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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

June 4, 2009

Board of Directors
New Castle/Henry County
Economic Development Corporation
100 S. Main St., Ste. 203
New Castle, IN 47362

We have reviewed the audit report prepared by Whiting & Company, LLC, Independent Public Accountants, for the period January 1, 2006 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 New Castle/Henry County Economic 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

**NEW CASTLE/HENRY COUNTY
ECONOMIC DEVELOPMENT CORPORATION
NEW CASTLE, INDIANA**

FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006



WHITINGER & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
New Castle/Henry County Economic
Development Corporation
New Castle, Indiana

We have audited the accompanying statement of financial position of New Castle/Henry County Economic Development Corporation 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 Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 New Castle/Henry County Economic Development Corporation, as of December 31, 2007 and 2006, and the results of its activities and changes in net assets and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Whitinger & Company LLC

Certified Public Accountants

July 30, 2008

FINANCIAL STATEMENTS

**NEW CASTLE/HENRY COUNTY
ECONOMIC DEVELOPMENT CORPORATION**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006**

ASSETS	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Cash	\$ 22,592	\$ 8,361
Investments	-	41,559
Other receivables	7,548	1,000
Prepaid expenses	<u>2,058</u>	<u>-</u>
	<u>\$ 32,198</u>	<u>\$ 50,920</u>
NONCURRENT ASSETS		
Furniture and equipment	\$ 29,189	\$ 28,594
Less accumulated depreciation	<u>(25,643)</u>	<u>(23,255)</u>
	<u>\$ 3,546</u>	<u>\$ 5,339</u>
 Total Assets	 <u>\$ 35,744</u>	 <u>\$ 56,259</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Other payable	\$ 3,507	\$ 4,560
Payroll withholdings	<u>1,115</u>	<u>3,704</u>
Total Current Liabilities	\$ 4,622	\$ 8,264
NET ASSETS - UNRESTRICTED	<u>31,122</u>	<u>47,995</u>
Total Liabilities and Net Assets	<u>\$ 35,744</u>	<u>\$ 56,259</u>

See accompanying Notes to Financial Statements.

**NEW CASTLE/HENRY COUNTY
ECONOMIC DEVELOPMENT CORPORATION**

STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
SUPPORT AND REVENUE		
Grants - unrestricted	\$ 125,000	\$ 125,000
Grants - other	28,350	-
Membership dues	28,242	29,220
Interest income	1,179	1,899
Other income	2,034	-
	<u>\$ 184,805</u>	<u>\$ 156,119</u>
EXPENSES		
Salary expense	\$ 94,856	\$ 86,037
Payroll taxes	8,282	7,539
Insurance and benefits	14,625	16,919
Rent	3,600	3,600
Computer expenses	1,392	1,518
Custodial expense	71	276
Insurance expense	3,029	4,639
Occupancy expense and telephone	5,365	3,236
Office and related expenses	2,882	2,040
Repairs and maintenance	3,502	3,663
Seminars, conferences, and meetings	7,962	3,735
Professional fees	1,333	4,225
Travel	14,831	14,331
Advertising, promotion, and prospect development	16,009	8,305
Dues, licenses, and subscriptions	11,892	11,840
Miscellaneous	1,659	928
Other unbudgeted expenses	8,000	11,390
Depreciation expense	2,388	3,009
	<u>\$ 201,678</u>	<u>\$ 187,230</u>
CHANGE IN NET ASSETS	<u>\$ (16,873)</u>	<u>\$ (31,111)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>47,995</u>	<u>79,106</u>
NET ASSETS AT END OF YEAR	<u>\$ 31,122</u>	<u>\$ 47,995</u>

See accompanying Notes to Financial Statements.

**NEW CASTLE/HENRY COUNTY
ECONOMIC DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

The New Castle/Henry County Economic Development Corporation was organized in July 1980 as a non-profit corporation for the purpose of providing marketing services to attract new industry to the New Castle/Henry County area, to assist existing businesses with retention or expansion plans, and to serve as liaison with local businesses and state programs.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

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.

Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Promises to Give/Pledges

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met. At December 31, 2007, there were no pledges receivable expected to be collected past one year.

**NEW CASTLE/HENRY COUNTY
ECONOMIC DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Donor-Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restriction.

If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Property and Equipment

Property and equipment are carried at cost, while donated equipment is recorded at its fair-market value at the date of acquisition. Expenditures for additions, improvements, and replacements are added to the property and equipment accounts. Repairs and maintenance are charged to expense as incurred. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Estimated useful lives of the various assets range from five to twenty years. Depreciation expense for 2007 and 2006 is \$2,388 and \$3,009, respectively.

Cash and Cash Equivalents

For purposes of the statement of cash flows, management considers all time and demand deposit accounts and cash on hand to be cash and cash equivalents.

Donated Services

The value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Income Taxes

The New Castle/Henry County Economic Development Corporation is exempt from federal income taxes under *Section 501(c)(6)* of the *Internal Revenue Code*. In addition, the Corporation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of *Section 509(a)* of the *Code*.

**NEW CASTLE/HENRY COUNTY
ECONOMIC DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are comprised of certificates of deposit with maturities in excess of three months.

Advertising

The Corporation charges advertising and marketing costs to expense as incurred. Advertising, marketing, and promotion expenses amounted to \$16,009 and \$8,305 for 2007 and 2006, respectively.

2. OPERATING LEASE

The Corporation leases office space from the City of New Castle. Rent expense was \$3,600 for the years ended December 31, 2007 and 2006, respectively.

3. RELATED PARTY TRANSACTIONS

The Henry County Redevelopment Commission is related to the Corporation by sharing common management. The Redevelopment Commission owns the Industrial Park which the Corporation markets to prospective businesses and also manages. The Corporation has no ownership interest or financial interest in the Industrial Park.

4. GRANTS – GOVERNMENT AGENCIES

Fees received from government agencies consisted of the following:

<u>Agency</u>	<u>Amount</u>	<u>Percent of Total Revenue</u>	<u>Amount</u>	<u>Percent of Total Revenue</u>
City of New Castle	\$ 75,000	40.6 %	\$ 75,000	48.0 %
Henry County	<u>50,000</u>	<u>27.1</u>	<u>50,000</u>	<u>32.0</u>
	<u>\$ 125,000</u>	<u>67.7 %</u>	<u>\$ 125,000</u>	<u>80.0 %</u>

5. OTHER RECEIVABLES

The Organization advanced \$10,000 to a local business during 2003. This advance was to be repaid in 2004. A promissory note was executed at the time of the advance. As of December 31, 2007, the business has not repaid the debt, and is likely not financially able to repay; therefore, an allowance for uncollectible receivable has been established for the entire amount.