



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B47969

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

April 13, 2017

Board of Directors
Steuben County Economic Development Corporation
907 South Wayne Street
Angola, IN 46703

We have reviewed the audit report prepared by Bollenbacher & Associates, LLC, for the period January 1, 2015 to December 31, 2015. 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 Steuben County Economic Development Corporation, as of December 31, 2015, 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**STEUBEN COUNTY ECONOMIC DEVELOPMENT
CORPORATION AND NORTHERN INDIANA LAKE COUNTRY
ENTERPRISE CENTER, LLC**

**COMBINED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Year Ended December 31, 2015

Steuben County Economic Development Corporation and
Northern Indiana Lake Country Enterprise Center, LLC

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT.....	1 & 2
FINANCIAL STATEMENTS	
Combined Statement of Financial Position.....	3 & 4
Combined Statement of Activities	5
Combined Statement of Functional Expenses	6
Combined Statement of Cash Flows	7
Combined Notes to the Financial Statements	8 - 14
SUPPLEMENTARY INFORMATION	
Steuben County Economic Development Corporation	
Statement of Financial Position.....	15 & 16
Statement of Activities.....	17
Statement of Functional Expenses	18
Statement of Cash Flows	19
Northern Indiana Lake Country Enterprise Center, LLC	
Statement of Financial Position.....	20 & 21
Statement of Activities.....	22
Statement of Functional Expenses	23
Statement of Cash Flows	24

Board of Directors
Steuben County Economic Development Corporation
Northern Indiana Lake Country Enterprise Center, LLC
Angola, Indiana 46703

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying combined financial statements of Steuben County Economic Development Corporation (a nonprofit organization) and affiliate, which comprise the combined statement of financial position as of December 31, 2015, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Steuben County Economic Development Corporation
Northern Indiana Lake Country Enterprise Center, LLC
Page (2)

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Steuben County Economic Development Corporation and affiliate as of December 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Bollenbacher & Associates, LLC

Portland, Indiana
July 12, 2016

Steuben County Economic Development Corporation andNorthern Indiana Lake Country Enterprise Center, LLCCombined Statement of Financial PositionDecember 31, 2015Assets2015Current Assets:

Cash and cash equivalents	\$ 145,782
Cash and cash equivalents - Temporarily restricted	135,000
Accounts receivable	17,296
Deposits	<u>13,025</u>
Total current assets	<u>311,103</u>

Property and Equipment; at cost

Land	40,500
Building and improvements	420,772
Furniture and equipment	10,044
<u>Less: Accumulated depreciation</u>	<u>(9,615)</u>
Total property and equipment	<u>461,701</u>
Total assets	<u>\$ 772,804</u>

Northern Indiana Lake Country Enterprise Center, LLC

Combined Statement of Financial Position

December 31, 2015

Liabilities and Net Assets

	<u>2015</u>
<u>Current Liabilities:</u>	
Accounts payable	\$ 6,227
Credit cards payable	564
Accrued expenses	1,319
Note payable - Bank	<u>250,000</u>
Total current liabilities	<u>258,110</u>
Total liabilities	<u>258,110</u>
 <u>Net Assets:</u>	
Unrestricted	379,694
Temporarily restricted	<u>135,000</u>
Total net assets	<u>514,694</u>
Total liabilities and net assets	<u>\$ 772,804</u>

