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B34518

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 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, 2007 to June 30, 2008. 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, 2008, 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, 2008

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Activities	2
Statement of Cash Flows	3
Schedule of Functional Expenses	4
NOTES TO FINANCIAL STATEMENTS	5 - 8



WHITINGER & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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, 2008, 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, 2008, 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 27, 2008

FINANCIAL STATEMENTS

JAY COUNTY DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION JUNE 30, 2008

ASSETS

CURRENT ASSETS

Cash	\$ 63,021	
Net unconditional promises to give (Note 2)	<u>194,143</u>	
Total Current Assets		\$ 257,164

NONCURRENT ASSETS

Equipment (Note 3)		<u>9,173</u>
Total Assets		<u><u>\$ 266,337</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses	\$ 9,775	
Payroll taxes withheld	<u>4,710</u>	
Total Current Liabilities		\$ 14,485

NET ASSETS

Unrestricted	\$ 20,312	
Temporarily restricted (Note 7)	<u>231,540</u>	
Total Net Assets		<u>251,852</u>
Total Liabilities and Net Assets		<u><u>\$ 266,337</u></u>

JAY COUNTY DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS			
Contributions and grants	\$ 2,564	\$ 225,110	\$ 227,674
Interest income	71		71
Program income	360		360
Net assets released from restrictions			
Satisfaction of program restrictions	74,889	(74,889)	-
Expiration of time restrictions	<u>139,950</u>	<u>(139,950)</u>	<u>-</u>
 Total Public Support, Revenues, and Reclassifications	 <u>\$ 217,834</u>	 <u>\$ 10,271</u>	 <u>\$ 228,105</u>
 EXPENSES			
Grants	\$ 208		\$ 208
Community development	<u>73,760</u>		<u>73,760</u>
	\$ 73,968		\$ 73,968
Management and general	<u>152,773</u>		<u>152,773</u>
 Total Expenses	 <u>\$ 226,741</u>		 <u>\$ 226,741</u>
 CHANGE IN NET ASSETS	 \$ (8,907)	 \$ 10,271	 \$ 1,364
NET ASSETS AT BEGINNING OF YEAR	<u>29,219</u>	<u>221,269</u>	<u>250,488</u>
NET ASSETS AT END OF YEAR	<u>\$ 20,312</u>	<u>\$ 231,540</u>	<u>\$ 251,852</u>

JAY COUNTY DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and grants	\$ 228,924	
Cash received from programs	360	
Cash paid to suppliers and employees	(216,258)	
Interest received	71	
Interest paid	<u>(96)</u>	
Net Cash Provided By Operating Activities		\$ 13,001
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	\$ <u>(2,341)</u>	
Net Cash Used In Investing Activities		(2,341)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	\$ <u>(5,534)</u>	
Net Cash Used In Financing Activities		<u>(5,534)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		\$ 5,126
CASH AT BEGINNING OF YEAR		<u>57,895</u>
CASH AT END OF YEAR		<u><u>\$ 63,021</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
CHANGE IN NET ASSETS		\$ 1,364
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation		1,768
(Increase) decrease in operating assets		
Net unconditional promises to give		1,250
Other current asset		2,353
Increase (decrease) in operating liabilities		
Accounts payable		(2,000)
Payroll taxes withheld		2,619
Accrued expenses		<u>5,647</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u><u>\$ 13,001</u></u>

JAY COUNTY DEVELOPMENT CORPORATION

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Grants</u>	<u>Community Development</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages		\$ 47,417	\$ 89,801	\$ 137,218
Payroll taxes		3,756	6,895	10,651
Health insurance		815	6,029	6,844
Pension		3,427	6,971	10,398
Supplies		1,104	1,994	3,098
Telephone		1,672	2,721	4,393
Postage and shipping		263	1,611	1,874
Occupancy		4,815	4,824	9,639
Printing and publications		67		67
Travel		2,159	4,272	6,431
Conferences, meetings, and conventions		692	2,627	3,319
Client relations			436	436
Miscellaneous		576	529	1,105
Depreciation		380	1,388	1,768
Interest expense			96	96
Advertising		2,911	13,758	16,669
Dues and subscriptions		980	1,490	2,470
Insurance		689	672	1,361
Repairs and maintenance		1,262	3,903	5,165
Program expenses	\$ 208			208
Grant expense		113		113
Contracted services		662	2,756	3,418
	<u>\$ 208</u>	<u>\$ 73,760</u>	<u>\$ 152,773</u>	<u>\$ 226,741</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, 2008, 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, 2008, \$166,410 was recorded as income from the Jay County Commissioners, which approximated 73% of the Organization's total income. Also, unconditional promises to give includes \$166,410 from the Jay County Commissioners, which approximates 86% of the total.

Advertising

The Organization charges advertising costs to expense as incurred. Advertising expenses amounted to \$16,669 for the year ended June 30, 2008.

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	\$ 193,660
Receivables in one to five years	500
Total unconditional promises to give	<u>\$ 194,160</u>
Less discount to net present value	<u>(17)</u>
Net unconditional promises to give at June 30, 2008	<u><u>\$ 194,143</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	\$	15,325
Accumulated depreciation		<u>(6,152)</u>
Net Book Value	\$	<u>9,173</u>

Depreciation expense for the year amounted to \$1,768.

4. **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 \$10,398 for the year ended June 30, 2008.

5. **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.

6. **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.

7. **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following:

Contributions restricted for use in future periods	\$	194,143
Assets restricted for use in Community Development		33,089
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>363</u>
	\$	<u>231,540</u>

JAY COUNTY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

8. **DETAIL OF FUNDS RECEIVED**

Local government funds received for the year ended June 30, 2008, are detailed as follows:

<u>Government Entity</u>	<u>Amount</u>
City of Dunkirk	\$ 6,500
City of Portland	25,000
Jay County	151,410
Jay County EDIT	15,000
Town of Bryant	750
Town of Pennville	1,750
Town of Redkey	1,500
	<u>\$ 201,910</u>

Other funds received for the year ended June 30, 2008, are detailed as follows:

<u>Entity</u>	<u>Amount</u>
Bank of Geneva	\$ 750
Briner Building, Inc.	500
Crossroads FCU	650
Dunkirk Chamber of Commerce	500
First Bank of Berne	2,000
First Financial Bank	1,500
First Merchants Bank	5,000
Indiana Michigan Power	2,000
Jay County REMC	500
MainSource Bank	3,000
Ohio Valley Gas	1,000
Old National Bank	2,000
Pacesetter Bank	750
Sprint/Embarq	2,000
Portland Chamber of Commerce	2,000
Vectren Corporation	600
	<u>\$ 24,750</u>