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February 10, 2010

Board of Directors  
Ripley County Economic  
Development Corp.  
P.O. Box 576  
Versailles, IN 47042

We have reviewed the audit report prepared by Dunbar, Cook & Shepard, PC, Independent Public Accountants, for the period January 1, 2008 to December 31, 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 Ripley County Economic Development Corp., as of December 31, 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



**Ripley County Economic Development**  
Corp.

**AUDITED FINANCIAL STATEMENTS**

December 31, 2008 and 2007

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Ripley County Economic Development Corporation  
Versailles, Indiana

We have audited the accompanying statements of assets, liabilities, and unrestricted net assets - modified cash basis of the Ripley County Economic Development Corporation (a not-for-profit organization) as of December 31, 2008 and 2007, and the related statements of revenues, expenses, and changes in unrestricted net assets - modified cash basis for the years 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 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 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.

The Organization prepares its financial statements on the modified cash basis of accounting. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and unrestricted net assets of the Ripley County Economic Development Corporation as of December 31, 2008 and 2007, and the changes in its unrestricted net assets for the years then ended, on the basis of accounting described in the preceding paragraph.

April 20, 2009

*Dunbar, Cook & Shepard, P.C.*

**RIPLEY COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENTS OF ASSETS, LIABILITIES, AND UNRESTRICTED NET ASSETS**  
**MODIFIED CASH BASIS**  
**December 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 6,784	\$ 4,346
Money market	<u>376,219</u>	<u>360,991</u>
TOTAL CURRENT ASSETS	383,003	365,337
<b>PROPERTY AND EQUIPMENT</b>		
Equipment	6,232	6,232
Furniture and fixtures	<u>16,536</u>	<u>16,536</u>
	22,768	22,768
Less accumulated depreciation	<u>(20,555)</u>	<u>(19,772)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>2,213</u>	<u>2,996</u>
TOTAL ASSETS	<u>\$ 385,216</u>	<u>\$ 368,333</u>
 <b><u>LIABILITIES AND UNRESTRICTED NET ASSETS</u></b>		
<b>UNRESTRICTED NET ASSETS</b>	<u>\$ 385,216</u>	<u>\$ 368,333</u>
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	<u>\$ 385,216</u>	<u>\$ 368,333</u>

**RIPLEY COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENTS OF REVENUES, EXPENSES, AND**  
**CHANGES IN UNRESTRICTED NET ASSETS**  
**MODIFIED CASH BASIS**  
**For the Years Ended December 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Inter-local agreements	\$ 120,175	\$ 141,846
Interest income	8,796	12,851
Miscellaneous income	<u>81</u>	<u>93</u>
<b>TOTAL REVENUES</b>	<b>129,052</b>	<b>154,790</b>
<b>EXPENSES</b>		
Advertising	9,224	1,099
Conference expense	587	554
Contract services	1,250	-
Depreciation	783	1,058
Dues and membership	247	177
Insurance	3,780	25,326
Legal and accounting	3,671	477
Meetings and entertainment	705	977
Miscellaneous expense	2,081	2,035
Office expenses	941	3,943
Other	595	138
Payroll tax expense	5,410	1,260
Postage	-	123
Repair and maintenance	80	-
Rent - building	7,200	6,900
Salaries and wages	69,056	64,262
Special project	-	-
Subscriptions	-	587
Supplies	298	142
Telephone	3,797	3,694
Training	500	500
Travel, mileage, and lodging	<u>1,964</u>	<u>5,013</u>
<b>TOTAL EXPENSES</b>	<b><u>112,169</u></b>	<b><u>118,265</u></b>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>	<b>16,883</b>	<b>36,525</b>
	<u>368,333</u>	<u>331,808</u>
<b>UNRESTRICTED NET ASSETS - ENDING</b>	<b><u>\$ 385,216</u></b>	<b><u>\$ 368,333</u></b>

**RIPLEY COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2008**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION AND PURPOSE** - The Ripley County Economic Development Corporation (the "Organization") was organized to promote economic growth in the County, expand existing businesses, and to provide assistance and training to entrepreneurs. The Organization's main source of revenue is from the communities in Ripley County.

**METHOD OF ACCOUNTING** - The Organization's policy is to prepare its financial statements from financial accounting records which are maintained on a cash basis with modifications for the capitalization of property and equipment and recording depreciation. Under this method, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred. Accordingly, these financial statements are not intended to report financial position and changes in net assets in conformity with U.S. generally accepted accounting principles.

**PROPERTY AND EQUIPMENT** - Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. It is the policy of the Organization to capitalize the cost of equipment which exceeds \$500. Improvements and betterments are capitalized, while maintenance and repairs are expensed as they are incurred, in the statement of revenues, expenses, and changes in unrestricted net assets.

Depreciation expense is computed using the straight-line method over the estimated useful lives ranging from 5 to 20 years.

Depreciation expense was \$783 and \$1,058 for December 31, 2008 and 2007, respectively.

**CREDIT CONCENTRATION** - During the year, the Organization held balances in excess of \$250,000 and \$100,000 in a financial institution at December 31, 2008 and 2007, respectively, which were not insured by the FDIC. The amounts in excess were \$120,051 and \$265,337 for 2008 and 2007, respectively.

**INCOME TAXES** - The Organization qualifies under the provision of Section 501(a) of the Internal Revenue Code and is exempt from federal income taxes as a not-for-profit association as described in Section 501(c)(3) of the Code.

**ADVERTISING** - The Organization has a policy of charging the costs of advertising to expense as incurred. Advertising expense for the year ended December 31, 2008 and 2007 was \$9,224 and \$1,099, respectively.

**RESTRICTED ASSETS** - Net assets of the temporarily or permanently restricted classes are created only by donor-imposed restrictions on their use. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restrictions met in the same year are classified as unrestricted net assets. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class. Unrestricted net assets are net assets that are not subject to donor restrictions.