Northern Indiana Lake Country Enterprise Center, LLC

Combined Statement of Activities

For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and Revenues:</u>				
<u>Support:</u>				
Contributions	\$ 2,263	\$ -	\$ -	\$ 2,263
Grants	<u>170,177</u>	<u>145,000</u>	<u>-</u>	<u>315,177</u>
Total support	<u>172,440</u>	<u>145,000</u>	<u>-</u>	<u>317,440</u>
<u>Revenues:</u>				
Event income	6,850	-	-	6,850
Service fee income	211,600	-	-	211,600
Membership dues	23,750	-	-	23,750
Lease income	15,650	-	-	15,650
Miscellaneous income	346	-	-	346
Interest income	<u>26</u>	<u>-</u>	<u>-</u>	<u>26</u>
Total revenue	<u>258,222</u>	<u>-</u>	<u>-</u>	<u>258,222</u>
Net assets released from restrictions	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>440,662</u>	<u>135,000</u>	<u>-</u>	<u>575,662</u>
<u>Expenses:</u>				
Program services	223,557	-	-	223,557
Support services	<u>99,008</u>	<u>-</u>	<u>-</u>	<u>99,008</u>
Total expenses	<u>322,565</u>	<u>-</u>	<u>-</u>	<u>322,565</u>
<u>Change in Net Assets</u>	118,097	135,000	-	253,097
<u>Net Assets - Beginning</u>	<u>261,597</u>	<u>-</u>	<u>-</u>	<u>261,597</u>
<u>Net Assets - Ending</u>	<u>\$ 379,694</u>	<u>\$ 135,000</u>	<u>\$ -</u>	<u>\$ 514,694</u>

Northern Indiana Lake Country Enterprise Center, LLCCombined Statement of Functional ExpensesFor the Year Ended December 31, 2015

	<u>Program Services</u>	<u>Support Services</u>	<u>Total Expenses</u>
Salaries and wages	\$ 71,238	\$ 45,732	\$ 116,970
Payroll taxes	5,450	3,498	8,948
Employee benefits	6,933	4,451	11,384
Retirement	3,224	2,069	5,293
Advertising	12,360	4,120	16,480
Conferences and meetings	649	216	865
Depreciation	3,001	217	3,218
Dues and subscriptions	14,223	4,741	18,964
Equipment rental	2,200	733	2,933
Insurance	6,443	1,404	7,847
Interest	3,080	1,027	4,107
Printing and publications	1,261	421	1,682
Postage and shipping	81	27	108
Professional fees	43,823	14,608	58,431
Rent	2,906	969	3,875
Repairs and maintenance	28,002	9,275	37,277
Small equipment	2,683	894	3,577
Supplies	1,599	477	2,076
Telephone	5,578	1,860	7,438
Travel	6,809	2,269	9,078
Utilities	2,014	-	2,014
Total expenses	<u>\$ 223,557</u>	<u>\$ 99,008</u>	<u>\$ 322,565</u>

Northern Indiana Lake Country Enterprise Center, LLC

Combined Statement of Cash Flows

For the Year Ended December 31, 2015

	<u>2015</u>
<u>Cash Flow from Operating Activities:</u>	
Change in net assets	\$ <u>253,097</u>
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
Depreciation	3,218
(Increase) decrease in assets:	
Accounts receivable	31,844
Deposits	(8,025)
Increase (decrease) in liabilities:	
Accounts payable	1,864
Credit cards payable	(1,265)
Accrued expenses	(6,683)
Contributions - Temporarily restricted	<u>(100,000)</u>
Total adjustments	<u>(79,047)</u>
Net cash provided by operating activities	<u>174,050</u>
<u>Cash Flow from Investing Activities:</u>	
Payments - Purchase of building and improvements	(461,272)
Payments - Purchase of equipment	<u>(1,677)</u>
Net cash used by investing activities	<u>(462,949)</u>
<u>Cash Flow from Financing Activities:</u>	
Proceeds - Contributions - Temporarily restricted	100,000
Proceeds - Notes payable - Bank	<u>250,000</u>
Net cash provided by financing activities	<u>350,000</u>
Net increase in cash and cash equivalents	61,101
Cash and cash equivalents - Beginning	<u>219,681</u>
Cash and cash equivalents - Ending	<u>\$ 280,782</u>
<u>Supplemental Cash Flow Information</u>	
Interest paid	<u>\$ 4,107</u>

- See Accompanying Notes -

Steuben County Economic Development Corporation

Northern Indiana Lakes Country Enterprise Center, LLC

Notes to the Financial Statements

December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - Steuben County Economic Development Corporation was organized in Indiana as a nonprofit corporation in August 2003. Its purpose is to improve the quality of life for the citizens of Steuben County, Indiana, through enhanced employment opportunities resulting from the responsible growth of business and industry.

