



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B34701

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 29, 2009

Board of Directors
Randolph County Community &
Economic Development Foundation, Inc.
111 S. Main St.
Winchester, IN 47394

We have reviewed the audit report prepared by Whiting & Company, LLC, Independent Public Accountants, for the period January 1, 2007 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 Randolph County Community & Economic Development Foundation, Inc., 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

**RANDOLPH COUNTY COMMUNITY &
ECONOMIC DEVELOPMENT FOUNDATION, INC.**
WINCHESTER, INDIANA

FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006



WHITINGER & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Randolph County Community &
Economic Development Foundation, Inc.
Winchester, Indiana

We have audited the accompanying statement of financial position of Randolph County Community & Economic Development Foundation, Inc. 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 Randolph County Community & Economic Development Foundation, Inc., 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

October 24, 2008

FINANCIAL STATEMENTS

**RANDOLPH COUNTY COMMUNITY &
ECONOMIC DEVELOPMENT FOUNDATION, INC.**

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006

ASSETS	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Cash	\$ 205,847	\$ 31,842
Certificates	-	60,954
	<u>\$ 205,847</u>	<u>\$ 92,796</u>
NONCURRENT ASSETS		
Investments	\$ 26,941	\$ 156,976
Other receivables (net of uncollectible portion)	60,583	94,951
Note receivable	122,324	
Property held for sale or development	140,000	10,000
Furniture and equipment	51,553	51,553
Less accumulated depreciation	<u>(45,354)</u>	<u>(43,518)</u>
	<u>\$ 356,047</u>	<u>\$ 269,962</u>
Total Assets	<u><u>\$ 561,894</u></u>	<u><u>\$ 362,758</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll withholdings	<u>\$ 3,450</u>	<u>\$ 2,472</u>
Total Current Liabilities	<u>\$ 3,450</u>	<u>\$ 2,472</u>
NET ASSETS		
Unrestricted	\$ 311,181	\$ 112,134
Temporarily restricted	222,263	223,152
Permanently restricted	<u>25,000</u>	<u>25,000</u>
	<u>\$ 558,444</u>	<u>\$ 360,286</u>
Total Liabilities and Net Assets	<u><u>\$ 561,894</u></u>	<u><u>\$ 362,758</u></u>

**RANDOLPH COUNTY COMMUNITY &
ECONOMIC DEVELOPMENT FOUNDATION, INC.**

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

	2007			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE				
Grants - county	\$ 190,500			\$ 190,500
Contributions	4,050			4,050
Interest income	12,434			12,434
Gain on asset sale	199,767			199,767
Other income	5,539			5,539
Total Support and Revenue	\$ 412,290	\$ -	\$ -	\$ 412,290
Released from restrictions	889	(889)		
	\$ 413,179	\$ (889)	\$ -	\$ 412,290
EXPENSES				
Salary expense	\$ 110,868			\$ 110,868
Payroll taxes	9,826			9,826
Contracted services	-			-
Grant expense	5,310			5,310
Insurance expense	2,038			2,038
Rent and occupancy costs	11,961			11,961
Office and related expenses	4,508			4,508
Repairs and maintenance	2,452			2,452
Seminars, conferences, and meetings	14,079			14,079
Professional fees	4,433			4,433
Travel	6,776			6,776
Dues, licenses, and subscriptions	9,910			9,910
Miscellaneous	3,671			3,671
Trust fees	2,970			2,970
Prospect expense	1,779			1,779
Computer expenses	14,811			14,811
Bad debt	6,904			6,904
Depreciation expense	1,836			1,836
Total Expenses	\$ 214,132	\$ -	\$ -	\$ 214,132
CHANGE IN NET ASSETS	\$ 199,047	\$ (889)	\$ -	\$ 198,158
NET ASSETS - BEGINNING OF YEAR	112,134	223,152	25,000	360,286
NET ASSETS - END OF YEAR	\$ 311,181	\$ 222,263	\$ 25,000	\$ 558,444

See accompanying Notes to Financial Statements.

2006			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 151,000			\$ 151,000
8,034			8,034
8,896	\$ 2,779		11,675
2,402			2,402
\$ 170,332	\$ 2,779	\$ -	\$ 173,111
\$ 170,332	\$ 2,779	\$ -	\$ 173,111
\$ 82,861			\$ 82,861
7,568			7,568
206			206
10,000			10,000
1,225			1,225
10,067			10,067
7,423			7,423
2,260			2,260
5,633			5,633
1,649			1,649
3,979			3,979
7,358			7,358
4,202			4,202
4,089			4,089
-			-
-			-
-			-
2,005			2,005
\$ 150,525	\$ -	\$ -	\$ 150,525
\$ 19,807	\$ 2,779	\$ -	\$ 22,586
92,327	220,373	25,000	337,700
\$ 112,134	\$ 223,152	\$ 25,000	\$ 360,286

