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May 22, 2018

Board of Directors  
Hamilton County Economic Development Corporation  
37 E Main Street  
Carmel, IN 46032

We have reviewed the report prepared by Hamilton County Economic Development Corporation and opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Hamilton County Economic Development Corporation 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, CliftonLarsonAllen LLP 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.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

**HAMILTON COUNTY ECONOMIC  
DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2016 AND 2015**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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DEVELOPMENT CORPORATION  
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CliftonLarsonAllen

CliftonLarsonAllen LLP  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Hamilton County Economic Development Corporation  
Hamilton County, Indiana

We have audited the accompanying financial statements of the Hamilton County Economic Development Corporation (the Corporation), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the 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 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.

### ***Auditors' 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 auditors' 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 Corporation'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 Corporation'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.

Board of Directors  
Hamilton County Economic Development Corporation

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
July 7, 2017

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 302,820	\$ 225,941
Investments	233,160	215,096
Accounts receivable	155,830	85,970
Prepaid expense	12,898	17,000
Total current assets	704,708	544,007
<b>PROPERTY AND EQUIPMENT</b>		
Office equipment	26,951	26,951
	26,951	26,951
Less accumulated depreciation	(16,409)	(10,618)
Property and equipment, net	10,542	16,333
<b>TOTAL ASSETS</b>	<b>\$ 715,250</b>	<b>\$ 560,340</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 16,921	\$ 10,106
Total current liabilities	16,921	10,106
<b>NET ASSETS</b>		
Unrestricted	658,329	510,234
Temporarily restricted	40,000	40,000
Total net assets	698,329	550,234
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 715,250</b>	<b>\$ 560,340</b>

*See accompanying Notes to Financial Statements.*

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS AND PUBLIC SUPPORT</b>						
Private sector support						
Corporate membership contributions	\$ 42,500	\$ -	\$ 42,500	\$ 43,500	\$ -	\$ 43,500
County Economic Development Service Fund revenues	119,410	-	119,410	133,000	-	133,000
Total private sector support	<u>161,910</u>	<u>-</u>	<u>161,910</u>	<u>176,500</u>	<u>-</u>	<u>176,500</u>
Public sector membership support	477,937	-	477,937	476,967	-	476,967
Grant income	-	-	-	-	40,000	40,000
Dividend income	2,703	-	2,703	2,276	-	2,276
Realized and unrealized gains (losses) on investments	16,895	-	16,895	(2,584)	-	(2,584)
In-kind support	-	-	-	1,975	-	1,975
Miscellaneous	18,204	-	18,204	28,952	-	28,952
Total revenues, gains, and public support	<u>677,649</u>	<u>-</u>	<u>677,649</u>	<u>684,086</u>	<u>40,000</u>	<u>724,086</u>
<b>EXPENSES</b>						
Salaries and wages	250,769	-	250,769	271,769	-	271,769
Payroll taxes	15,302	-	15,302	19,675	-	19,675
Employee benefits	37,412	-	37,412	42,269	-	42,269
Occupancy	27,119	-	27,119	25,281	-	25,281
Marketing	24,554	-	24,554	78,163	-	78,163
Local and metropolitan cooperation	4,855	-	4,855	4,845	-	4,845
Printing and publications	1,656	-	1,656	1,839	-	1,839
Market research	66	-	66	5,000	-	5,000
Prospect management	123,329	-	123,329	87,212	-	87,212
Repairs and maintenance	758	-	758	1,213	-	1,213
Telephone	342	-	342	593	-	593
Legal and accounting	19,730	-	19,730	17,583	-	17,583
Professional education	4,379	-	4,379	1,579	-	1,579
Office supplies	366	-	366	1,109	-	1,109
Postage	38	-	38	102	-	102
Computer training and software	6,196	-	6,196	1,764	-	1,764
Investment management fees	1,536	-	1,536	1,528	-	1,528
Insurance	3,639	-	3,639	3,347	-	3,347
Depreciation	5,791	-	5,791	5,982	-	5,982
Miscellaneous	1,717	-	1,717	2,478	-	2,478
Total expenses	<u>529,554</u>	<u>-</u>	<u>529,554</u>	<u>573,331</u>	<u>-</u>	<u>573,331</u>
<b>CHANGES IN NET ASSETS</b>	148,095	-	148,095	110,755	40,000	150,755
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>510,234</u>	<u>40,000</u>	<u>550,234</u>	<u>399,479</u>	<u>-</u>	<u>399,479</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 658,329</u>	<u>\$ 40,000</u>	<u>\$ 698,329</u>	<u>\$ 510,234</u>	<u>\$ 40,000</u>	<u>\$ 550,234</u>

