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May 16, 2018

Board of Directors
White County Economic Development Organization, Inc.
P.O. Box 1031
Monticello, IN 47960

We have reviewed the report prepared by White County Economic Development Organization, Inc. and opined upon by Cullar & Associates, PC, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition White County Economic Development Organization, Inc. as of December 31, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Cullar & Associates, PC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

FINANCIAL REPORT

WHITE COUNTY ECONOMIC DEVELOPMENT ORGANIZATION, INC.

December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
White County Economic Development Organization, Inc.
Monticello, Indiana

We have audited the accompanying financial statements of White County Economic Development Organization, Inc., which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2016 and 2015, and the related statements of revenues, expenses, and changes in net assets – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1 to financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of White County Economic Development Organization, Inc. as of December 31, 2016 and 2015, and its revenues, expenses, and changes in net assets and its cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 1 to financial statements.

Basis of Accounting

We draw attention to Note 1 to financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal, state, and local awards, as required by *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, issued by the Indiana State Board of Accounts, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Cullen & Associates, P.C.

South Bend, Indiana
August 7, 2017

WHITE COUNTY ECONOMIC DEVELOPMENT ORGANIZATION, INC.
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
December 31, 2016 and 2015

Assets:	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and cash equivalents	\$ 230,792	\$ 231,782
Cash held for others	<u>12,085</u>	<u>11,810</u>
<i>Total current assets</i>	<u>242,877</u>	<u>243,592</u>
Long-Term Assets:		
Property and equipment	3,786	4,408
Trademark	<u>1,500</u>	<u>1,500</u>
<i>Total long-term assets</i>	<u>5,286</u>	<u>5,908</u>
 <i>Total assets</i>	 <u>\$ 248,163</u>	 <u>\$ 249,500</u>
 Liabilities and Net Assets:		
Current Liabilities:		
Agency funds held for others	\$ <u>12,085</u>	\$ <u>11,810</u>
Net Assets:		
Unrestricted	231,078	237,690
Temporarily restricted	<u>5,000</u>	<u>-</u>
<i>Total net assets</i>	<u>236,078</u>	<u>237,690</u>
 <i>Total liabilities and net assets</i>	 <u>\$ 248,163</u>	 <u>\$ 249,500</u>

The accompanying notes are an integral part of these financial statements.

WHITE COUNTY ECONOMIC DEVELOPMENT ORGANIZATION, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
Years Ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues:						
Local government support	\$ 218,700	\$ -	\$ 218,700	\$ 205,200	\$ -	\$ 205,200
Contributions	66,409	5,000	71,409	68,018	-	68,018
Leadership program	2,016	-	2,016	6,900	-	6,900
Interest income	604	-	604	540	-	540
Other income	54	-	54	929	-	929
<i>Total revenues</i>	<u>287,783</u>	<u>5,000</u>	<u>292,783</u>	<u>281,587</u>	<u>-</u>	<u>281,587</u>
Expenses:						
Economic development	203,952	-	203,952	166,324	-	166,324
Management and general	75,685	-	75,685	66,587	-	66,587
Fund development	14,758	-	14,758	12,793	-	12,793
<i>Total expenses</i>	<u>294,395</u>	<u>-</u>	<u>294,395</u>	<u>245,704</u>	<u>-</u>	<u>245,704</u>
Change in net assets	(6,612)	5,000	(1,612)	35,883	-	35,883
Net assets, unrestricted, beginning of year	<u>237,690</u>	<u>-</u>	<u>237,690</u>	<u>201,807</u>	<u>-</u>	<u>201,807</u>
<i>Net assets, unrestricted, end of year</i>	<u>\$ 231,078</u>	<u>\$ 5,000</u>	<u>\$ 236,078</u>	<u>\$ 237,690</u>	<u>\$ -</u>	<u>\$ 237,690</u>

The accompanying notes are an integral part of these financial statements.

WHITE COUNTY ECONOMIC DEVELOPMENT ORGANIZATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
Years Ended December 31, 2016 and 2015

	2016				2015			
	<u>Economic Development</u>	<u>Management and General</u>	<u>Fund Development</u>	<u>Totals</u>	<u>Economic Development</u>	<u>Management and General</u>	<u>Fund Development</u>	<u>Totals</u>
Personnel	\$ 102,147	\$ 53,008	\$ 12,476	\$ 167,631	\$ 87,358	\$ 45,333	\$ 10,671	\$ 143,362
Business development	39,562	-	-	39,562	10,308	-	-	10,308
Dues and subscriptions	-	3,637	-	3,637	-	3,213	-	3,213
Contract services	18,233	-	-	18,233	38,583	-	-	38,583
Professional services	-	5,400	-	5,400	-	5,098	-	5,098
Occupancy	4,022	2,087	491	6,600	4,022	2,087	491	6,600
Travel and meetings	5,474	6,548	669	12,691	5,080	6,344	620	12,044
Promotional expenses	13,313	-	-	13,313	6,602	-	-	6,602
Small equipment and rentals	2,096	1,087	256	3,439	2,253	1,169	275	3,697
Office supplies	1,673	868	205	2,746	1,132	587	138	1,857
Insurance	1,052	546	129	1,727	1,108	575	136	1,819
Postage	204	106	24	334	128	66	16	210
Program expenses	8,236	-	-	8,236	3,234	-	-	3,234
Communications	3,782	1,963	462	6,207	3,272	1,698	400	5,370
Advertising	3,779	-	-	3,779	2,864	-	-	2,864
Other	-	238	-	238	-	220	-	220
Depreciation	379	197	46	622	380	197	46	623
<i>Totals</i>	<u>\$ 203,952</u>	<u>\$ 75,685</u>	<u>\$ 14,758</u>	<u>\$ 294,395</u>	<u>\$ 166,324</u>	<u>\$ 66,587</u>	<u>\$ 12,793</u>	<u>\$ 245,704</u>