Northern Indiana Lakes Country Enterprise Center, LLC was organized in Indiana as a nonprofit organization in August 2015. Its purpose is to improve economic conditions for the citizens of Steuben County, Indiana, by providing affordable office and manufacturing space, quality skills-gap training, and an inviting co-working and start-up environment.

Steuben County Economic Development Corporation and Northern Indiana Lakes Country Enterprise Center, LLC are referred to herein as "Organization".

COMBINED FINANCIAL STATEMENTS - The accompanying combined financial statements include the accounts of Steuben County Economic Development Corporation and Northern Indiana Lakes Country Enterprise Center, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

USE OF ESTIMATES - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PROPERTY AND EQUIPMENT - Property and equipment owned by the Organization are carried at cost or, in the case of donated property, at fair-market value determined at the date of gift less accumulated depreciation. Depreciation is recorded on the straight-line method over estimated useful lives of the assets. Depreciation expense was \$3,218 for the year ended December 31, 2015.

Expenditures for maintenance, repair and certain small elements of renewals are charged to expense as incurred, while additions and betterments are capitalized. The cost and related accumulated depreciation of property sold or otherwise disposed of are removed from the accounts, and any gain or loss is credited or charged to income.

CASH AND CASH EQUIVALENTS - For purposes of the statement of cash flows, the Organization considers all highly-liquid debt instruments with a maturity of three months or less to be cash equivalents.

Steuben County Economic Development Corporation

Northern Indiana Lakes Country Enterprise Center, LLC

Notes to the Financial Statements

December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING - The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

BASIS OF PRESENTATION - The Organization presents its financial statements in accordance with FASB *Accounting Standards Codification 958, Financial Statements of Not-for-Profit Organizations*. Under this standard, 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. The Organization has presented its net assets according to the requirements of the statement. In addition, the Organization is required to present a statement of cash flows.

Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization. Board-designated net assets represent amounts the Organization has set aside for a specific purpose.

Temporarily restricted net assets consist of donor restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as temporarily restricted revenue, when received, and such unexpended amounts are reported as temporarily restricted net assets at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions."

Permanently restricted net assets consist of donor restricted contributions, which are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

SUPPORT AND REVENUE - All service revenues are considered to be available for unrestricted use and are recorded as revenue in the period earned.

FUNCTIONAL ALLOCATION OF EXPENSES - The costs of providing various programs and other 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.

Steuben County Economic Development Corporation

Northern Indiana Lakes Country Enterprise Center, LLC

Notes to the Financial Statements

December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME TAXES - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Management evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2015, the Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that materially impact the financial statements or related disclosures.

The Organization's information returns are subject to examination, generally three years after the filing date.

There was no unrelated business income for the year ended December 31, 2015.

CONTRIBUTIONS - The Organization accounts for gifts of long-lived assets as unrestricted support in the absence of specific donor imposed restrictions to the contrary. In-kind contributions are valued at fair-market value as of the date of the contribution.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with temporary restrictions that are met in the same period are reported as unrestricted support and increase unrestricted net assets.

CONTRIBUTED SERVICES - A variety of people have contributed significant amounts of non-compensatory time to the activities of the Organization. The financial statements do not reflect the value of these contributed services because, although substantial, no reliable basis exists for determining an appropriate amount.

Steuben County Economic Development CorporationNorthern Indiana Lakes Country Enterprise Center, LLCNotes to the Financial StatementsDecember 31, 2015NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

RECEIVABLES AND UNCOLLECTIBLES - Accounts receivable are recorded at cost at the time of their occurrence and adjusted to fair value through the allowance for doubtful accounts at year end by the Organization determining the amount that may be uncollectible. The Organization does not charge interest or finance charges for past due accounts. When an account is totally uncollectible, the Organization writes off the receivable and reduces the allowance for doubtful accounts. The Organization usually determines when an account is totally uncollectible by estimating whether any payments will ever be received on that account. The Organization wrote off \$0 in accounts receivable as uncollectible for the year ended December 31, 2015. As of December 31, 2015, there was no allowance for doubtful accounts, as all receivables were deemed collectible.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2015:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Building and improvements	\$ 420,772	\$ 2,349
Furniture and equipment	10,044	7,266
Land	40,500	-
	<u> </u>	<u> </u>
Total property and equipment	<u>\$ 471,316</u>	<u>\$ 9,615</u>

NOTE 3 - RETIREMENT PLAN

The Organization provides a SIMPLE IRA plan to all eligible employees. Eligibility includes minimum earnings of \$5,000 annually for the calendar year under consideration. The Organization will match up to an amount equivalent to 3% of the employee's salary or wage. The expense for the year ended December 31, 2015 was \$5,293.