See accompanying Notes to Financial Statements.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2016**

<b>EXPENSES</b>	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries and wages	\$ 200,616	\$ 12,538	\$ 37,615	\$ 250,769
Payroll taxes	12,242	765	2,295	15,302
Employee benefits	29,929	1,871	5,612	37,412
Occupancy	21,695	1,356	4,068	27,119
Marketing	24,554	-	-	24,554
Local and metropolitan cooperation	4,855	-	-	4,855
Printing and publications	1,656	-	-	1,656
Market research	66	-	-	66
Prospect management	123,329	-	-	123,329
Repairs and maintenance	606	38	114	758
Telephone	274	17	51	342
Legal and accounting	15,783	987	2,960	19,730
Professional education	4,379	-	-	4,379
Office supplies	293	18	55	366
Postage	30	2	6	38
Computer training and software	4,957	310	929	6,196
Investment management fees	1,229	77	230	1,536
Insurance	2,911	182	546	3,639
Depreciation	4,632	290	869	5,791
Miscellaneous	1,373	86	258	1,717
<b>TOTAL EXPENSES</b>	<b>\$ 455,409</b>	<b>\$ 18,537</b>	<b>\$ 55,608</b>	<b>\$ 529,554</b>

See accompanying Notes to Financial Statements.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2015**

<b>EXPENSES</b>	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries and wages	\$ 217,416	\$ 13,588	\$ 40,765	\$ 271,769
Payroll taxes	15,740	984	2,951	19,675
Employee benefits	33,816	2,113	6,340	42,269
Occupancy	20,225	1,264	3,792	25,281
Marketing	78,163	-	-	78,163
Local and metropolitan cooperation	4,845	-	-	4,845
Printing and publications	1,839	-	-	1,839
Market research	5,000	-	-	5,000
Prospect management	87,212	-	-	87,212
Repairs and maintenance	970	61	182	1,213
Telephone	474	30	89	593
Legal and accounting	14,067	879	2,637	17,583
Professional education	1,579	-	-	1,579
Office supplies	888	55	166	1,109
Postage	82	5	15	102
Computer training and software	1,411	88	265	1,764
Investment management fees	1,223	76	229	1,528
Insurance	2,678	167	502	3,347
Depreciation	4,786	299	897	5,982
Miscellaneous	1,982	124	372	2,478
<b>TOTAL EXPENSES</b>	<b>\$ 494,396</b>	<b>\$ 19,733</b>	<b>\$ 59,202</b>	<b>\$ 573,331</b>

See accompanying Notes to Financial Statements.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 148,095	\$ 150,755
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,791	5,982
Donated equipment	-	(1,975)
Reinvested dividend income on investments	(6,107)	(2,276)
Realized gain on investments	(13,608)	(309)
Unrealized (gain) loss on investments	117	2,893
Effects of changes in operating assets and liabilities:		
Accounts receivable	(69,860)	(29,100)
Prepaid expense	4,102	(13,600)
Accounts payable and accrued expenses	6,815	(2,487)
Net cash provided by operating activities	75,345	109,883
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	1,534	1,528
Acquisition of property and equipment	-	(1,479)
Net cash provided by investing activities	1,534	49
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	76,879	109,932
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	225,941	116,009
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 302,820	\$ 225,941

See accompanying Notes to Financial Statements.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Hamilton County Economic Development Corporation (the Corporation) is an Indiana not-for-profit corporation organized in May 1992. The majority of the Corporation's revenues are derived from public and private membership support.

**Description of Economic Development Program**

The Corporation works in concert with local governments and the private sector to enhance the quality of life in Hamilton County, Indiana by attracting, retaining and creating suitable business investments to provide quality jobs and to broaden the tax base.

During 2015, the Hamilton County Business Intelligence Center was launched to provide partner communities with quality information through research and the center's data library that focuses on workforce, real estate, and demographic information of Hamilton County.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, gains and public support, expenses, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Functional Allocation of Expenses**

Expenses have been classified as program services, general and administrative, and fundraising in the statements of functional expenses. Indirect costs have been allocated based on estimates of time and usage of personnel and programs, where applicable.