The accompanying notes are an integral part of these financial statements.

WHITE COUNTY ECONOMIC DEVELOPMENT ORGANIZATION, INC.
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
Years Ended December 31, 2016 and 2015

Change in Cash and Cash Equivalents:	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Cash received from local governments, contributors, and others	\$ 292,179	\$ 281,047
Cash paid to employees, suppliers, and others	(293,773)	(245,081)
Interest income received	<u>604</u>	<u>540</u>
<i>Net cash provided by (used in) operating activities</i>	<u>(990)</u>	<u>36,506</u>
Cash Flows from Investing Activities:		
Cost of trademark	<u>-</u>	<u>(1,500)</u>
Net change in cash and cash equivalents	(990)	35,006
Cash and cash equivalents, beginning of year	<u>231,782</u>	<u>196,776</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 230,792</u>	<u>\$ 231,782</u>
Reconciliation of Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Change in net assets	\$ (1,612)	\$ 35,883
Add (deduct) items not requiring (providing) cash:		
Depreciation	<u>622</u>	<u>623</u>
<i>Net cash provided by (used in) operating activities</i>	<u>\$ (990)</u>	<u>\$ 36,506</u>

The accompanying notes are an integral part of these financial statements.

WHITE COUNTY ECONOMIC DEVELOPMENT ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

White County Economic Development Organization Inc. (the "Organization") is an Indiana nonprofit corporation whose purposes are to combat community deterioration in White County, Indiana (the "County") by promoting stability, growth and development of business and industry, new business and industry, and conduct charitable and educational activities necessary and appropriate to alleviate unemployment, blight, and deterioration, in the County trade area. Its operations are primarily supported by contributions and memberships from businesses and the general public and from governmental grants.

Significant Accounting Policies:

Basis of accounting:

The Organization's accounts are maintained, and these statements are prepared, on the modified cash basis of accounting, under which only revenues collected, costs and expenses paid, assets and net assets arising from cash transactions, and a provision for depreciation. Consequently, accounts receivable, prepaid expenses, deferred revenues, accounts payable, and accrued liabilities, which may be material, are not reflected, and the financial statements are not intended to present financial position and activities in conformity with accounting principles generally accepted in the United States of America.

Use of estimates:

The process of preparing financial statements in conformity with the modified cash basis of accounting requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The costs of providing the program and supporting services have been summarized on a functional basis in the statements of revenues, expenses, and changes in net assets – modified cash basis and functional expenses – modified cash basis. Accordingly, certain expenses have been allocated among the program and supporting services benefited based on management's best estimates.

Net asset classes:

The Organization reports its financial position and activities by the following classes of net assets:

- *Unrestricted net assets* are those currently available for use.
- *Temporarily restricted net assets* are those received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these net assets are reclassified to unrestricted net assets and are reported in the statements of revenues, expenses, and change in net assets – modified cash basis as net assets released from restrictions.

WHITE COUNTY ECONOMIC DEVELOPMENT ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

Cash and cash equivalents:

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. However, cash and cash equivalents held for others in separate accounts under agency agreements are excluded from cash and cash equivalents.

Property and equipment:

Property and equipment is generally stated at cost, if acquired, or at fair value at the date of receipt, if donated, less accumulated depreciation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. The Organization is depreciating its office furniture and equipment over 10 years.

Trademark:

The trademark is stated at the costs of registration. The trademark is for certain images and the name "Mid-America Commerce Park," and has an initial term of ten years with renewable ten-year increments. The trademark is not amortized as the Organization believes it has an indefinite life. The Organization periodically pays filing fees to protect the trademark, which are expensed.

Contributions:

The Organization reports unconditional gifts of cash and other assets as income when collected and considers such gifts to be available for unrestricted use unless specifically restricted by the donor. When a donor 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 statements of revenues, expenses, and change in net assets – modified cash basis as net assets released from restrictions. Conditional gifts received are not included as revenue until the conditions are substantially met.

Agency transactions:

The Organization records transfers of financial assets in which the Organization acts as an agent instead of a donee as a liability, which is reported as agency funds held for others in the accompanying the statements of assets, liabilities, and net assets – modified cash basis.

