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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

May 24, 2018

Board of Directors
West Central Indiana Economic Development District, Inc.
1718 Wabash Avenue
Terre Haute, IN 47807

We have reviewed the report prepared by West Central Indiana Economic Development District, Inc. and opined upon by Comer, Nowling and 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 of West Central Indiana Economic Development District, 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, Comer, Nowling and 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
Paul D. Joyce, CPA
State Examiner

**West Central Indiana
Economic Development
District, Inc. and Affiliate**



**Consolidated Financial Statements
For The Years Ended
December 31, 2016 and 2015
(With Single Audit Section)**

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
West Central Indiana Economic Development District, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of West Central Indiana Economic Development District, Inc. and Affiliate (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of West Central Indiana Economic Development District, Inc. and Affiliate 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of West Central Indiana Economic Development District, Inc. and Affiliate as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated on May 19, 2017 our consideration of West Central Indiana Economic Development District, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
May 19, 2017

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

ASSETS	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 852,593	\$ 832,072
Grants receivable	660,334	748,769
Accounts receivable	48,527	32,438
Other receivables	728	373
Investments	<u>26,322</u>	<u>23,399</u>
Total current assets	<u>1,588,504</u>	<u>1,637,051</u>
PROPERTY AND EQUIPMENT:		
Property and equipment, net of accumulated depreciation	<u>97,162</u>	<u>122,992</u>
OTHER ASSETS		
Beneficial interest in Wabash Valley Community Foundation	<u>18,357</u>	<u>17,710</u>
Total assets	<u><u>\$ 1,704,023</u></u>	<u><u>\$ 1,777,753</u></u>
LIABILITIES AND UNRESTRICTED NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 68,502	\$ 75,268
Accrued payroll and payroll expenses	212,169	206,779
Deferred revenue	<u>49,341</u>	<u>38,018</u>
Total liabilities	<u>330,012</u>	<u>320,065</u>
UNRESTRICTED NET ASSETS	<u>1,374,011</u>	<u>1,457,688</u>
Total liabilities and unrestricted net assets	<u><u>\$ 1,704,023</u></u>	<u><u>\$ 1,777,753</u></u>

See accompanying notes to financial statements.

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
REVENUE AND OTHER SUPPORT		
Grants and fees	\$ 2,804,127	\$ 3,463,551
Contributions	45,027	2,544
Program service fees	580,858	595,060
Interest income	1,138	1,200
In-kind contributions	1,206	3,456
Investment income	4,298	2,129
Gain on sale of assets	3,930	-
Other income	17,044	15,821
	<u>3,457,628</u>	<u>4,083,761</u>
FUNCTIONAL EXPENSES		
Aging services	2,960,283	3,705,053
Economic development	212,974	233,427
Transportation planning	343,436	364,940
Management and general	24,612	3,868
	<u>3,541,305</u>	<u>4,307,288</u>
Increase (decrease) in net assets	(83,677)	(223,527)
NET ASSETS, BEGINNING OF YEAR	<u>1,457,688</u>	<u>1,681,215</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,374,011</u></u>	<u><u>\$ 1,457,688</u></u>

See accompanying notes to financial statements.

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Aging Services</u>	<u>Economic Development</u>	<u>Transportation Planning</u>
FUNCTIONAL EXPENSES			
Salaries and wages	\$ 964,772	\$ 114,011	\$ 182,517
Fringe benefits	589,599	65,421	102,310
Program services	831,705	-	15
Professional services	1,103	-	-
Advertising & public relations	12,086	643	63
Office expenses	9,098	149	133
Information technology	2,805	66	403
Occupancy	32,852	26	35
Travel	97,619	9,456	2,416
Conferences and meetings	2,044	50	2,052
Insurance	44,761	754	3,204
Equipment and leases	2,942	-	2,173
Depreciation	65,207	195	4,272
Other Expenses	9,908	2,417	329
	<u>2,666,501</u>	<u>193,188</u>	<u>299,922</u>
Total direct functional expenses			
Indirect cost pool distribution	<u>293,782</u>	<u>19,786</u>	<u>43,514</u>
	<u>\$ 2,960,283</u>	<u>\$ 212,974</u>	<u>\$ 343,436</u>
Total functional expenses			

See accompanying notes to financial statements.

