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STATE OF INDIANA

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May 23, 2018

Board of Directors
Jay County Development Corporation
118 S. Meridian Street, Suite B
Portland, IN 47371

We have reviewed the report prepared by Jay County Development Corporation and opined upon by Bollenbacher & Associates, LLC, 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 of Jay County 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, Bollenbacher & Associates, LLC 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

Paul D. Joyce, CPA
State Examiner

JAY COUNTY DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

For the Years Ended December 31, 2016 and 2015

JAY COUNTY DEVELOPMENT CORPORATION

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Bollenbacher & Associates, LLC
Certified Public Accountants

Board of Directors
Jay County Development Corporation
Portland, Indiana 47371

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Jay County Development Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities 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.

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 of 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 judgement, 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jay County Development 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.

Bollenbacher & Associates, LLC

Portland, Indiana

May 24, 2017

Jay County Development Corporation

Statements of Financial Position

December 31, 2016 and 2015

Assets

	2016	2015
Current Assets:		
Cash and cash equivalents	$ 51,220	$ 47,961
Cash and cash equivalents - Temporarily restricted	20,708	19,684
Interest receivable	11	8
Total current assets	71,939	67,653
Property and Equipment; at cost		
Equipment	15,876	15,876
Less: Accumulated depreciation	(15,208)	(14,639)
Total property and equipment	668	1,237
Total assets	$ 72,607	$ 68,890

- See Accompanying Notes -

Statements of Financial Position

December 31, 2016 and 2015

Liabilities and Net Assets

	2016	2015
Current Liabilities:		
Accrued expenses	$ 17,117	$ 16,942
Deferred revenue	-	3,000
Total current liabilities	17,117	19,942
Total liabilities	17,117	19,942
Net Assets:		
Unrestricted	34,782	29,264
Temporarily restricted	20,708	19,684
Total net assets	55,490	48,948
Total liabilities and net assets	$ 72,607	$ 68,890

Statement of Activities

For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Contributions and grants	$ 197,150	$ 90,160	$ -	$287,310
In-kind income	1,200	-	-	1,200
Annual meeting (net of direct costs of $822)	1,104	-	-	1,104
Special projects (net of direct costs of $6,800)	-	-	-	-
Total support and revenue	199,454	90,160	-	289,614
Net assets released from restrictions	89,136	(89,136)	-	-
Expenses - Per attached schedule	283,149	-	-	283,149
Change in Net Assets Before Other Income	5,441	1,024	-	6,465
Other Income				
Interest income	77	-	-	77
Total other income	77	-	-	77
Change in Net Assets	5,518	1,024	-	6,542
Net Assets - Beginning	29,264	19,684	-	48,948
Net Assets - Ending	$ 34,782	$ 20,708	$ -	$ 55,490

Statement of Activities

For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Contributions and grants	$ 190,900	$ 90,160	$ -	$ 281,060
In-kind income	1,200	-	-	1,200
Annual meeting (net of direct costs of $595)	1,105	-	-	1,105
Special projects (net of direct costs of $0)	-	-	-	-
Total support and revenue	193,205	90,160	-	283,365
Net assets released from restrictions	89,012	(89,012)	-	-
Expenses - Per attached schedule	285,019	-	-	285,019
Change in Net Assets Before Other Income	(2,802)	1,148	-	(1,654)
Other Income				
Interest income	78	-	-	78
Total other income	78	-	-	78
Change in Net Assets	(2,724)	1,148	-	(1,576)
Net Assets - Beginning	31,988	18,536	-	50,524
Net Assets - Ending	$ 29,264	$ 19,684	$ -	$ 48,948

Statement of Functional Expenses

For the Year Ended December 31, 2016

	Economic Development	Community Development	Total Program Services	Management and General	Total Expenses
Salaries and wages	$ 71,813	$ 61,012	$132,825	$ 51,465	$184,290
Payroll taxes	6,580	5,101	11,681	4,588	16,269
Health insurance	6,248	665	6,913	3,213	10,126
Pension	6,278	5,752	12,030	4,084	16,114
Advertising	9,086	995	10,081	-	10,081
Client relations	2,840	-	2,840	-	2,840
Conferences and meetings	2,212	513	2,725	-	2,725
Contracted services	1,423	1,017	2,440	610	3,050
Depreciation	332	95	427	142	569
Dues and subscriptions	1,803	823	2,626	773	3,399
Insurance	936	669	1,605	401	2,006
Miscellaneous	-	228	228	85	313
Occupancy	3,476	4,851	8,327	1,490	9,817
Printing and publications	-	20	20	-	20
Postage and shipping	913	124	1,037	-	1,037
Repairs and maintenance	415	659	1,074	178	1,252
Supplies	1,616	2,020	3,636	693	4,329
Telephone	3,271	2,726	5,997	1,402	7,399
Travel	3,953	1,866	5,819	1,694	7,513
Total expenses	$ 123,195	$ 89,136	$212,331	$ 70,818	$283,149

