



STATE OF INDIANA
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June 24, 2009

Board of Directors
Morgan County Economic
Development Corporation
4 E. Harrison St., P.O. Box 606
Mooresville, IN 46158

We have reviewed the audit report prepared by Larry E. Nunn & Associates, LLC, Independent Public Accountants, for the period January 1, 2006 to December 31, 2006. 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 Morgan County Economic Development Corporation, as of December 31, 2006, 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

**MORGAN COUNTY ECONOMIC
DEVELOPMENT CORPORATION**

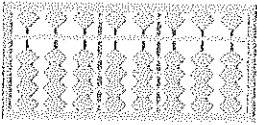
FINANCIAL STATEMENTS

Years Ended December 31, 2006 and 2005

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From Vision to Solution



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Morgan County Economic Development Corporation
Mooreville, Indiana

We have audited the accompanying statements of financial position of Morgan County Economic Development Corporation (a nonprofit corporation) as of December 31, 2006 and 2005, 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 audit.

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 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 the 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 Morgan County Economic Development Corporation as of December 31, 2006 and 2005, 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 purposes of forming an opinion on the basic financial statements taken as a whole. The schedules of operating expenses are presented for purposes of additional analysis and are 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.

Plainfield, Indiana
January 16, 2007

MORGAN COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and cash equivalents	\$ 360,283	\$ 161,118
Accounts receivable	7,350	125,300
Prepaid expenses	3,266	2,089
Property and equipment, net	<u>7,509</u>	<u>767</u>
Total assets	<u><u>\$ 378,408</u></u>	<u><u>\$ 289,274</u></u>
LIABILITIES		
Accounts payable	\$ 4,717	\$ 401
Accrued wages	2,085	2,179
Payroll taxes payable	4,454	3,569
Unearned revenue	<u>50,000</u>	<u>-</u>
Total liabilities	61,256	6,149
NET ASSETS		
Unrestricted	<u>317,152</u>	<u>283,125</u>
Total liabilities and net assets	<u><u>\$ 378,408</u></u>	<u><u>\$ 289,274</u></u>

See accompanying notes to financial statements and independent auditor's report.

MORGAN COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
REVENUES		
Dues	\$ 219,000	\$ 219,000
Contributions	5,000	3,500
Plat fees	17,050	10,750
Donation-in-kind	14,101	9,927
Interest income	12,621	3,479
Miscellaneous income	500	-
	<hr/>	<hr/>
Total revenues	268,272	246,656
OPERATING EXPENSES	<hr/>	<hr/>
	234,245	193,572
Change in net assets	34,027	53,084
NET ASSETS - beginning of the year	<hr/>	<hr/>
	283,125	230,041
NET ASSETS - end of year	<u><u>\$ 317,152</u></u>	<u><u>\$ 283,125</u></u>

See accompanying notes to financial statements and independent auditor's report.

MORGAN COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOW
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 34,027	\$ 53,084
Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	443	385
(Increase) in:		
Accounts receivable	117,950	(103,650)
Prepaid expenses	(1,177)	(2,089)
Increase (Decrease) in:		
Accounts payable	4,316	(18,074)
Accrued wages	(94)	(7,691)
Payroll taxes payable	885	1,642
Unearned revenue	50,000	-
	206,350	(76,393)
Net Cash Provided (Used) by Operating Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of fixed assets	(7,185)	-
Net Cash Used by Financing Activities	(7,185)	-
Net Decrease in Cash and Cash Equivalents	199,165	(76,393)
CASH AND CASH EQUIVALENTS - Beginning of Year	161,118	237,511
CASH AND CASH EQUIVALENTS - End of Year	\$ 360,283	\$ 161,118

See accompanying notes to financial statements and independent auditor's report.

MORGAN COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Morgan County Economic Development Corporation (the Corporation) was originally incorporated as a not-for-profit corporation on June 7, 1990 under the laws of the State of Indiana. The Corporation's purpose is to encourage, promote and develop economic expansion within Morgan County, Indiana. Support for the Corporation comes primarily from membership dues. The corporation is located in Mooresville, Indiana.

Summary of Significant Accounting Policies

Estimates - The presentation of financial statements are in conformity with generally accepted accounting principles, which 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.

Financial Statement Presentation - The Corporation follows Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Centers," and SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Under SFAS No. 117, the Corporation 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.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Corporation considers investments available for current use with an initial maturity date of three months or less to be cash equivalents.

Contributions - In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions. Gifts and contributions are recorded at fair value. The Corporation does not have any temporarily or permanently restricted net assets.

Advertising - The Corporation expenses advertising costs as they are incurred.

Federal Income Tax - The Corporation is exempt from Income Tax under Internal Revenue Code Section 501 (c) (6). However a Form 990, Return of Organization Exempt from Income Tax, is required to be filed each year.

MORGAN COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Office Equipment – The Corporation follows the practice of capitalizing all expenditures with an estimated useful life of three years or more. Depreciation of fixed assets is provided on a straight-line basis over the estimated useful lives of assets. Estimated useful lives are as follows:

Office furniture	10 years
Computer equipment	3 years

When items are disposed of, the cost and accumulated depreciation are eliminated from the records of account, and a gain or loss is reported in the change in net assets. Repair and maintenance charges that do not increase the useful lives of the assets are charged to the change in net assets as incurred.

Revenue Recognition – The Corporation records public and private investment revenue in the period billed and received. All donations are voluntary and the Corporation does not recognize any revenue or bad debt expense for amounts not received. Private investment revenue is from various companies located in Morgan County. Public investment revenue is from towns in Morgan County and Morgan County. Plat fees are recognized when earned.