<u>Total Program</u>	<u>Management and General</u>	<u>2016 Totals</u>
\$ 1,261,300	\$ 159,344	\$ 1,420,644
757,330	92,008	849,338
831,720	5,078	836,798
1,103	23,208	24,311
12,792	48	12,840
9,380	19,069	28,449
3,274	8,810	12,084
32,913	47,143	80,056
109,491	1,095	110,586
4,146	1,569	5,715
48,719	13,192	61,911
5,115	8,996	14,111
69,674	273	69,947
12,654	1,861	14,515
3,159,611	381,694	3,541,305
357,082	(357,082)	-
\$ 3,516,693	\$ 24,612	\$ 3,541,305

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Aging Services</u>	<u>Economic Development</u>	<u>Transportation Planning</u>
FUNCTIONAL EXPENSES			
Salaries and wages	\$ 1,101,025	\$ 103,809	\$ 181,345
Fringe benefits	705,564	69,580	110,473
Program services	1,237,008	-	9,512
Professional services	12	-	-
Physicals / drug testing	1,737	-	-
Advertising & public relations	6,813	35	-
Office expenses	28,922	442	701
Information technology	1,318	45	1,600
Occupancy	35,488	-	-
Travel	136,648	10,217	5,340
Conferences and meetings	484	514	275
Insurance	16,950	-	1,061
Equipment and leases	8,871	-	3,345
Depreciation	74,684	8,632	1,790
Other Expenses	20,538	569	996
	<u>3,376,062</u>	<u>193,843</u>	<u>316,438</u>
Total direct functional expenses			
Indirect cost pool distribution	<u>328,991</u>	<u>39,584</u>	<u>48,502</u>
	<u>\$ 3,705,053</u>	<u>\$ 233,427</u>	<u>\$ 364,940</u>
Total functional expenses			

See accompanying notes to financial statements.

<u>Total Program</u>	<u>Management and General</u>	<u>2015 Totals</u>
\$ 1,386,179	\$ 164,456	\$ 1,550,635
885,617	89,905	975,522
1,246,520	2,938	1,249,458
12	31,165	31,177
1,737	-	1,737
6,848	101	6,949
30,065	34,397	64,462
2,963	17,351	20,314
35,488	55,423	90,911
152,205	684	152,889
1,273	-	1,273
18,011	15,504	33,515
12,216	176	12,392
85,106	253	85,359
22,103	8,592	30,695
3,886,343	420,945	4,307,288
417,077	(417,077)	-
\$ 4,303,420	\$ 3,868	\$ 4,307,288

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (83,677)	\$ (223,527)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	69,947	85,359
Change in beneficial interest	(647)	1,229
Unrealized and realized (gain) loss on investments	(2,923)	(2,986)
(Gain) loss on sale of asset	(3,930)	-
(Increase) decrease in cash from changes in:		
Accounts and other receivable	(16,444)	(11,973)
Grants receivable	88,435	337,569
Increase (decrease) in cash from changes in:		
Accounts payable	(6,766)	(77,680)
Accrued payroll and payroll expenses	5,390	(57,422)
Deferred revenue	11,323	(45,858)
	<u>60,708</u>	<u>4,711</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(44,117)	(43,208)
Proceeds on sale of asset	3,930	-
	<u>(40,187)</u>	<u>(43,208)</u>
Net cash provided by (used in) investing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	20,521	(38,497)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>832,072</u>	<u>870,569</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 852,593</u>	<u>\$ 832,072</u>

See accompanying notes to financial statements.

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of West Central Indiana Economic Development, Inc. (the “Organization”) and West Central Indiana Economic Development, LLC (the “Affiliate”). West Central Indiana Economic Development District, Inc. is the sole member of the limited liability company. The Organization has included the related expenses of the Affiliate in these consolidated financial statements. All material transactions and balances between the entities have been eliminated in these consolidated financial statements.

NATURE OF OPERATIONS

West Central Indiana Economic Development District, Inc. (the "Organization" or “Agency”) is an Indiana nonprofit corporation whose mission is to help build strong communities and improve quality of life in West Central Indiana. The Organization currently serves Clay, Parke, Putnam, Sullivan, Vermillion and Vigo Counties in Indiana.

