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June 24, 2009

Board of Directors
Jennings County Economic
Development Commission, Inc.
1865 W. US Hwy 50, P.O. Box 15
North Vernon, IN 47265

We have reviewed the audit report prepared by RBSK Partners, PC, 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 Jennings County Economic Development Commission, Inc., as of December 31, 2007, and the results of its operations for the twenty four month 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

**Jennings County Economic
Development Commission, Inc.
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Independent Auditor's Report

Board of Directors
Jennings County Economic
Development Commission, Inc.

We have audited the accompanying statements of assets, liabilities, and net assets – modified cash basis of Jennings County Economic Development Commission, Inc. (a nonprofit organization) as of December 31, 2007 and 2005, and the related statements of revenues, expenses and other changes in net assets – modified cash basis for the twenty-four month periods 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 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 audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Jennings County Economic Development Commission, Inc. as of December 31, 2007 and 2005, and its revenues and expenses and other changes in net assets for the twenty-four month periods then ended, on the basis of accounting described in Note 1.

RBSK Partners pc

Greensburg, Indiana
January 9, 2009

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**Jennings County Economic
Development Commission, Inc.
Statements of Assets, Liabilities,
and Net Assets - Modified Cash Basis**

December 31

	2007	2005
Assets		
Current Assets:		
Cash and cash equivalents	\$ 172,949	\$ 69,723
Total current assets	172,949	69,723
Property and Equipment, at cost:		
Land	5,000	5,000
Building	36,445	11,145
Building improvements	51,665	51,665
Furniture and equipment	108,404	73,704
Equipment under capital lease	10,679	10,679
	212,193	152,193
Less - accumulated depreciation	97,551	60,328
Property and equipment, net	114,641	91,865
Total Assets	\$ 287,591	\$ 161,588
Liabilities		
Current Liabilities:		
Current portion of capital lease obligation	\$ 2,852	\$ 3,392
Payroll withholdings	2,204	---
Total current liabilities	5,056	3,392
Long-term capital lease obligations, less current portion	---	6,461
Total liabilities	5,056	9,853
Net Assets		
Unrestricted	282,535	151,735
Temporarily restricted	---	---
Total net assets	282,535	151,735
Total Liabilities and Net Assets	\$ 287,591	\$ 161,588

Notes to financial statements are an integral part of these statements

**Jennings County Economic
Development Commission, Inc.
Statements of Revenues, Expenses and Other Changes
in Net Assets - Modified Cash Basis**

For the Twenty-Four Month Period Ended December 31

	2007		
	Unrestricted	Temporarily Restricted	Total
Revenue			
City of North Vernon	\$ 274,134	\$ ---	\$ 274,134
Jennings County	140,000	---	140,000
Indiana Economic Development Corporation	38,262	---	38,262
Indiana Department of Workforce Development	106,164	---	106,164
Community Grants	59,366	---	59,366
Tax abatement fees	21,234	---	21,234
Contributions	37,309	---	37,309
Miscellaneous	8,258	---	8,258
Interest income	8,252	---	8,252
Total revenues before net assets released from restrictions	692,979	---	692,979
Net assets released from restrictions	---	---	---
Total revenue	692,979	---	692,979
Expenses			
Program Services:			
Economic development	460,986	---	460,986
Supporting Services:			
General administrative	90,884	---	90,884
Fundraising	10,309	---	10,309
Total expenses	562,179	---	562,179
Change in Net Assets	130,800	---	130,800
Net Assets, Beginning	151,735	---	151,735
Net Assets, Ending	\$ 282,535	\$ ---	\$ 282,535

Notes to financial statements are an integral part of these statements

**Jennings County Economic
Development Commission, Inc.
Statements of Revenues, Expenses and Other Changes
in Net Assets - Modified Cash Basis**

