUREMENTS**

FASB ASC 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to process.

Level 2 - Inputs to the valuation methodology include:

- * Quoted prices for similar assets and liabilities in active markets;
- * Quoted prices for identical assets or liabilities in inactive markets;
- * Inputs other than quoted prices that are observable for the asset or liability; and
- * Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**DUBOIS COUNTY AREA DEVELOPMENT CORPORATION
D/B/A DUBOIS STRONG**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

Note 7 - **FAIR VALUE MEASUREMENTS (CONTINUED)**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

Common stocks, corporate bonds and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Organization at year end.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2011 and 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2011:				
Certificates of deposit	\$ <u>238,984</u>	_____	_____	\$ <u>238,984</u>
December 31, 2010:				
Certificates of deposit	\$ <u>233,255</u>	_____	_____	\$ <u>233,255</u>

SUPPLEMENTARY INFORMATION

**DUBOIS COUNTY AREA DEVELOPMENT CORPORATION
D/B/A DUBOIS STRONG**

**SCHEDULES OF OPERATING EXPENSES
For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
ADMINISTRATIVE EXPENSE		
Director's salary	\$ 78,400	\$ 62,897
Office salaries	13,774	11,790
Insurance	5,220	6,017
Repairs and maintenance	1,892	1,626
Office supplies	5,279	9,464
Supplies and outside services	-	2,505
Dues and subscriptions	6,981	2,381
Travel expense	13,041	5,733
Meetings and seminars	2,505	5,028
Meals and entertainment	6,686	5,209
Professional fees	61,218	107,456
Telephone	3,211	3,003
Payroll taxes	7,051	5,609
Pension expense	-	2,047
	<u>205,258</u>	<u>230,765</u>
 ENTREPRENEURIAL EXPENSE		
Advertising	750	460
Meetings and seminars	-	288
RLF portfolio	6,472	4,355
Trade shows	-	864
	<u>7,222</u>	<u>5,967</u>
 NEW BUSINESS RECRUITMENT		
Advertising	375	1,095
Meetings and seminars	-	101
	<u>375</u>	<u>1,196</u>
 TOTAL OPERATING EXPENSES	 <u>\$ 212,855</u>	 <u>\$ 237,928</u>

See accountant's report.