The Organization is designated an Economic Development District by the U. S. Department of Commerce’s Economic Development Administration under Public Law 8-136. As the Area Agency on Aging under Public Law 86-73, and as Metropolitan Planning Organization for the Terre Haute Urbanized Area under 23 U.S.C. 134 and 49 U.S.C. U.S.C. 5303. It also serves as a Regional Planning Organization and in this role it works with local, state, and federal partners to provide advice, resources and technical assistance to help communities in West Central Indiana shape and attain their visions for community and economic development, sustainability and quality of life. The Organization also serves as the Lead Agency for the West Central Indiana Coalition of Covering Kids & Families of Indiana (CKF-IN) and it operates Vigo County’s rural public transportation service.

The Organization’s operations are funded through grants and contracts from federal, state and local governmental agencies, private foundations, the United Way, program fees and individual donations.

West Central Indiana Economic Development, LLC was established to administer the consumer directed private attendant aspect of the Community and Home Options to Institutional Care for the Elderly and Disabled Program (CHOICE). CHOICE clients can direct their own care and can hire their own private attendant, based on the program eligibility requirements and approval by the FSSA Division of Aging. For the years ended December 31, 2016 and 2015, \$51,609 and \$64,445 of wages were paid to private attendants, respectively.

BASIS OF ACCOUNTING

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Per the applicable standards, West Central Indiana Economic Development District, Inc. 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. A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

Unrestricted net assets represent the portion of net assets of West Central Indiana Economic Development District, Inc. that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization.

Temporarily restricted net assets represent contributions and other inflows of assets whose use by West Central Indiana Economic Development District, Inc. is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of West Central Indiana Economic Development District, Inc. pursuant to those stipulations.

Temporarily restricted net assets also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on permanently restricted net assets, which has not been appropriated by the Board of Directors.

Permanently restricted net assets represent contributions and other inflows of assets whose use by West Central Indiana Economic Development District, Inc. is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

For the years ended December 31, 2016 and 2015, the Organization had no temporarily or permanently restricted net assets.

INCOME TAX STATUS

West Central Indiana Economic Development District, Inc. is exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana Code. Consequently, the accompanying consolidated financial statements do not generally include any provision for income taxes. The Internal Revenue Service classifies the Organization as other than a private foundations under Internal Revenue Code Section 509(a), because it is an organization described in Section 509(a)(1) and 170(b)(1)(A)(vi).

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

INCOME TAX STATUS – (continued)

In addition, since the affiliated LLC is wholly owned by the Organization, there is only a single member. Per Internal Revenue Service Code, the LLC is considered to be a “disregarded entity” for tax purposes, meaning that all revenues and expense of the LLC are reported as part of the Organization’s annual tax return. No income tax return is required to be prepared for the sole-member LLC.

The Organization files the required federal and state information returns. Whenever tax returns are filed, the filing organization must evaluate the merits of its tax positions and determine if they will be ultimately sustained. Those tax positions for the Organization include maintaining their tax-exempt status and the taxability of any unrelated business income. The Organization believes these positions are sustainable. Although the Organization has not incurred any interest and penalties associated with these positions, it is their policy to expense them in the statement of activities. With few exceptions, the Organization is generally no longer subject to examination by taxing authorities for years before 2013.

CASH AND CASH EQUIVALENTS

The Organization considers time deposits, certificates of deposit, and other highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

GRANTS, CONTRIBUTIONS AND ACCOUNTS RECEIVABLE

Grants and contributions receivable consist of reimbursements due under government cost-reimbursement awards and unconditional promises to give to the Organization. All amounts are due within one year, and no allowance for uncollectibles is considered necessary. Accounts receivable consist primarily of amounts due for services rendered, and no allowance for uncollectibles is considered necessary.

REVENUE RECOGNITION

The majority of the Organization's revenue is earned under cost-reimbursement awards from governmental agencies. Revenues are recognized under such awards when costs allowable under the terms of the awards are incurred. Contract income and advances received in excess of allowable costs are reported as deferred revenue and liabilities, respectively.