NOTE 4 - EMPLOYEE HEALTH AND BENEFIT PLAN

The Organization provides certain benefits to all regular, full-time employees including medical, life, and disability insurance. The expense for the year ended December 31, 2015 totaled \$11,384.

Steuben County Economic Development CorporationNorthern Indiana Lakes Country Enterprise Center, LLCNotes to the Financial StatementsDecember 31, 2015NOTE 5 - PRINTING AND PUBLICATION AND ADVERTISING EXPENSES

For the year ended December 31, 2015, printing and publication expenses in the amount of \$1,682, and advertising expenses in the amount of \$16,480, were incurred by the Organization to promote its programs throughout the Steuben County community.

NOTE 6 - CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and equity. The Organization generally places its cash with financial institutions and attempts to limit its credit exposure to any one financial institution. Cash deposits at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's cash deposits may exceed the FDIC limits at various times during the year ended December 31, 2015. The Organization had no uninsured cash deposits at December 31, 2015.

As of December 31, 2015, the Organization held one receivable equivalent to 70% of total receivables.

The Organization receives a majority of its support from local governments and businesses in the Steuben county area.

NOTE 7 - MAJOR FUNDING SOURCES

Significant amounts of income were recorded from the following sources during the year ended December 31, 2015:

<u>Contributor</u>	<u>Amount</u>	<u>% of Total Support & Revenue</u>
Steuben County Commissioners	\$240,665	42%
Steuben County Community Foundation	\$120,250	21%
City of Angola	\$96,678	17%

Steuben County Economic Development CorporationNorthern Indiana Lakes Country Enterprise Center, LLCNotes to the Financial StatementsDecember 31, 2015NOTE 8 - DETAIL OF FUNDS RECEIVED

Local government funds received for the year ended December 31, 2015 are as follows:

<u>Government Entity</u>	<u>Amount</u>
Town of Clear Lake	\$ 1,716
Town of Orland	2,413
Town of Ashley	2,519
Town of Hudson	4,235
Town of Hamilton	6,649
Town of Fremont	11,902
City of Angola	96,678
Steuben County Commissioners	240,665
Total	<u>\$ 366,777</u>

NOTE 9 - NOTES PAYABLE

The Organization carried the following loan at December 31, 2015:

	<u>Due Within One Year</u>	<u>Due After One Year</u>
Notes payable - Farmers State Bank. The note is dated May 15, 2015, and requires monthly interest payments, which began November 15, 2015. The note carries an interest rate of 2.99%. There is no principal payment required. The note is due May 15, 2016.	\$ 250,000	\$ -
Total	<u>\$ 250,000</u>	<u>\$ -</u>

The following maturities apply at December 31, 2015 and thereafter:

2016	<u>\$ 32,934</u>
Total	<u>\$ 32,934</u>

Steuben County Economic Development Corporation

Northern Indiana Lakes Country Enterprise Center, LLC

Notes to the Financial Statements

December 31, 2015

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of grant funds that are to be used for a specific purpose. Temporarily restricted net assets totaled \$135,000 as of December 31, 2015.

NOTE 11 - FACILITY LEASES

The Organization provides facility space available for lease. For the year ending December 31, 2015, the Organization leased space to tenants on a month to month basis. The Organization received \$15,650 in lease income during the year ended December 31, 2015.

NOTE 12 - RELATED PARTIES

Several board members of the Organization also serve as board members of other organizations and serve on government entities that provides support to the Organization.