**Cash and Cash Equivalents**

The Corporation considers all liquid investments with an initial maturity of three months or less to be cash equivalents. Cash equivalents consist of demand deposits and money market accounts maintained in banks.

**Investments**

Investments are reported at their fair value, as discussed in Note 3, in the statements of financial position. Unrealized and realized gains and losses are included in the statements of activities and changes in net assets.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable**

Accounts receivable consists of charges to its three membership classes for services delivered. Accounts receivable are stated at the amount management expects to collect from outstanding balances based on the membership contracts. The Corporation generally follows a policy of writing off contributions and membership pledges for accounts receivable balances in excess of 120 days old.

**Property and Equipment**

Property and equipment is recorded at cost. Depreciation is provided by the straight-line method in amounts adequate to amortize the cost of the respective assets over their 3 to 7 year estimated useful lives. The Corporation capitalizes any asset with a useful life greater than 3 years.

**Net Assets**

Net assets are classified into one of three classes of net assets based on the absence or existence of donor-imposed restrictions. A description of each class follows:

**Unrestricted**

Unrestricted net assets are not subject to donor-imposed stipulations. Any purpose restricted grants or contributions received and spent during the same period are recorded as unrestricted.

**Temporarily Restricted**

Temporarily restricted net assets are subject to donor-imposed stipulations that can be fulfilled by actions of the Corporation pursuant to those stipulations or that expire by the passage of time. Unconditional promises to give that are due in future periods and are not permanently restricted are classified as temporarily restricted net assets. The Corporation had temporarily restricted net assets of \$40,000 at December 31, 2016 as described in Note 9.

**Permanently Restricted**

Permanently restricted net assets are subject to donor-imposed stipulations that they may be maintained permanently by the Corporation. The Corporation had no permanently restricted net assets at December 31, 2016 and 2015.

**Revenue Recognition**

Revenue is recorded in the period earned. Membership dues are recorded in the period earned ratably over the course of the membership agreement depending on the Membership Class pledged. Additionally, the Corporation occasionally receives grants or other contributions related to specific projects. These project based revenues are recognized when the projects are complete.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Services and Assets**

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For the years ended December 31, 2016 and 2015, there were no donated services. The expense of assets donated by the Corporation are recognized if the assets had remaining economic value to the receiving party and unamortized cost at the time of disposition. For the year ended December 31, 2015, donated property and equipment of \$1,975 has been included in office equipment on the statements of financial position, and within in-kind support on the statements of activities and changes in net assets. There were no donations of property and equipment for the year ended December 31, 2016.

**Income Taxes**

The Corporation files income tax returns in the United States. Filings in the United States are with the federal jurisdiction and one state jurisdiction. The Corporation is exempt from federal income taxes under Section 501(c)(4) of the U.S. Internal Revenue Code and from state income taxes under the Indiana Not-For-Profit Act of 1971.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Corporation and recognize a tax liability (or asset) if the Corporation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the Corporation, and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The U.S. federal and state income tax returns of the Corporation are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

**Subsequent Events**

Management evaluated subsequent events through July 7, 2017, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2016, but prior to July 7, 2017, that provided additional evidence about conditions that existed at December 31, 2016, have been recognized in the financial statements for the year ended December 31, 2016. Events or transactions that provided evidence about conditions that did not exist at December 31, 2016, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2016.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 2 MEMBERSHIP**

The Corporation maintains three different member classes. Any entity which desires to further the purpose of the Corporation and to participate in its activities may become a member based on the following annual investment (i.e., membership pledge revenue):

- Class 1    Advisor – Any public or private sector entity may become an Advisor upon a minimum investment of \$5,000 or more as determined by the Executive Committee from time to time; provided, however: (a) in recognition of the contribution of homebuilders to the efforts of the Corporation by way of the payment of plat fees, the Builders Association of Greater Indianapolis shall be an Advisor and shall not be required to pay the minimum investment; and (b), the Executive Committee shall set the minimum investment required for Hamilton County, cities and towns to become Advisors using a methodology that calculates the minimum investment by taking a designated dollar amount multiplied by the population of the respective government unit.
  
- Class 2    Investor – Any public or private sector entity may become an Investor upon a minimum investment of \$2,500 or more as determined by the Executive Committee.
  
- Class 3    Supporter – Any public or private sector entity may become a Supporter upon a minimum investment of \$1,000 or more as determined by the Executive Committee.