The Organization does not record transfers of nonfinancial assets in its financial statements. The Organization acts as an agent for White County in the entities' joint mission of local economic development. In connection with such efforts, the Organization may acquire property that it holds on behalf of White County to allow for more flexibility in negotiating sales or leases with developers than is allowed the County under Indiana law. Such property is not recorded as an asset or as revenue in the accompanying financial statements. Costs incurred on behalf of the County for which management believes it will be reimbursed are reported as assets, while such costs that management does not believe will be reimbursed are reported as expenses.

WHITE COUNTY ECONOMIC DEVELOPMENT ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

Advertising:

Advertising costs are expensed when incurred. Advertising expense was \$3,779 and \$2,864 for the years ended December 31, 2016 and 2015, respectively.

Income taxes:

The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana Code, except for taxes on unrelated business income. Consequently, the accompanying financial statements generally contain no provision for income taxes. The Organization is classified by the Internal Revenue Service as other than a private foundation under Internal Revenue Code Section 509(a)(1).

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Examples of tax positions include the tax-exempt status of the Organization and positions related to the potential sources of unrelated business taxable income. Management has not identified any uncertain tax positions taken or expected to be taken in a tax return, and there are no unrecognized tax benefits recorded as liabilities in the accompanying financial statements. The Organization classifies interest and penalties, if any, associated with uncertain tax positions as a component of income tax expense. There was no accrued interest or any penalties related to unrecognized tax benefits at December 31, 2016 or 2015, or any interest or penalties expense related to unrecognized tax benefits for the years then ended. The Organization is no longer subject to examination by the Internal Revenue Service or the State of Indiana for years prior to 2013.

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Office furniture and equipment	\$ 6,223	\$ 6,223
Less accumulated depreciation	<u>(2,437)</u>	<u>(1,815)</u>
<i>Net property and equipment</i>	<u>\$ 3,786</u>	<u>\$ 4,408</u>

NOTE 3. NET ASSETS

Temporarily restricted net assets of \$5,000 at December 31, 2016 are restricted for workforce development training.

NOTE 4. LEASE INFORMATION

The Organization leases certain office equipment under an operating lease expiring in June

WHITE COUNTY ECONOMIC DEVELOPMENT ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

2019 that requires monthly payments of \$170. Minimum future operating lease payments under this lease as of December 31, 2016 for each of the next three years and in the aggregate are as follows:

2017	\$ 2,040
2018	2,040
2019	<u>1,020</u>
<i>Total minimum future lease payments</i>	<u>\$ 5,100</u>

The Organization also leases its office facility for \$550 per month under a month-to-month lease. Total rent expense under both leases was \$8,902 and \$8,704 for the years ended December 31, 2016 and 2015, respectively.

NOTE 5. RETIREMENT PLAN

Substantially all of the Organization's employees participate in the Public Employee Retirement Fund of Indiana, a defined-benefit pension plan. Pension expense was \$12,784 and \$13,804 for the years ended December 31, 2016 and 2015, respectively.

NOTE 6. RELATED PARTY TRANSACTIONS

As discussed in Note 1, the Organization acts as an agent on behalf of White County in the County's economic development efforts. In connection with those efforts, the Organization owns two parcels of real estate that were deeded to it by the County and on which the County has constructed facilities. As discussed in Note 1, such property is not reported as an asset by the Organization. In addition, the Organization has several open purchase options on additional properties on behalf of the County, the costs of which have been expensed.

The Organization received \$197,000 in funding from the County in both 2016 and 2015, which is included in local government support in the accompanying statements of revenue, expenses, and changes in net assets – modified cash basis.

NOTE 7. CONCENTRATIONS

The Organization's donors and activities are concentrated in the White County, Indiana area. Consequently, its revenues may be affected by conditions in that area. For the years ended December 31 2016 and 2015 approximately 67% and 70%, respectively, of total revenues were received from White County.

NOTE 8. SUBSEQUENT EVENTS INFORMATION

The date through which events occurring subsequent to December 31, 2016 have been evaluated for possible adjustment to the financial statements or disclosure is August 7, 2017, the date on which the financial statements were available to be issued.

WHITE COUNTY ECONOMIC DEVELOPMENT ORGANIZATION, INC.
SCHEDULE OF FEDERAL, STATE, AND LOCAL AWARDS
Year Ended December 31, 2016

<u>Grantor/Pass-Through Grantor/ Program/Title</u>	<u>Identifying Number</u>	<u>Beginning Balance</u>	<u>Award Received</u>	<u>Award Expended</u>	<u>Ending Balance</u>
LOCAL AWARDS					
Town of Brookston	N/A	\$ -	\$ 2,500	\$ 2,500	\$ -
Town of Monon	N/A	-	3,500	3,500	-
City of Monticello	N/A	-	10,000	10,000	-
Town of Reynolds	N/A	-	2,500	2,500	-
Town of Wolcott	N/A	-	3,200	3,200	-
White County	N/A	-	197,000	197,000	-
<i>Total local awards</i>		<u>-</u>	<u>218,700</u>	<u>218,700</u>	<u>-</u>
 <i>Total federal, state, and local awards</i>		<u>\$ -</u>	<u>\$ 218,700</u>	<u>\$ 218,700</u>	<u>\$ -</u>