The Organization purchased supplies totaling \$1,498 during the year ended December 31, 2015 from a company where a board member is employed.

During the year ended December 31, 2015, the Organization held cash deposits totaling \$280,778 at a financial institution where a member of the Board of Directors is employed. The Organization received \$26 in interest income on these funds for the year ended December 31, 2015.

Additionally, the Organization held a loan with a balance of \$250,000 as of December 31, 2015 at a financial institution where a member of the Board of Directors is employed. The Organization incurred \$4,107 in interest expense on this loan for the year ended December 31, 2015.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated events and transactions that occurred between January 1, 2016 and July 12, 2016, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. No subsequent events were noted by the Organization.

Steuben County Economic Development Corporation and

Northern Indiana Lake Country Enterprise Center, LLC

Supplementary Information

Steuben County Economic Development CorporationStatement of Financial PositionDecember 31, 2015

	<u>Assets</u>	<u>2015</u>
<u>Current Assets:</u>		
Cash and cash equivalents		\$ 145,961
Accounts receivable		14,296
Notes receivable - Related party		<u>358,377</u>
Total current assets		<u>518,634</u>
<u>Property and Equipment; at cost</u>		
Furniture and equipment		10,044
<u>Less: Accumulated depreciation</u>		<u>(7,266)</u>
Total property and equipment		<u>2,778</u>
Total assets		<u>\$ 521,412</u>

Statement of Financial Position

December 31, 2015

Liabilities and Net Assets

	<u>2015</u>
<u>Current Liabilities:</u>	
Accounts payable	\$ 6,007
Credit cards payable	564
Accrued expenses	1,319
Note payable - Bank	250,000
Notes payable - Related party	<u>10,804</u>
Total current liabilities	<u>268,694</u>
Total liabilities	<u>268,694</u>
 <u>Net Assets:</u>	
Unrestricted	<u>252,718</u>
Total net assets	<u>252,718</u>
Total liabilities and net assets	<u>\$ 521,412</u>

Statement of ActivitiesFor the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and Revenues:</u>				
<u>Support:</u>				
Grants	\$ 270,177	\$ -	\$ -	\$ 270,177
Total support	<u>270,177</u>	<u>-</u>	<u>-</u>	<u>270,177</u>
<u>Revenues:</u>				
Event income	6,850	-	-	6,850
Service fee income	211,600	-	-	211,600
Membership dues	23,750	-	-	23,750
Miscellaneous income	346	-	-	346
Interest income	23	-	-	23
Total revenue	<u>242,569</u>	<u>-</u>	<u>-</u>	<u>242,569</u>
Total support and revenue	<u>512,746</u>	<u>-</u>	<u>-</u>	<u>512,746</u>
<u>Expenses:</u>				
Grants	200,000	-	-	200,000
Program services	221,117	-	-	221,117
Support services	100,508	-	-	100,508
Total expenses	<u>521,625</u>	<u>-</u>	<u>-</u>	<u>521,625</u>
<u>Change in Net Assets</u>	(8,879)	-	-	(8,879)
<u>Net Assets - Beginning</u>	<u>261,597</u>	<u>-</u>	<u>-</u>	<u>261,597</u>
<u>Net Assets - Ending</u>	<u>\$ 252,718</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,718</u>

Statement of Functional ExpensesFor the Year Ended December 31, 2015

	<u>Program Services</u>	<u>Support Services</u>	<u>Total Expenses</u>
Salaries and wages	\$ 71,238	\$ 45,732	\$ 116,970
Payroll taxes	5,450	3,498	8,948
Employee benefits	6,933	4,451	11,384
Retirement	3,224	2,069	5,293
Advertising	12,360	4,120	16,480
Conferences and meetings	649	216	865
Depreciation	652	217	869
Dues and subscriptions	14,223	4,741	18,964
Equipment rental	2,200	733	2,933
Insurance	4,213	1,404	5,617
Interest	3,080	1,027	4,107
Printing and publications	1,261	421	1,682
Postage and shipping	81	27	108
Professional fees	43,823	14,608	58,431
Rent	7,406	2,469	9,875
Repairs and maintenance	27,824	9,275	37,099
Small equipment	2,683	894	3,577
Supplies	1,430	477	1,907
Telephone	5,578	1,860	7,438
Travel	6,809	2,269	9,078
Total expenses	<u>\$ 221,117</u>	<u>\$ 100,508</u>	<u>\$ 321,625</u>

