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June 18, 2009

Board of Directors  
Jay County Development Corporation  
118 S. Meridian St., Ste. B  
Portland, IN 47371

We have reviewed the audit report prepared by Whiting & Company, LLC, Independent Public Accountants, for the period July 1, 2006 to June 30, 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 Jay County Development Corporation, as of June 30, 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

**JAY COUNTY DEVELOPMENT CORPORATION**  
PORTLAND, INDIANA

FINANCIAL STATEMENTS  
JUNE 30, 2007

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Jay County Development Corporation  
Portland, Indiana

We have audited the accompanying statement of financial position of Jay County Development Corporation as of June 30, 2007, and the related statements of activities, cash flows, and functional expenses for the year 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 audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 audit provides 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 Jay County Development Corporation as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

*Whitinger & Company LLC*

Certified Public Accountants

August 15, 2007

**FINANCIAL STATEMENTS**

**JAY COUNTY DEVELOPMENT CORPORATION**

STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2007

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 57,895	
Net unconditional promises to give (Note 2)	195,393	
Other current assets	<u>2,353</u>	
Total Current Assets		\$ 255,641

**NONCURRENT ASSETS**

Equipment (Note 3)		<u>8,600</u>
Total Assets		<u>\$ 264,241</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 2,000	
Payroll taxes withheld	2,091	
Accrued expenses	4,128	
Current portion of long-term debt	<u>5,534</u>	
Total Current Liabilities		\$ 13,753

**NET ASSETS**

Unrestricted	\$ 31,073	
Temporarily restricted (Note 5)	<u>219,415</u>	
Total Net Assets		<u>250,488</u>
Total Liabilities and Net Assets		<u>\$ 264,241</u>

**JAY COUNTY DEVELOPMENT CORPORATION**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS</b>			
Contributions and grants	\$ 11,145	\$ 266,232	\$ 277,377
Interest income	2,265		2,265
Program income	3,286		3,286
Gain on asset disposal	3,956		3,956
Net assets released from restrictions			
Satisfaction of program restrictions	88,084	(88,084)	-
Expiration of time restrictions	193,250	(193,250)	-
	<u>\$ 301,986</u>	<u>\$ (15,102)</u>	<u>\$ 286,884</u>
<b>EXPENSES</b>			
Grants	\$ 62,594		\$ 62,594
Community development	83,199		83,199
	<u>\$ 145,793</u>		<u>\$ 145,793</u>
Management and general	138,835		138,835
	<u>\$ 284,628</u>		<u>\$ 284,628</u>
<b>CHANGE IN NET ASSETS</b>	\$ 17,358	\$ (15,102)	\$ 2,256
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>13,715</u>	<u>234,517</u>	<u>248,232</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 31,073</u>	<u>\$ 219,415</u>	<u>\$ 250,488</u>



## JAY COUNTY DEVELOPMENT CORPORATION

### SCHEDULE OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2007

	<u>Grants</u>	<u>Community Development</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages		\$ 50,214	\$ 75,614	\$ 125,828
Payroll taxes		3,966	6,498	10,464
Health insurance		2,448	4,653	7,101
Pension		3,813	6,646	10,459
Supplies		1,289	1,823	3,112
Telephone		1,751	2,260	4,011
Postage and shipping		191	772	963
Occupancy		4,784	4,673	9,457
Printing and publications		78	318	396
Travel		2,264	3,194	5,458
Conferences, meetings, and conventions		1,013	1,806	2,819
Client relations			1,354	1,354
Miscellaneous		178	579	757
Depreciation		473	5,239	5,712
Interest expense			976	976
Advertising		1,380	14,267	15,647
Dues and subscriptions		871	3,096	3,967
Insurance		664	664	1,328
Repairs and maintenance		846	1,631	2,477
Program expenses	\$ 11,894			11,894
Grant expense	50,700	5,744		56,444
Contracted services		1,232	2,772	4,004
	<u>\$ 62,594</u>	<u>\$ 83,199</u>	<u>\$ 138,835</u>	<u>\$ 284,628</u>

## JAY COUNTY DEVELOPMENT CORPORATION

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *General*

Jay County Development Corporation, a nonprofit organization, is operated to encourage business to originate, expand current facilities, or relocate in areas within Jay County, Indiana, in order to expand job opportunities of the residents of Jay County, Indiana.

##### *Cash Equivalents*

For purposes of the statement of cash flows, the Organization considers all highly-liquid investments with initial maturities of three months or less to be cash equivalents.