Members in each of the classes may designate individuals to serve on the Board of Directors based on criteria established by the Corporation's by-laws and the Board of Directors.

**NOTE 3 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS**

In determining fair value, the Corporation uses various valuation approaches within the Financial Accounting Standard Board's (FASB) generally accepted fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The accepted framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The following definitions of the levels within the hierarchy are used by the Corporation and are based on the reliability of inputs as follows:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 3 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and,

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

As of December 31, 2016 and 2015, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investment securities. Securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy and are reported as current assets in the accompanying statements of financial position.

Following is a description of the nature and risks of the categories of assets by major security type:

*Growth Funds:* Growth funds seek to maximize the value of savings over time by investing in the stocks of companies that have a strong potential for providing above-average earnings growth.

*Value Funds:* Value funds seek to increase the value of savings over time by investment in undervalued or attractively priced stocks of well-established companies.

*Blended Funds:* Blended funds seek to increase the value of savings over time by investing in a combination of stocks of companies that have potential for strong earnings growth and stocks of companies that are priced below their expected long-term worth.

*Bond Funds:* Bond funds seek current income with capital appreciation and growth of income. The funds normally invest at least 80% of net assets in bonds, including debt securities of any maturity, such as bonds, notes, bills and debentures. The funds may invest up to 25% of total assets in bonds that are rated below investment grade, and may invest a significant portion of assets in emerging markets.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 3 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of December 31, 2016:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Growth funds	\$ 99,678	\$ -	\$ -	\$ 99,678
Value funds	79,943	-	-	79,943
Blended funds	45,636	-	-	45,636
RBC Bank deposit	7,806	-	-	7,806
Cash & money market	97	-	-	97
	<u>\$ 233,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,160</u>

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of December 31, 2015:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Growth funds	\$ 76,258	\$ -	\$ -	\$ 76,258
Value funds	18,541	-	-	18,541
Blended funds	13,061	-	-	13,061
RBC Bank deposit	8,445	-	-	8,445
Cash & money market	98,791	-	-	98,791
	<u>\$ 215,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,096</u>

The following is a summary of investment securities:

December 31, 2016				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mutual Funds	<u>\$ 205,742</u>	<u>\$ 28,033</u>	<u>\$ 615</u>	<u>\$ 233,160</u>
December 31, 2015				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mutual Funds	<u>\$ 187,561</u>	<u>\$ 27,535</u>	<u>\$ -</u>	<u>\$ 215,096</u>

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 3 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

Mutual fund investments as of December 31 are summarized below at their fair market value:

	<u>2016</u>	<u>2015</u>
Capital Income Builder Fund	\$ 8,623	\$ 8,355
Goldman Sachs Trust Tech Tollkeeper Fund	-	12,077
Blackrock Disciplined Small Cap Fund	9,817	-
Franklin Custodian Growth Fund	8,524	-
Goldman Sachs Small Cap Fund	10,128	-
Goldman Sachs Technology Fund	9,169	-
Hartford Mutual Funds Midcap Fund	9,563	12,000
Hartford Health Care Fund	7,972	-
Goldman Sachs TR Equity Fund	8,592	-
Goldman Sachs Energy Fund	10,051	-
New Economy Fund	-	13,135
New Perspective Fund	10,851	10,737
SMALLCAP World Fund	11,172	10,599
Invesco Equally Weighted S&P Fund	9,867	-
JP Morgan Growth Advantage Fund	8,314	-
JP Morgan TR I Fund	8,514	-
JP Morgan TR II Fund	8,730	-
Putnam Equity Income Fund	8,817	-
Putman FDS TR Small Growth	9,049	-
Blackrock Global Dividend	8,846	-
Euro Pack Growth Fund	8,016	-
New World Fund Inc	8,183	-
Thornburg Income Trust	7,690	-
Templeton Income TR	9,164	-
Franklin Invs Secs TR	8,474	-
JP Morgan Income Builder Fund	8,266	-
Thornburg Investment Trust Global Opportunity Fund	8,865	13,061
Thornburg Investment TR Core Growth Fund	-	17,710
Clearbridge Small Cap Growth Fund	-	10,186
RBC Bank Deposit	7,806	8,445
Cash & Money Market	97	98,791
Total	<u>\$ 233,160</u>	<u>\$ 215,096</u>