**RANDOLPH COUNTY COMMUNITY &
ECONOMIC DEVELOPMENT FOUNDATION, INC.**

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

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants	\$ 194,550	\$ 159,034
Cash paid to suppliers and employees	(204,414)	(148,003)
Interest income	12,106	10,729
Other income	5,539	2,402
	<u>7,781</u>	<u>24,162</u>
Net Cash Provided By Operating Activities	\$ 7,781	\$ 24,162
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	\$ (12,515)	\$ (15,505)
Redemption of investments	203,832	-
Purchase of furniture and fixtures	-	(4,131)
Purchase of property for investment	(947,233)	(10,000)
Sale of property held for investment	1,017,000	-
Grant of other receivable	(122,450)	(60,000)
Repayment of other receivable	27,590	12,136
	<u>166,224</u>	<u>(77,500)</u>
Net Cash Provided By (Used In) Investing Activities	\$ 166,224	\$ (77,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from mortgage	\$ 860,968	
Repayment of mortgage	(860,968)	
	<u>-</u>	
Net Cash Provided By Financing Activities	\$ -	
CHANGE IN CASH AND CASH EQUIVALENTS	\$ 174,005	\$ (53,338)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>31,842</u>	<u>85,180</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 205,847</u>	<u>\$ 31,842</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	\$ 198,158	\$ 22,586
ADJUSTMENT TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	1,836	2,005
Change in investment value	(328)	(946)
Gain on sale of assets	(199,767)	-
Bad debt expense	6,904	-
Increase in payroll withholdings	978	842
Decrease in other payables	-	(325)
	<u>7,781</u>	<u>24,162</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 7,781</u>	<u>\$ 24,162</u>

See accompanying Notes to Financial Statements.

**RANDOLPH COUNTY COMMUNITY &
ECONOMIC DEVELOPMENT FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

The Randolph County Community & Economic Development Foundation, Inc. was organized in 1986 as a non-profit corporation for the purpose of providing marketing services to attract new industry to the Randolph 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.

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. Repairs and maintenance are charged to expense as incurred. Depreciation is provided using the straight-line method using estimated lives of the various assets ranging from five to twenty years. Depreciation expense for 2007 and 2006 is \$1,836 and \$2,005, 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.

**RANDOLPH COUNTY COMMUNITY &
ECONOMIC DEVELOPMENT FOUNDATION, INC.**

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.

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 Randolph County Community & Economic Development Foundation, Inc. is exempt from federal income taxes under *Section 501(c)(3)* 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*.

Investment Income

Investment income for the year ended December 31, 2007 and 2006, consists of the following:

	2007	2006
Investment income	\$ 12,106	\$ 10,729
Unrealized gain (loss)	328	946
	\$ 12,434	\$ 11,675

2. **OPERATING LEASE**

The Organization leases its office facilities on a month-to-month basis. Rent expense was \$5,100 and \$4,340 for the years ended December 31, 2007 and 2006, respectively.

**RANDOLPH COUNTY COMMUNITY &
ECONOMIC DEVELOPMENT FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

3. RELATED PARTY TRANSACTIONS

In 2006 the Organization leased its office facilities on a month-to-month basis from a member of the board of directors.

4. GRANTS – GOVERNMENT AGENCIES

The Organization receives funding from the Randolph County Commissioners. Income received for the years ended December 31, 2007 and 2006, was \$157,000 and \$151,000, respectively. These amounts represent 38% and 87% of total income, respectively.

5. RECEIVABLES

Under a Revolving Loan Fund, the Organization grants loans to area businesses. Loans are to be repaid in monthly installments ranging from \$54 to \$1,057 including interest of 4% to 5%. Maturity dates range from March 2008 through May 2011. As of December 31, 2007, two loans were determined uncollectible due to a delinquent status. An allowance for uncollectible receivables has been established for \$28,061.

The organization accepted a note receivable from the sale of a building in Union City. The note requires payments of \$510 for one year with an increase to \$1,297 afterwards with a stated interest rate of 5%. A balloon payment of the outstanding balance is required by July 2009.

6. INVESTMENTS

The Organization received an endowment contribution from the Russell Symmes Estate. A trust was established and is being administered by Old National Trust and Investment Management Company. Investments of the trust are recorded at fair market value. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

In January 2008, the endowment administration was transferred to the Randolph County Community Foundation.

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the funds received for the Revolving Loan Fund. The balance consists of money market funds invested with Old National Bank and Old National Trust and Investment Management Company in addition to the outstanding balance of loans made to local businesses.

**RANDOLPH COUNTY COMMUNITY &
ECONOMIC DEVELOPMENT FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

8. SUBSEQUENT EVENTS

In July 2008, the Organization entered into an agreement to purchase approximately 40 acres of land and buildings of a former business in Ridgeville, Indiana, for \$200,000. In connection with the property purchase, the Organization is attempting to sell a portion of the property to a company in order to expand its operations into Randolph County.

9. SALE OF PROPERTY

In 2007, the Organization purchased land and buildings in Union City, Indiana, and brokered the sale of two buildings and a portion of the land to two companies. The sales generated proceeds of \$1,000,000; the Organization spent over \$75,000 in transaction and carrying costs, resulting in a net gain of approximately \$180,000. An additional 56 acres of land remains, with an estimated value of \$140,000, and is available for sale or development.

10. CONCENTRATION OF CREDIT RISK

The Organization has funds deposited in financial institutions that exceed federally insured limits by \$88,227 at December 31, 2007.