Statement of Cash Flows - The indirect method is used to report cash flows from operating activities.

Note 2 - MEMBERSHIP

Per the by-laws of the Corporation, there is a Board of Directors composed of representatives from the governmental membership and the corporate/business membership. The Corporation has three classes of membership:

General – includes those nongovernmental members making a contribution of \$4,000 or more annually through the payment of dues as set by the Board of Directors. General Members will become members of the Board of Directors having full voting rights and duties conferred upon the Board of Directors.

Governmental – includes a Member designated by the City Council of Martinsville, the Town Council of Mooresville and the County Commissioners of Morgan County. Upon making an annual contribution of dues to the corporation, Martinsville 50,000, Mooresville \$50,000 and Morgan County \$75,000, they shall have the following appointments:

MORGAN COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 2 - MEMBERSHIP (continued)

	<u>Board of Directors</u>	<u>Executive Committee</u>
Martinsville	1	1
Mooreville	1	1
Morgan County	2	1

Special - any individual or organization approved by a majority vote of the Board of Directors and have such rights as designated by the Board of Directors. The Martinsville and Mooreville Chambers of Commerce shall each be entitled to one non-voting Special Membership on the Board of Directors. An Associate Membership level of Special Members shall be granted to any entity for an annual contribution of \$1,500.

Note 3 - CASH IN EXCESS OF FDIC LIMIT

The Corporation maintains a bank account which periodically exceeds the FDIC guarantee limit during the year. At December 31, 2006 and 2005, the Corporation had balances which were in excess of the FDIC limit by approximately \$260,000 and \$63,000, respectively; however, the financial institution has additional collateralization for the Corporation deposits in the amount of \$346,000 and \$148,000, respectively.

Note 4 - ACCOUNTS RECEIVABLE AND UNEARNED REVENUE

Accounts receivable consisted of the following as of December 31:

	2006	2005
City Council of Martinsville	\$ -	\$ 50,000
Morgan County	-	75,000
Corporate member	4,000	-
Plat Fees	<u>3,350</u>	<u>300</u>
Totals	<u>\$ 7,350</u>	<u>\$ 125,300</u>

During the year ended December 31, 2006, the City of Martinsville paid dues for two years. The portion of the dues related to 2007 has been shown as unearned revenue in the amount of \$50,000 as of December 31, 2006.

Note 5 - PLAT FEES

Pursuant to Ordinance 1-14-14.2 adopted by the Morgan County Board of Commissioners on November 19, 2001, the Corporation receives \$50 of unrestricted support for each new residential lot platted and recorded in Morgan County. These funds are collected by the auditor of Morgan County and transmitted to the Corporation periodically.

MORGAN COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 6 – OFFICE EQUIPMENT

The Corporation's office equipment consisted of the following as of December 31:

	2006	2005
Computer equipment	\$ 2,259	\$ 2,259
Office furniture	<u>7,185</u>	<u>-</u>
Totals - at cost	9,444	2,259
Less accumulated depreciation	<u>1,935</u>	<u>1,492</u>
Net property and equipment	\$ <u>7,509</u>	\$ <u>767</u>

Note 7 – OPERATING LEASE

The Corporation leases their copier. As of December 31, 2006 the Corporation was under contract to lease the copier through June 2009 for \$70 per month. Lease expense for the years ended December 31, 2006 and 2005 was \$840 and \$430, respectively.

Future minimum lease payments due under non-cancelable operating leases for years ending as of December 31 are as follows:

2007	\$	840
2008		840
2009		<u>420</u>
		<u>\$ 2,100</u>

Note 8 - EXISTENCE OF CONCENTRATION IN REVENUES RECEIVED

The Corporation received approximately 34%, 23% and 23% of its revenues from Morgan County Commissioners, City of Martinsville and Town of Mooresville for the years ended December 31, 2006 and 2005, respectively. In the event that this revenue were to be eliminated, it is likely that the Corporation would need to reduce its current operations. The Corporation does not expect in any way that the revenue from these sources will be lost in the near term.

Note 9 – DONATION-IN-KIND

The Corporation was provided furnished office space by the Town of Mooresville for the years ended December 31, 2006 and 2005. The Corporation has recognized in-kind revenue in the amount of \$14,101 and \$9,927 for the donated use of the space, respectively. The offsetting rent expense is included in operating expenses. The office space is provided on a year-to-year basis as there is no formal lease agreement.

SUPPLEMENTAL INFORMATION

MORGAN COUNTY ECONOMIC DEVELOPMENT CORPORATION
SCHEDULES OF OPERATING EXPENSES
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Salaries	\$ 114,226	\$ 114,451
Payroll taxes	9,559	9,236
Employee benefits	15,569	15,985
Total personnel costs	<u>139,354</u>	<u>139,672</u>
Advertising and promotions	33,871	20,595
Auto expenses	4,056	6,257
Computer equipment	574	315
Contributions	600	100
Depreciation	443	384
Dues and subscriptions	14,758	427
Equipment lease	840	430
Insurance	1,115	1,190
Meals and entertainment	4,697	3,831
Membership	400	450
Miscellaneous	118	187
Office supplies	1,184	625
Postage	275	492
Professional fees	4,812	571
Registration	1,205	985
Rent	14,101	9,927
Repairs and maintenance	564	75
Telephone	609	439
Training	-	345
Travel	10,669	6,275
Total operating expenses	<u><u>\$ 234,245</u></u>	<u><u>\$ 193,572</u></u>