Statement of Functional Expenses

For the Year Ended December 31, 2015

	Economic Development	Community Development	Total Program Services	Management and General	Total Expenses
Salaries and wages	$ 74,960	$ 61,647	$136,607	$ 51,613	$188,220
Payroll taxes	5,262	4,518	9,780	4,602	14,382
Health insurance	5,318	1,181	6,499	2,921	9,420
Pension	6,278	4,602	10,880	4,084	14,964
Advertising	12,520	1,460	13,980	-	13,980
Client relations	2,207	-	2,207	-	2,207
Conferences and meetings	1,159	583	1,742	-	1,742
Contracted services	1,351	970	2,321	579	2,900
Depreciation	851	239	1,090	365	1,455
Dues and subscriptions	1,561	815	2,376	669	3,045
Insurance	1,001	716	1,717	429	2,146
Miscellaneous	-	153	153	79	232
Occupancy	3,265	4,853	8,118	1,399	9,517
Postage and shipping	750	222	972	-	972
Repairs and maintenance	416	649	1,065	178	1,243
Supplies	2,120	2,463	4,583	909	5,492
Telephone	3,175	2,697	5,872	1,361	7,233
Travel	3,238	1,243	4,481	1,388	5,869
Total expenses	$ 125,432	$ 89,011	$214,443	$ 70,576	$285,019

Statements of Cash Flows

For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flow from Operating Activities:		
Change in net assets	$ 6,542	$ (1,576)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating actvities:		
Depreciation	569	1,455
(Increase) decrease in assets:		
Interest receivable	(3)	(2)
Increase (decrease) in liabilities:		
Accrued expenses	175	1,659
Deferred revenue	(3,000)	3,000
Total adjustments	(2,259)	6,112
Net cash provided by operating activities	4,283	4,536
Net increase in cash and cash equivalents	4,283	4,536
Cash and cash equivalents - Beginning	67,645	63,109
Cash and cash equivalents - Ending	$ 71,928	$ 67,645

Jay County Development Corporation

Notes to the Financial Statements

December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION - Jay County Development Corporation was organized in Indiana as a nonprofit corporation in October 1985. Its purpose is to encourage businesses to originate, expand current facilities, or relocate to areas within Jay County, Indiana, in order to expand job opportunities of the residents of Jay County, Indiana.

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 \$569 and \$1,455 for the years ended December 31, 2016 and 2015, respectively.

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.

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-

Jay County Development Corporation

Notes to the Financial Statements

December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

designated net assets represent amounts the Organization has set aside for 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.

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.

ADVERTISING - The Organization expenses advertising expenses when the costs are incurred. In the years ending December 31, 2016 and 2015, the Organization incurred $10,081 and $13,980 in advertising expenses, respectively.

INCOME TAXES - The Organization is exempt from federal income taxes under Section 501(c)(4) 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, 2016, 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 years ended December 31, 2016 and 2015.

Jay County Development Corporation

Notes to the Financial Statements

December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

RECEIVABLES AND UNCOLLECTIBLES - Accounts and pledge receivables 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 or pledge is totally uncollectible by estimating whether any payments will ever be received on that account or pledge. The Organization wrote off $0 and $0 in pledge receivables as uncollectible for the years ended December 31, 2016 and 2015, respectively. As of December 31, 2016 and 2015, there were no allowance for doubtful accounts, as all receivables were deemed collectible.

NOTE 2 - MARKETABLE SECURITIES

At December 31, 2016, the Organization maintained the following investment portfolio:

	Cost	Unrealized Gains/(Losses)	Carrying Value (Market)
Certificates of deposit	$ 31,940	$ -	$ 31,940
Total	$ 31,940	$ -	$ 31,940

The above funds are reported at carrying value on the statement of financial position. Interest income earned totaled $77, which are included on the statement of activities. At December 31, 2016, the maturity was three months or less. The certificates of deposit are treated as a cash and cash equivalent on the statements of financial position.