Statement of Cash Flows

For the Years Ended December 31, 2015

	<u>2015</u>
<u>Cash Flow from Operating Activities:</u>	
Change in net assets	\$ (8,879)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
Depreciation	869
(Increase) decrease in assets:	
Accounts receivable	34,844
Deposits	5,000
Increase (decrease) in liabilities:	
Accounts payable	1,644
Credit cards payable	(1,265)
Accrued expenses	<u>(6,683)</u>
Total adjustments	<u>34,409</u>
Net cash provided by operating activities	<u>25,530</u>
<u>Cash Flow from Investing Activities:</u>	
Payments - Purchase of equipment	<u>(1,677)</u>
Net cash used by investing activities	<u>(1,677)</u>
<u>Cash Flow from Financing Activities:</u>	
Proceeds (Payments) - Notes receivable - Related party, net	(358,377)
Proceeds (Payments) - Notes payable - Related party, net	10,804
Proceeds - Notes payable - Bank	<u>250,000</u>
Net cash used by financing activities	<u>(97,573)</u>
Net decrease in cash and cash equivalents	(73,720)
Cash and cash equivalents - Beginning	<u>219,681</u>
Cash and cash equivalents - Ending	<u>\$ 145,961</u>
<u>Supplemental Cash Flow Information</u>	
Interest paid	<u>\$ 4,107</u>

- See Accompanying Notes -

Statement of Financial PositionDecember 31, 2015

	<u>Assets</u>	<u>2015</u>
<u>Current Assets:</u>		
Cash and cash equivalents - Temporarily restricted	\$	135,000
Accounts receivable		3,000
Note receivable - Related party		10,804
Deposits		<u>13,025</u>
Total current assets		<u>161,829</u>
<u>Property and Equipment; at cost</u>		
Land		40,500
Building and improvements		420,772
<u>Less: Accumulated depreciation</u>		<u>(2,349)</u>
Total property and equipment		<u>458,923</u>
Total assets	\$	<u><u>620,752</u></u>

Statement of Financial Position

December 31, 2015

Liabilities and Net Assets

	<u>2015</u>
<u>Current Liabilities:</u>	
Cash overdraft	\$ 179
Accounts payable	220
Notes payable - Related party	<u>358,377</u>
Total current liabilities	<u>358,776</u>
Total liabilities	<u>358,776</u>
<u>Net Assets:</u>	
Unrestricted	126,976
Temporarily restricted	<u>135,000</u>
Total net assets	<u>261,976</u>
Total liabilities and net assets	<u>\$ 620,752</u>

Statement of ActivitiesFor the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and Revenues:</u>				
<u>Support:</u>				
Contributions	\$ 2,263	\$ -	\$ -	\$ 2,263
Grants	<u>100,000</u>	<u>145,000</u>	<u>-</u>	<u>245,000</u>
Total support	<u>102,263</u>	<u>145,000</u>	<u>-</u>	<u>247,263</u>
<u>Revenues:</u>				
Lease income	21,650	-	-	21,650
Interest income	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
Total revenue	<u>21,653</u>	<u>-</u>	<u>-</u>	<u>21,653</u>
Net assets released from restrictions	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>133,916</u>	<u>135,000</u>	<u>-</u>	<u>268,916</u>
<u>Expenses:</u>				
Program services	6,940	-	-	6,940
Support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>6,940</u>	<u>-</u>	<u>-</u>	<u>6,940</u>
<u>Change in Net Assets</u>	126,976	135,000	-	261,976
<u>Net Assets - Beginning</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Assets - Ending</u>	<u>\$ 126,976</u>	<u>\$ 135,000</u>	<u>\$ -</u>	<u>\$ 261,976</u>

