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May 23, 2018

Board of Directors
Randolph County Community & Economic Development Foundation, Inc.
123 W. Franklin Street, Suite 201
Winchester, IN 47394

We have reviewed the report prepared by Randolph County Community & Economic Development Foundation, Inc. and opined upon by Whiting & Company 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 Randolph County Community & Economic Development Foundation, 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, Whiting & Company 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

**RANDOLPH COUNTY COMMUNITY & ECONOMIC
DEVELOPMENT FOUNDATION, INC.
WINCHESTER, INDIANA**

**FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Activities	2
Statement of Cash Flows	3
NOTES TO FINANCIAL STATEMENTS	4 - 7



WHITINGER & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Randolph County Community &
Economic Development Foundation, Inc.
Winchester, Indiana

We have audited the accompanying financial statements of Randolph County Community & Economic Development Foundation, Inc. (a nonprofit organization), which comprise the statement 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 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.

Board of Directors
Randolph County Community &
Economic Development Foundation, Inc.
Page Two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Randolph County Community & Economic Development Foundation, Inc., 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.

Whitinger & Company LLC

Certified Public Accountants
Muncie, Indiana

October 27, 2017

FINANCIAL STATEMENTS

**RANDOLPH COUNTY COMMUNITY &
ECONOMIC DEVELOPMENT FOUNDATION, INC.**

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS	2016	2015
CURRENT ASSETS		
Cash	\$ 750,980	\$ 756,448
Current portion of receivables	19,513	9,679
Prepaid rent	1,250	1,250
	\$ 771,743	\$ 767,377
NONCURRENT ASSETS		
Other receivables	\$ 69,701	\$ 41,709
Property held for sale or development	140,321	140,321
Furniture and equipment	54,366	52,333
Less accumulated depreciation	(27,971)	(22,158)
	\$ 236,417	\$ 212,205
Total Assets	\$ 1,008,160	\$ 979,582
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll withholdings	\$ 6,975	\$ 4,196
Total Current Liabilities	\$ 6,975	\$ 4,196
NET ASSETS		
Unrestricted	\$ 735,603	\$ 705,029
Temporarily restricted	265,582	270,357
	\$ 1,001,185	\$ 975,386
Total Liabilities and Net Assets	\$ 1,008,160	\$ 979,582

See accompanying Notes to Financial Statements.

**RANDOLPH COUNTY COMMUNITY &
ECONOMIC DEVELOPMENT FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Grants - county	\$ 298,000		\$ 298,000
Grants - Visitors Bureau	46,845		46,845
Interest income	86	\$ 2,075	2,161
Lease income	9,472		9,472
Other income	11,550		11,550
	<u>365,953</u>	<u>2,075</u>	<u>368,028</u>
Total Support and Revenue	\$ 365,953	\$ 2,075	\$ 368,028
Released from restrictions	6,850	(6,850)	
	<u>372,803</u>	<u>(4,775)</u>	<u>368,028</u>
	\$ 372,803	\$ (4,775)	\$ 368,028
EXPENSES			
Salary and benefit expense	\$ 191,663		\$ 191,663
Payroll taxes	13,156		13,156
Visitors Bureau expense	7,073		7,073
Insurance expense	3,594		3,594
Rent and occupancy costs	18,408		18,408
Office and related expenses	7,875		7,875
Repairs and maintenance	2,245		2,245
Seminars, conferences, and meetings	1,265		1,265
Advertising and marketing	25,754		25,754
Professional fees	22,562		22,562
Travel	20,383		20,383
Dues, licenses, and subscriptions	11,629		11,629
Miscellaneous	9,609		9,609
Computer expenses	1,200		1,200
Bad debt	-		-
Depreciation expense	5,813		5,813
	<u>342,229</u>	<u>-</u>	<u>342,229</u>
Total Expenses	\$ 342,229	\$ -	\$ 342,229
CHANGE IN NET ASSETS	\$ 30,574	\$ (4,775)	\$ 25,799
NET ASSETS - BEGINNING OF YEAR	<u>705,029</u>	<u>270,357</u>	<u>975,386</u>
NET ASSETS - END OF YEAR	<u>\$ 735,603</u>	<u>\$ 265,582</u>	<u>\$ 1,001,185</u>

See accompanying Notes to Financial Statements.

2015		
Unrestricted	Temporarily Restricted	Total
\$ 313,833		\$ 313,833
54,463		54,463
98	\$ 783	881
7,373		7,373
5,000		5,000
\$ 380,767	\$ 783	\$ 381,550
46,681	(46,681)	
\$ 427,448	\$ (45,898)	\$ 381,550
\$ 159,743		\$ 159,743
14,249		14,249
6,246		6,246
4,155		4,155
17,462		17,462
8,787		8,787
4,184		4,184
913		913
9,254		9,254
47,299		47,299
31,353		31,353
11,849		11,849
3,104		3,104
1,610		1,610
46,681		46,681
5,008		5,008
\$ 371,897	\$ -	\$ 371,897
\$ 55,551	\$ (45,898)	\$ 9,653
649,478	316,255	965,733
\$ 705,029	\$ 270,357	\$ 975,386