For the Twenty-Four Month Period Ended December 31

	2005		
	Unrestricted	Temporarily Restricted	Total
Revenue			
City of North Vernon	\$ 130,000	\$ ---	\$ 130,000
Jennings County	140,000	---	140,000
U.S. Department of Commerce	94,208	---	94,208
Indiana Department of Commerce:			
CDAG grant CDA 04-110	16,308	---	16,308
CDAG grant CDA 05-109	20,000	---	20,000
Indiana Department of Workforce Development	62,149	---	62,149
Tax abatement fees	75,045	---	75,045
Contributions	28,670	---	28,670
Special projects	56,698	---	56,698
Interest income	456	---	456
Total revenues before net assets released from restrictions	623,534	---	623,534
Net assets released from restrictions	81,949	(81,949)	---
Total revenue	705,483	(81,949)	623,534
Expenses			
Program Services:			
Economic development	415,332	---	415,332
Supporting Services:			
General administrative	213,299	---	213,299
Fundraising	6,034	---	6,034
Total expenses	634,665	---	634,665
Change in Net Assets	70,818	(81,949)	(11,131)
Net Assets, Beginning	80,917	81,949	162,866
Net Assets, Ending	\$ 151,735	\$ -	\$ 151,735

Notes to financial statements are an integral part of these statements

Jennings County Economic Development Commission, Inc. Notes to Financial Statements

December 31, 2007 and 2005

1. Summary of Significant Accounting Policies

The summary of significant accounting policies of Jennings County Economic Development Commission, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to the modified cash basis method of accounting described below and have been consistently applied in the preparation of the financial statements.

The Organization

The Jennings County Economic Development Commission, Inc. was incorporated on December 10, 1990, and began operations in 1991 after having operated as a division of the North Vernon/Jennings County Chamber of Commerce, Inc.

The Organization was established to foster and promote industrial retention and expansion in Jennings County and to provide assistance to both existing and new businesses which locate in the area in order to increase the level of employment in the community.

Basis of Accounting

The financial statements of the Organization have been prepared on the modified cash basis method of accounting; consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

Basis of Presentation

The Organization reports 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.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**Jennings County Economic
Development Commission, Inc.
Notes to Financial Statements** *(Continued)*

December 31, 2007 and 2005

1. Summary of Significant Accounting Policies *(Continued)*

Basis of Presentation *(Continued)*

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Advertising Costs

Advertising costs are expensed as incurred and amounted to \$ 41,237 and \$ 27,396 for the twenty-four month periods ended December 31, 2007 and 2005, respectively.

Functional Expenses

Functional expenses have been allocated between Program Services, Supporting Services and Fundraising based on an analysis of personnel time and space utilized for the related activities.

Income Taxes

No provision is made for income taxes since the Organization qualifies as a not-for-profit organization under Section 501 (c)(6) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation.

Donated Materials and Contributed Services

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. Since no objective basis is available to assign a value to contributed services, no value for these services has been reflected in these statements. However, a substantial number of volunteers have contributed significant amounts of time in the Organization's program services.

Depreciation

The Organization records property and equipment at cost less accumulated depreciation. Donated property is recorded at its estimated fair value. Depreciation is computed using accelerated methods over the estimated useful lives of the assets as follows:

**Jennings County Economic
Development Commission, Inc.
Notes to Financial Statements (Continued)**

December 31, 2007 and 2005

1. Summary of Significant Accounting Policies (Continued)

Depreciation (Continued)

<u>Asset</u>	<u>Years</u>
Building and improvements	15-40
Equipment	5-7
Furniture	5-7

Total depreciation expense for the twenty-four months ended December 31, 2007 and 2005 was \$ 37,223 and \$ 19,628, respectively.

Public Support and Revenue

Public support and revenue are considered to be available for unrestricted use unless specifically restricted by the donor or support group.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is 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 and reported in the Statements of Revenues, Expenses and Other Changes in Net Assets – Modified Cash Basis as net assets released from restrictions.

2. Capital Lease

The Organization leases certain office equipment under capital lease. The economic substance of this lease is that the Organization is financing the acquisition of the assets through the lease, and accordingly, it is recorded in the Organization's assets and liabilities.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of December 31, 2007:

Year Ending December 31:	
2008	\$ 2,924
Total minimum lease payments	2,924
Less amount representing interest	72
Present value of minimum lease payments	\$ 2,852

Amortization of assets held under capital leases is included with depreciation expense.

**Jennings County Economic
Development Commission, Inc.**
Notes to Financial Statements *(Continued)*

December 31, 2007 and 2005

3. Pension Plan

The Organization has a contributory defined contribution pension plan covering all eligible full-time employees who have completed six months of service. The monthly contribution is 5% of covered compensation. Total pension costs for the twenty-four months ended December 31, 2007 and 2005, was \$ 7,927 and \$ 6,478, respectively.