Statement of Functional Expenses

For the Year Ended December 31, 2015

	<u>Program Services</u>	<u>Support Services</u>	<u>Total Expenses</u>
Depreciation	\$ 2,349	\$ -	\$ 2,349
Insurance	2,230	-	2,230
Repairs and maintenance	178	-	178
Supplies	169	-	169
Utilities	<u>2,014</u>	<u>-</u>	<u>2,014</u>
Total expenses	<u>\$ 6,940</u>	<u>\$ -</u>	<u>\$ 6,940</u>

Statement of Cash FlowsFor the Years Ended December 31, 2015

	<u>2015</u>
<u>Cash Flow from Operating Activities:</u>	
Change in net assets	<u>\$ 261,976</u>
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
Depreciation	2,349
(Increase) decrease in assets:	
Accounts receivable	(3,000)
Deposits	(13,025)
Increase (decrease) in liabilities:	
Accounts payable	220
Contributions - Temporarily restricted	<u>(100,000)</u>
Total adjustments	<u>(113,456)</u>
Net cash provided by operating activities	<u>148,520</u>
<u>Cash Flow from Investing Activities:</u>	
Payments - Purchase of building and improvements	<u>(461,272)</u>
Net cash used by investing activities	<u>(461,272)</u>
<u>Cash Flow from Financing Activities:</u>	
Proceeds - Contributions - Temporarily restricted	100,000
Proceeds (Payments) - Notes receivable - Related party, net	(10,804)
Proceeds (Payments) - Notes payable - Related party, net	<u>358,377</u>
Net cash provided by financing activities	<u>447,573</u>
Net increase in cash and cash equivalents	134,821
Cash and cash equivalents - Beginning	<u>-</u>
Cash and cash equivalents - Ending	<u>\$ 134,821</u>

- See Accompanying Notes -

July 12, 2016

To the Board of Directors
Steuben County Economic Development Corporation and
Northern Indiana Lake Country Enterprise Center, LLC

In planning and performing our audit of the combined financial statements of Steuben County Economic Development Corporation and affiliate as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered Steuben County Economic Development Corporation and affiliate's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Bollenbacher & Associates, LLC

Bollenbacher & Associates, LLC
Certified Public Accountants
Portland, Indiana

July 12, 2016

To the Board of Directors
Steuben County Economic Development Corporation and
Northern Indiana Lake Country Enterprise Center, LLC

We have audited the combined financial statements of Steuben County Economic Development Corporation and Northern Indiana Lake Country Enterprise Center, LLC (the Organization) for the year ended December 31, 2015, and have issued our report thereon dated July 12, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 5, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the combined financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the combined financial statements in the proper period.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Board of Directors
Steuben County Economic Development Corporation
Northern Indiana Lake Country Enterprise Center, LLC
July 12, 2016
Page (2)

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 12, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's combined financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the combined financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the combined financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the combined financial statements or to the combined financial statements themselves.

Board of Directors
Steuben County Economic Development Corporation
Northern Indiana Lake Country Enterprise Center, LLC
July 12, 2016
Page (3)

During our audit of the combined financial statements for the year ended December 31, 2015, we would like to report on specific areas we feel are important to the Organization's financial reporting system.

Specifically:

- Policies - We noted during our audit some policies have not been adopted by the Organization that we believe would be beneficial for the Organization to adopt. We recommend the Board of Directors adopt the following policies:
 - Capitalization Policy
 - Record Retention Policy
 - Social Media Policy
 - Whistleblower Policy

Prior to the date of the auditor's report the above mentioned policies have been approved and adopted by the Organization

- Employee handbook - We noted during our audit that the Organization does not have an employee handbook. We recommend creating an employee handbook to outline the Organization's guidelines and requirements for employees.
- Accounting manual - We noted during our audit that the Organization does not have an accounting manual. We recommend creating an accounting manual to outline the accounting procedures of the Organization.

This information is intended solely for the use of the Board of Directors and management of Steuben County Economic Development Corporation and Northern Indiana Lake Country Enterprise Center, LLC and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bollenbacher & Associates, LLC

Bollenbacher & Associates, LLC
Certified Public Accountants