**RANDOLPH COUNTY COMMUNITY &
ECONOMIC DEVELOPMENT FOUNDATION, INC.**

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants	\$ 344,845	\$ 368,296
Cash paid to suppliers and employees	(333,637)	(316,644)
Interest income	2,161	881
Other income	21,022	12,373
	\$ 34,391	\$ 64,906
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and fixtures	\$ (2,033)	\$ (20,293)
Grant of other receivable	(50,000)	(55,350)
Repayment of other receivable	12,174	15,446
	\$ (39,859)	\$ (60,197)
CHANGE IN CASH AND CASH EQUIVALENTS	\$ (5,468)	\$ 4,709
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	756,448	751,739
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 750,980	\$ 756,448

RECONCILIATION OF CHANGE IN NET ASSETS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES

CHANGE IN NET ASSETS	\$ 25,799	\$ 9,653
ADJUSTMENT TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	5,813	5,008
Receivable bad debt	-	46,681
Decrease in prepaid expense	-	170
Decrease in employee advance	-	2,250
Increase in payroll withholdings	2,779	1,144
	\$ 34,391	\$ 64,906
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 34,391	\$ 64,906

See accompanying Notes to Financial Statements.

**RANDOLPH COUNTY COMMUNITY &
ECONOMIC DEVELOPMENT FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

The Randolph County Community & Economic Development Foundation, Inc. was organized in 1986 as a non-profit corporation for the purpose of providing marketing services to attract new industry to the Randolph County area, to assist existing businesses with retention or expansion plans, and to serve as liaison with local businesses and state programs.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Under these standards, 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.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are carried at cost, while donated equipment is recorded at its fair-market value at the date of acquisition. Expenditures for additions, improvements, and replacements are added to the property. Repairs and maintenance are charged to expense as incurred. Depreciation is provided using the straight-line method using estimated lives of the various assets ranging from five to twenty years. Depreciation expense for 2016 and 2015 is \$5,813 and \$5,008, respectively.

Cash and Cash Equivalents

For purposes of the statement of cash flows, management considers all time and demand deposit accounts and cash on hand to be cash and cash equivalents.

Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expense was \$25,754 and \$9,254 for the years ended December 31, 2016 and 2015, respectively.

**RANDOLPH COUNTY COMMUNITY &
ECONOMIC DEVELOPMENT FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Donor-Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Income Taxes

Randolph County Community & Economic Development Foundation, Inc. is qualified as a not-for-profit organization under *Section 501(c)(3)*, of the *Internal Revenue Code*. As such, they are not liable for federal and state income taxes and no liability for such taxes appears in these statements. The Organization is not considered to be a private foundation within the meaning of *Internal Revenue Code Section 509(a)(3)*.

The Organization's federal and state tax returns for 2014, 2015, and 2016, are subject to examination by taxing authorities, generally for three years after they have been filed.

2. **OPERATING LEASE**

In 2012, the Organization leased new office space under a five-year, non-cancelable lease agreement. The future minimum lease payments under the lease are shown below. Rent expense was \$12,000 and \$11,745 for the years ended December 31, 2016 and 2015, respectively.

<u>Year Ending December 31,</u>	<u>Amounts</u>
2017	<u>\$ 5,655</u>
	<u><u>\$ 5,655</u></u>

**RANDOLPH COUNTY COMMUNITY &
ECONOMIC DEVELOPMENT FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the funds received for the Revolving Loan Fund and the USDA Loan Fund. The balance consists of bank accounts with Old National Bank in addition to the outstanding balance of loans made to local businesses.

<u>Description</u>	<u>2016 Amounts</u>	<u>2015 Amounts</u>
Cash balance-EDA	\$ 10,334	\$ 185,839
Cash balance-USDA	39,226	33,130
Cash balance-Sequestered	126,808	
Loan balance-EDA	78,210	35,000
Loan balance-USDA	11,004	16,388
	<u>\$ 265,582</u>	<u>\$ 270,357</u>

4. GRANTS – GOVERNMENT AGENCIES

The Organization receives funding from the Randolph County Commissioners. Income received for the years ended December 31, 2016 and 2015, was \$298,000 and \$313,833, respectively. These amounts represent 81% and 82% of total income, respectively.

5. RECEIVABLES

Under a Revolving Loan Fund and USDA loan program, the Organization grants loans to area businesses. Loans are to be repaid in installments ranging from \$187 to \$1,415 including interest of 3.50% to 5.25%. Maturity dates range from March 2018 through December 2022. Interest is calculated on the outstanding note balance using the contract interest rate and is recorded when payment is made. At December 31, 2016, all notes were current; therefore, all notes were deemed collectable and no allowance for uncollectable balances has been included in the financial statements.

The schedule of principal payments are as follows:

<u>December 31,</u>	<u>Amounts</u>
2017	\$ 19,513
2018	17,362
2019	17,252
2020	15,134
2021	13,416
Thereafter	6,537
	<u>\$ 89,214</u>

**RANDOLPH COUNTY COMMUNITY &
ECONOMIC DEVELOPMENT FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 27, 2017, the date which the financial statements were available for issue.

7. EMPLOYEE BENEFITS

The Organization maintains a defined contribution retirement plan for eligible employees. The Organization contributes up to 3% of employee wages. Expense for the years ended December 31, 2016 and 2015, was \$1,055 and \$994, respectively.

8. CONCENTRATION OF CREDIT RISK

The Organization has cash balances deposited with financial institutions that are in excess of the federally insured limit. At December 31, 2016, uninsured cash balances are \$338,411.