4. Economic Dependency

During the twenty-four months ended December 31, 2007, four government-funding sources accounted for \$ 558,560 (81%) of total revenue. During the twenty-four months ended December 31, 2005, five government-funding sources accounted for \$ 462,665 (74%) of total revenue. The loss of these funding sources could have a materially adverse effect on the Organization.

5. Related Party Transactions

During the twenty-four months ended December 31, 2007 and 2005, the Organization maintained banking relationships with various financial institutions. Certain members of the Organization's board of directors also served as officers and employees of these financial institutions. The banking transactions included savings and money market accounts.

6. Commitments and Contingencies

Certain grants and contracts require the fulfillment of certain conditions as set forth in the instrument. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, the Organization deems the contingency remote, since by accepting the funds and their terms, it has accommodated the objectives of the Organization to the provisions of the grant or contract.

7. Concentration of Credit Risk

The Organization maintains its cash accounts at several banks located in Southeastern Indiana. These balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2007, the Organization's uninsured cash balances totaled \$ 16,796.

Additional Information



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Independent Auditor's Report on Additional Information

To the Board of Directors of
Jennings County Economic
Development Commission, Inc.

Our report on our audit of the basic financial statements of Jennings County Economic Development Commission, Inc. as of December 31, 2007 and 2005 appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules 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 audit 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.

RBSK Partners pc

Greensburg, Indiana
January 9, 2009

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**Jennings County Economic Development Commission, Inc.
Schedule of Expenditures of Federal and Nonfederal Awards**

For the twenty-four months ended December 31, 2007

Federal (Nonfederal) Grantor/ Program Title	Federal CFDA Number	Nonfederal Grantor's Number	Beginning Unused Balance	Grant Award	Adjustments	Revenue Recognized / Expended	Grant Award Remaining
U.S. DEPARTMENT OF LABOR							
Passed through Indiana Department of Workforce Development	17,258	DWIA-4-249	\$ 137,851	\$ --	\$ (31,687)	\$ 106,164	\$ --
INDIANA ECONOMIC DEVELOPMENT CORPORATION							
Community Development Action Grant	N/A	CDA 06-105	--	30,000	8,262	38,262	--
JENNINGS COUNTY, INDIANA							
	N/A	N/A	--	140,000	--	140,000	--
CITY OF NORTH VERNON, INDIANA							
Operating Grant	N/A	N/A	--	140,000	--	140,000	--
ETC Contract	N/A	N/A	--	93,500	--	93,500	--
ETC Grant	N/A	N/A	--	40,634	--	40,634	--
Total City of North Vernon			--	274,134	--	274,134	--
Total All Awards			\$ 137,851	\$ 444,134	\$ (23,425)	\$ 558,560	\$ --

See independent auditor's report on additional information

**Jennings County Economic
Development Commission, Inc.
Supplemental Schedules - Operating Expenses - Modified Cash Basis**

For the Twenty-Four Month Periods Ended December 31

	<u>2007</u>	<u>2005</u>
Salaries and wages	\$ 199,102	\$ 178,109
Payroll taxes	16,504	15,598
Group health insurance	15,486	8,373
Pension plan expense	7,927	6,478
Total payroll	<u>239,019</u>	<u>208,558</u>
Advertising and promotional expense	41,237	27,396
Conferences and education	4,745	4,323
Depreciation	37,223	19,628
Dues and subscriptions	2,166	2,643
EDA - community strategic plan	---	176,127
Fundraising	5,475	6,034
Insurance:		
Property	2,202	2,114
Worker's compensation	1,065	858
Interest expense	789	185
Meetings	2,893	2,885
Miscellaneous	46,626	23,567
Postage	6,321	9,367
Printing	1,603	5,007
Professional fees	10,252	49,700
Program development	34,233	---
Repairs and maintenance - office equipment	6,714	15,413
Supplies	30,914	12,462
Telephone	13,179	16,321
Travel, meals and lodging	32,780	33,759
Utilities	41,743	16,863
Web development	1,000	1,456
Total expenses	<u>\$ 562,179</u>	<u>\$ 634,666</u>

See independent auditor's report on additional information