The Organization reports grants and contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 activities as net assets released from restrictions. However, contributions received with donor-imposed restrictions in which the restrictions are satisfied in the same reporting received are reported as unrestricted support.

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

REVENUE RECOGNITION – (continued)

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not recognized as revenue until the conditions are substantially met.

Fees for services are recognized as revenue when the services are substantially performed. Fees received in advance of substantial performance are reported as deferred revenue.

According to generally accepted accounting principles, contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. However, management also measures the value of non-skilled contributed services that are allowable by funding sources as a program match. Management estimates the value of contributed services for non-skilled contributed services received during the years ended December 31, 2016 and 2015 that did not meet the criteria for recognition to be \$52,239 and \$100,126, respectively.

The Organization has recognized in-kind contributions of \$1,206 and \$3,456 in the accompanying consolidated financial statements during the years ended December 31, 2016 and 2015, respectively.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, if acquired, or at fair value at the date of receipt, if donated, less accumulated depreciation. Equipment with a unit cost below \$5,000 is expensed in the period acquired. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which are generally as follows:

Equipment..... 5-10 years

Substantially all of the Organization's equipment has been purchased with governmental grant or contract funds. Disposition of these assets, as well as the ownership of any sale proceeds, is subject to funding source and other regulatory directives. When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred.

The depreciation expense incurred by the Organization on corporate owned property and equipment totaled \$69,947 and \$85,359 for the years ended December 31, 2016 and 2015, respectively.

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

PROPERTY AND EQUIPMENT – (continued)

As required by the “Accounting for Impairment or Disposal of Long-Lived Assets” topic of the FASB Accounting Standards Codification, long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This standard has not materially affected the Organization’s net change in unrestricted net assets, statement of financial position or statement of cash flows.

USE OF ESTIMATES

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Significant estimates used in the accompanying consolidated financial statements include:

- Revenue earned from cost-reimbursement awards. The majority of the Organization's revenue is earned on such awards from governmental agencies that are governed by cost principles and other administrative and programmatic regulations and are subject to audit by regulatory authorities. It is at least reasonably possible that revenue earned under such awards will be adjusted upon audit.
- The valuation of contributed facilities, which is based on rents for comparable facilities.
- The allocations of costs among programs and the supporting services, which are based on time and facility usage studies and other cost allocation methods.

COST ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses.

Joint costs (including general and administrative costs) are allocated to programs, grants and contracts using a base that is most appropriate to those particular costs. Considerations in determining an appropriate base include:

- The relative benefit
- The materiality of the cost
- The amount of time and cost to perform the allocation.

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

COST ALLOCATION – (continued)

All allowable direct costs are charged directly whenever possible. The Organization’s cost allocation plan, which is periodically updated and approved by its Cognizant Agency (Economic Development Administration), is based on FTEs, square footage, and various other allocation methodologies outlined in 2 CFR 200.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The FASB Accounting Standards Codification topic “Fair Value Measurements” defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization’s principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard 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: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Investments consist of common stocks and are reported at fair market value. The stocks’ fair value is based on published market prices and is classified as Level 1 investments.

The fair value of endowment funds held by Wabash Valley Foundation are based on the Organization’s proportionate share of the foundations’ pooled investment portfolios. Management reviews the valuations and returns but does not receive a detailed listing of the portfolios. The Organization does not have the ability to redeem the funds on a short-term basis. Withdrawals are limited to the terms of the agreements with the foundations.

The endowment funds are described in Note 6 and are classified as Level 2 investments.

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 19, 2017, which is the date the consolidated financial statements were available to be issued.

NOTE 2 – BENEFICIAL INTEREST IN WABASH VALLEY COMMUNITY FOUNDATION

The Organization has established an endowment fund with the Wabash Valley Community Foundation and the Organization is the named beneficiary of the fund. The fund is reported at fair value with a balance of \$18,357 and \$17,710 for the years ended December 31, 2016 and 2015, respectively. The year-end value is determined by the Foundation based on market values of the underlying investments. The endowment fund consists of the amounts transferred to the Foundation by the Organization and the related changes in the market value. Annually, the Organization receives a distribution of a percentage of the average fund balance in the fund.