##### *Promise to Give*

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

##### *Contributed Services*

During the year ended June 30, 2007, 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.

##### *Federal Income Tax Status*

The Organization is exempt from payment of federal income tax under the provisions of *Section 501(c)(4)* of the *Internal Revenue Code*. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation.

##### *Estimates*

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

## JAY COUNTY DEVELOPMENT CORPORATION

### NOTES TO FINANCIAL STATEMENTS

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

##### *Concentration of Risk*

The Organization receives virtually all its support from local governments and businesses in the Jay County area. For the year ended June 30, 2007, \$164,000 was recorded as income from the Jay County Commissioners, which approximated 57% of the Organization's total income. Also, unconditional promises to give includes \$164,000 from the Jay County Commissioners, which approximates 84% of the total.

##### *Advertising*

The Organization charges advertising costs to expense as incurred. Advertising expenses amounted to \$15,647 for the year ended June 30, 2007.

#### 2. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are receivables from local businesses and governmental entities and are detailed as follows:

Receivables in less than one year	\$ 193,250
Receivables in one to five years	2,250
Total unconditional promises to give	<u>\$ 195,500</u>
Less discount to net present value	<u>(107)</u>
Net unconditional promises to give at June 30, 2007	<u><u>\$ 195,393</u></u>

No allowance for uncollectible promises to give is considered necessary as all amounts are considered collectible.

#### 3. PROPERTY AND EQUIPMENT

Equipment is carried at cost. The Organization provides for depreciation using the straight-line method over an estimated useful asset life of five years.

When equipment is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any profit or loss on disposition is credited or charged to income. Maintenance and repair costs are charged to expenses as incurred, and renewals and improvements are added to the equipment accounts.

**JAY COUNTY DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

3. **PROPERTY AND EQUIPMENT** (continued)

The cost of property and equipment, accumulated depreciation, and depreciation expenses are detailed as follows:

Equipment	\$ 12,983
Accumulated depreciation	<u>(4,383)</u>
Net Book Value	<u><u>\$ 8,600</u></u>

Depreciation expense for the year amounted to \$5,712.

4. **LONG-TERM DEBT**

Long-term debt consists of the following:

Note payable to bank	
Due in monthly installments of \$375, including interest at 6.75% through June 2008.	\$ 5,534
Less current maturities	<u>(5,534)</u>
	<u><u>\$ -</u></u>

**JAY COUNTY DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

5. **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following:

Contributions restricted for use in future periods	\$ 195,393
Assets restricted for use in Community Development	19,808
Assets restricted for use in the MAGIC Pride	1,657
Assets restricted for use in the Industrial Appreciation Dinner	(200)
Assets restricted for use in the Hi-Tech Program	2,488
Assets restricted for use in other programs	<u>269</u>
	<u><u>\$ 219,415</u></u>

6. **OPERATING LEASE COMMITMENTS**

The Organization leases office space for \$650 per month under a five-year lease that expires in April 2010. Total office rent expense amounted to \$7,800 for the year.

7. **FUNCTIONAL ALLOCATION OF EXPENSES**

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

8. **PENSION PLAN**

The Organization has established a pension plan for substantially all employees through First Merchants Bank. The Organization contributes 8% of the employees' annual salary per the plan requirements. No employee contributions are required to fund the plan. Pension expense was \$10,459 for the year ended June 30, 2007.

## JAY COUNTY DEVELOPMENT CORPORATION

### NOTES TO FINANCIAL STATEMENTS

#### 9. **DETAIL OF FUNDS RECEIVED**

Local government funds received for the year ended June 30, 2007, are detailed as follows:

Government Entity	Amount
City of Dunkirk	\$ 6,500
City of Portland	23,000
Jay County	148,350
Jay County EDIT	15,000
Town of Bryant	750
Town of Pennville	1,500
Town of Redkey	1,500
	\$ 196,600

Other funds received for the year ended June 30, 2007, are detailed as follows:

Entity	Amount
Bank of Geneva	\$ 750
Briner Building, Inc.	500
Crossroads FCU	650
First Bank of Berne	2,000
First Financial Bank	3,000
First Merchants Bank	5,000
Indiana Michigan Power	2,000
Jay County REMC	500
MainSource Bank	3,000
Ohio Valley Gas	1,000
Pacesetter Bank	750
Sprint/Embarq	2,000
Portland Chamber of Commerce	2,000
Vectren Corporation	600
	\$ 23,750