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June 3, 2009

Board of Directors
Dubois County Area
Development Corporation
1103 Main Street
Jasper, IN 47546

We have reviewed the audit report prepared by Krueger & Associates, CPA's, LLC, Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. 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 Dubois County Area Development Corporation, as of December 31, 2007, 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

**DUBOIS COUNTY AREA
DEVELOPMENT CORPORATION
(a Not-For-Profit Organization)**

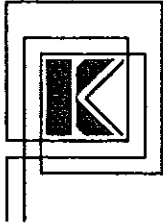
FINANCIAL STATEMENTS

December 31, 2007 and 2006

DUBOIS COUNTY AREA DEVELOPMENT CORPORATION

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Krueger & Associates, CPA's, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Dubois County Area Development Corporation

We have audited the accompanying statement of financial position of Dubois County Area Development Corporation (a nonprofit organization) as of December 31, 2007 and 2006, 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 as of December 31, 2007 and 2006, 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 basic financial statements taken as a whole. The schedule of operating expenses on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

September 5, 2008

DUBOIS COUNTY AREA DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 134,339	\$ 148,686
Certificates of deposit	313,041	300,000
Professional area agreement fees receivable	31,250	-
Notes receivable, current portion	5,622	-
TOTAL CURRENT ASSETS	484,252	448,686
<u>FIXED ASSETS</u>		
Equipment	19,109	18,434
Leasehold improvements	7,536	7,536
	26,645	25,970
Less: Accumulated depreciation	(8,940)	(4,798)
TOTAL FIXED ASSETS	17,705	21,172
<u>OTHER ASSETS</u>		
Notes receivable, net of current portion	43,362	-
TOTAL ASSETS	\$ 545,319	\$ 469,858
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Payroll taxes payable	\$ 2,238	\$ 1,331
Employee pension withheld	75	143
TOTAL CURRENT LIABILITIES	2,313	1,474
<u>NET ASSETS (UNRESTRICTED)</u>	543,006	468,384
TOTAL LIABILITIES AND NET ASSETS	\$ 545,319	\$ 469,858

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

DUBOIS COUNTY AREA DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES

For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
UNRESTRICTED NET ASSETS		
SUPPORT		
Contributions	\$ 228,105	\$ 226,130
Program fees	-	1,600
Grants received	81,618	-
Interest	20,770	13,505
	<u>330,493</u>	<u>241,235</u>
EXPENSES		
Operating expenses	251,729	133,513
Depreciation	4,142	3,702
	<u>255,871</u>	<u>137,215</u>
EXCESS OF SUPPORT OVER EXPENSES	74,622	104,020
OTHER INCOME (LOSS)		
Gain (loss) on disposal of assets	-	(54)
INCREASE IN UNRESTRICTED NET ASSETS	74,622	103,966
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	<u>468,384</u>	<u>364,418</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 543,006</u>	<u>\$ 468,384</u>

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

DUBOIS COUNTY AREA DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 74,622	\$ 103,966
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,142	3,702
Loss on disposal of assets	-	54
(Increase) decrease in:		
Professional area agreement fee receivable	(31,250)	-
Increase (decrease) in:		
Payroll taxes payable	907	(49)
Employee pension withheld	<u>(68)</u>	<u>143</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>48,353</u>	 <u>107,816</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of certificates of deposit	(13,041)	(300,000)
Purchase of equipment	(675)	(3,929)
Advances on notes receivable	(50,000)	-
Notes receivable principal repayments	<u>1,016</u>	<u>-</u>
 NET CASH (USED IN) INVESTING ACTIVITIES	 <u>(62,700)</u>	 <u>(303,929)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	 <u>-</u>	 <u>-</u>
 INCREASE (DECREASE) IN CASH	 (14,347)	 (196,113)
 CASH AT BEGINNING OF YEAR	 <u>148,686</u>	 <u>344,799</u>
 CASH AT END OF YEAR	 <u>\$ 134,339</u>	 <u>\$ 148,686</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

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF THE ORGANIZATION

Dubois County Area Development Corporation was organized in 2004 to increase economic development in Dubois County, Indiana.

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.

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.

DUBOIS COUNTY AREA DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007 and 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$100,000. Uninsured balances at December 31, 2007 and 2006 were approximately \$356,440 and \$354,308, respectively.

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.

DUBOIS COUNTY AREA DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007 and 2006

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, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Dubois County, Indiana	\$ 44,447	\$ 59,263
City of Jasper	37,065	49,420
City of Huntingburg	9,835	7,376
Town of Ferdinand	3,797	3,797
Town of Holland	1,086	814
Town of Birdseye	<u>250</u>	<u>250</u>
	<u>\$ 96,480</u>	<u>\$ 120,920</u>

At December 31, 2007 there was \$31,250 still owed by the various county governments for 2007 services. This amount is reflected in the statement of financial position.

NOTE 5 - RETIREMENT PLAN

The Organization has adopted a Simple IRA retirement plan. The plan covers all full-time employees. 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 years ended December 31, 2007 and 2006 were \$1,943 and \$1,716, respectively.

DUBOIS COUNTY AREA DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007 and 2006

NOTE 6 - NOTES RECEIVABLE

The Organization has established an Enterprise Loan Fund to assist local businesses in obtaining financing for various projects. In 2007 two local businesses borrowed funds from the Organization utilizing this fund. The loans have interest rates from six to six and a quarter percent and maturity dates of May 31, 2014 and January 1, 2015. The amounts owed by the two businesses at December 31, 2007 were \$48,984.

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

Period ended December 31:

2008	\$	5,622
2009		6,329
2010		6,724
2011		7,145
2012		7,591
Thereafter		<u>15,573</u>
	\$	<u>48,984</u>

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

SUPPLEMENTARY INFORMATION

DUBOIS COUNTY AREA DEVELOPMENT CORPORATION

SCHEDULE OF OPERATING EXPENSES

For the Years Ended December 31, 2007 and 2006

	<u>2,007</u>	<u>2006</u>
ADMINISTRATIVE EXPENSE		
Director's salary	\$ 64,885	\$ 62,000
Office salaries	19,122	4,382
Insurance	4,102	2,788
Repairs and maintenance	1,240	1,128
Office supplies	4,356	6,278
Supplies and outside services	-	1,783
Dues and subscriptions	4,475	1,644
Travel expense	10,428	10,467
Meetings and seminars	7,122	6,824
Meals and entertainment	2,348	1,810
Professional fees	25,310	10,484
Telephone	3,116	2,686
Payroll and other taxes	6,460	5,354
Pension expense	1,943	1,716
	<u>154,907</u>	<u>119,344</u>
ENTREPRENEURIAL EXPENSE		
Advertising	1,524	2,446
RLF portfolio	2,708	2,222
Programs	50,000	6,026
Training and education	34,875	-
	<u>89,107</u>	<u>10,694</u>
NEW BUSINESS RECRUITMENT		
Advertising	1,615	1,625
Meeting and seminar expense	5,500	-
Trade shows	-	1,850
Land and building development	600	-
	<u>7,715</u>	<u>3,475</u>
TOTAL OPERATING EXPENSES	<u>\$ 251,729</u>	<u>\$ 133,513</u>

See accountant's report.