At December 31, 2015, the Organization maintained the following investment portfolio:

	Cost	Unrealized Gains/(Losses)	Carrying Value (Market)
Certificates of deposit	$ 31,911	$ -	$ 31,911
Total	$ 31,911	$ -	$ 31,911

The above funds are reported at carrying value on the statement of financial position. Interest income earned totaled $78, which are included on the statement of activities. At December 31, 2015, the maturity was three months or less. The certificates of deposit are treated as a cash and cash equivalent on the statements of financial position.

NOTE 3 - PROPERTY AND EQUIPMENT

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

	Cost	Accumulated Depreciation
Equipment	$ 15,876	$ 15,208
Total property and equipment	$ 15,876	$ 15,208

Jay County Development Corporation

Notes to the Financial Statements

December 31, 2016 and 2015

NOTE 3 - PROPERTY AND EQUIPMENT (continued)

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

	Cost	Accumulated Depreciation
Equipment	$ 15,876	$ 14,639
Total property and equipment	$ 15,876	$ 14,639

NOTE 4 - PENSION PLAN

The Organization has established a pension plan for substantially all employees. The Organization contributes 8% of the employees' annual salary per the plan requirements. No employee contributions are required to fund the plan. Pension expense was $16,114 and $14,964 for the years ended December 31, 2016 and 2015, respectively.

NOTE 5 - CONCENTRATIONS

The Organization receives virtually all its support from local governments and businesses in the Jay County area.

NOTE 6 - DETAIL OF FUNDS RECEIVED

Local government funds received for the year ended December 31, 2016 are detailed as follows:

Government Entity	Amount
City of Portland	$ 35,000
Jay County EDIT	216,410
Town of Bryant	1,000
Town of Pennville	1,750
Town of Redkey	2,500
Total	$ 256,660

Jay County Development Corporation

Notes to the Financial Statements

December 31, 2016 and 2015

NOTE 6 - DETAIL OF FUNDS RECEIVED (continued)

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

Government Entity	Amount
City of Portland	$ 35,000
Jay County EDIT	216,410
Town of Bryant	1,000
Town of Pennville	1,750
Town of Redkey	2,500
Total	$ 256,660

NOTE 7 - FAIR VALUES OF FINANCIAL INSTRUMENTS

FASB *Accounting Standards Codification 820, Fair Value Measurements* fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This standard also establishes a fair-value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quotes prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices as quoted prices for similar assets or liabilities; quotes prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Jay County Development Corporation

Notes to the Financial Statements

December 31, 2016 and 2015

NOTE 7 - FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The estimated fair values of the Organization's financial instruments at December 31, 2016 are as follows:

	Level 1	Level 2	Level 3	Total
Financial Assets:				
Certificates of deposit	$ 31,940	$ -	$ -	$ 31,940
Total assets at fair value	$ 31,940	$ -	$ -	$ 31,940

The estimated fair values of the Organization's financial instruments at December 31, 2015 are as follows:

	Level 1	Level 2	Level 3	Total
Financial Assets:				
Certificates of deposit	$ 31,911	$ -	$ -	$ 31,911
Total assets at fair value	$ 31,911	$ -	$ -	$ 31,911

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2016:

Assets restricted for use in community development	$ 20,708
Total	$ 20,708

Temporarily restricted net assets consist of the following at December 31, 2015:

Assets restricted for use in community development	$ 19,684
Total	$ 19,684

Jay County Development Corporation

Notes to the Financial Statements

December 31, 2016 and 2015

NOTE 9 - COMMITMENTS

The Organization leases office space for $650 per month on a month-to-month bases. Lease expense for the years ended December 31, 2016 and 2015 was $7,800 and $7,800, respectively.

In November 2014, the Organization entered into a 60-month lease agreement for a copier for $175.58 per month. Lease expense totaled $2,516 and $2,313 for the years ended December 31, 2016 and 2015, respectively.

In November 2014, the Organization entered into a 24-month lease agreement for a postage meter for $24.95 per month for the first year and $27.95 per month for the second year. Lease expense totaled $0 and $0 for the years ended December 31, 2016 and 2015, respectively.

Future minimum lease payments are as follows:

2017	$ 2,107
2018	2,107
2019	1,756
Total	$ 5,970

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated events and transactions that occurred between January 1, 2017 and May 24, 2017, 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.