At December 31, 2016 and 2015, the Corporation did not maintain any investment holdings that represented a significant concentration of the Corporation's investment assets.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 3 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following summarizes the investment return and its classification in the statements of activities and changes in net assets for the years ended December 31:

	<b>2016</b>	<b>2015</b>
Dividend income	\$ 6,107	\$ 2,276
Total investment income	\$ 6,107	\$ 2,276
	<b>2016</b>	<b>2015</b>
Unrealized gain (loss) on investments	\$ (117)	\$ (2,893)
Realized gain on investments	13,608	309
Total gain (loss) on investments	\$ 13,491	\$ (2,584)

**NOTE 4 LINE OF CREDIT**

In May 2009, the Corporation opened a margin account with Thurston Springer Miller Herd & Titak, its investment manager, in order to create a line of credit to help finance its short-term operating needs. The balance due on the line of credit at December 31, 2016 and 2015 was \$-0-. This line of credit is secured by the Corporation's investment portfolio with a value at December 31, 2016 and 2015 of \$233,160 and \$215,096, respectively. Draws on the line of credit cannot exceed 50% of the balance of assets within the investment portfolio. Additionally, the Corporation has set an internal policy limiting outstanding draws on the line of credit to be no more than \$100,000. Interest is payable monthly on the outstanding balance at an interest rate ranging from 0.5% to 1.5% above the current base rate depending on the amount of credit extended. During the years ended December 31, 2016 and 2015, the Corporation made no draws or repayment.

**NOTE 5 COUNTY ECONOMIC DEVELOPMENT SERVICE REVENUES**

Pursuant to Ordinance 8/24/98/A adopted by the Hamilton County Board of Commissioners in August 1998, the Corporation receives \$50 of unrestricted support for each new residential lot platted and recorded in Hamilton County, Indiana. These funds are collected by the Auditor of Hamilton County and transmitted to the Corporation on the first business day on or after each February and August 1<sup>st</sup>. The amount received in February 2017 of \$155,830 is recorded as a receivable at December 31, 2016. The amount received in February 2016 of \$85,970 is recorded as a receivable at December 31, 2015. This fee was set to expire in 2004 but by successive ordinance amendments the fee was extended through September 2017.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION  
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**NOTE 6 CONCENTRATIONS OF CREDIT RISK**

The Corporation received 18% of its funding from the Hamilton County Economic Development Service Fund in each of the years ended December 31, 2016 and 2015. Unrealized and realized gains and losses on investments are excluded from revenues for these calculations. The full amount of accounts receivable at December 31, 2016 and 2015, \$155,830 and \$85,970, respectively, are due from the Hamilton County Economic Development Service Fund.

In addition, the Corporation collectively received 73% and 66% of its funding from four (4) public entities, for the years ended December 31, 2016 and 2015, respectively.

The Federal Deposit Insurance Corporation (FDIC) currently insures up to \$250,000 of substantially all depository accounts held at each financial institution. At various times during the year, the Organization's cash deposits may exceed the federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**NOTE 7 LEASE COMMITMENTS**

The Corporation entered into a 24 month lease agreement for office space effective March 1, 2014, which expired in February 2016. The Corporation extended the lease effective March 1, 2016, which requires monthly payments of \$1,774 through February 2017. In early 2017, the Corporation extended the original lease to include a fourth year effective March 1, 2017 through February 2018. Monthly payments under the fourth year extension are \$1,810. Total rent expense under operating leases was \$21,148 and \$18,700 for the years ended December 31, 2016 and 2015, respectively.

Future commitments under this lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$ 21,651
2018	3,620
Total	<u>\$ 25,271</u>

**NOTE 8 PENSION PLAN**

The Corporation adopted a SIMPLE IRA pension plan on July 1, 2015, covering all employees who meet certain criteria regarding compensation levels and lengths of employment. Pension plan expense for the years ended December 31, 2016 and 2015, totaled \$9,895 and \$5,416, respectively.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION  
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**NOTE 9 TEMPORARILY RESTRICTED ASSETS**

Temporarily restricted net assets of \$40,000 from the Duke Energy Grant Foundation were available to support the Hamilton County Business Intelligence Center (HCBIC) at December 31, 2015. This was still in restriction at December 31, 2016, as the HCBIC had not expanded in 2016 as was originally planned.



Investment advisory services are offered through CliftonLarsonAllen  
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