NOTE 3 – CONCENTRATION OF RISK

The Organization maintains its cash balance at one bank. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended December 31, 2016 and 2015. As of December 31, 2016 and 2015, the Organization's uninsured balance are \$618,759 and \$627,112, respectively.

All of the Organization's programs and activities occur in West Central Indiana. Consequently, its sources of support and revenue may be affected by conditions in that area. In addition, for the years ended December 31, 2016 and 2015, approximately 69% and 77% of total revenues were received from state and federal governmental sources, respectively, with approximately 68% and 72% of total federal revenues received from Indiana Family and Social Services Administration, respectively.

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents and grants and contributions receivable.

Grants and contributions receivable are due primarily from the Indiana Family and Social Services Administration, Indiana Department of Transportation, and the U.S. Department of Commerce's Economic Development Administration under contracts and cost-reimbursement grants, which represent a concentration of credit risk.

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 4 – OPERATING LEASES

West Central Indiana Economic Development District, Inc. leases building space for use in the operation of its programs. The Organization also leases a copier and a postage meter for use in the operation of its programs. Rental expense for space and equipment is \$61,107 and \$67,557 for the years ended December 31, 2016 and 2015, respectively. Future minimum lease payments on leases having non-cancelable terms beyond December 31, 2016 are as follows:

	2017	\$ 49,903
	2018	49,520
	2019	18,350
	2020	7,406
	2021	831
	Thereafter	831
	Total	\$ 126,841

NOTE 5 – RETIREMENT PLAN

The Organization maintains a tax-deferred, defined-contribution pension plan (401(k)), for employees who meet defined eligibility criteria. The Organization’s board of directors has the option to make an annual discretionary contribution to eligible employee accounts for the preceding year. For the years ended December 31, 2016 and 2015, the Organization has accrued a discretionary contribution of \$122,321 and \$117,921, respectively.

NOTE 6 – ENDOWMENT

The Organization’s endowment consists of a fund managed by a community foundation. As required by applicable standards, net assets associated with endowment funds, including those designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of UPMIFA:

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

The Organization’s beneficial interest in the endowment fund represents board-designated funds and is not subject to donor restrictions. Therefore the endowment funds are considered unrestricted net assets.

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 6 – ENDOWMENT – (continued)

Changes in endowment net assets for the year ended December 31:

	2016	2015
	<u>Unrestricted</u>	<u>Unrestricted</u>
Endowment funds, beginning of year	\$ 17,710	\$ 18,939
Net investment return	1,375	(856)
Distributions	<u>(728)</u>	<u>(373)</u>
Endowment funds, end of year	<u>\$ 18,357</u>	<u>\$ 17,710</u>

Investment Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Organization's portfolio offers pooled investments that are diversified among asset classes and investment styles as offered by the Wabash Valley Community Foundation, thus minimizing the risk of large losses over a defined investment horizon.

Return Objectives and Risk Parameters

The Organization has adopted spending and investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include board designated assets. Under this policy, the endowment assets are invested in a way to ensure the future growth of the assets is sufficient to exceed the rate of inflation and provide for distribution of earnings, net of fees. All investment decisions have been delegated to the Wabash Valley Community Foundation.

Spending Policy

The spending rate for distributable earnings will be set by the Wabash Valley Community Foundation each year. The foundation acts prudently and responsibly when deciding on a distribution that will allow for growth in the endowment fund over the course of Directors oversees the funds' assets held by the foundation, taking into account the purposes, terms and distribution requirements expressed by the governing instruments. The Board of Directors will exercise reasonable care, skill and caution in order to ensure preservation of the fund.

SINGLE AUDIT SECTION

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures	Subrecipient Pass-through
<u>U.S. DEPARTMENT OF COMMERCE</u>				
Direct Grant				
Economic Development - Support for Planning Organizations	11.302	06-83-05814	\$ 52,588	\$ -
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-Through Indiana Department of Transportation				
Highway Planning and Construction Cluster		EDS # A249-17-G160038		
Highway Planning and Construction	20.205	EDS # A249-14-321197	320,623	-
Formula Grants for Other than Urbanized Areas (Nonurbanized Area Formula Program)				
Rural Transit	20.509	EDS # A249-15-320501 EDS # A249-14-320439	154,811	-
Total for U.S. Department of Transportation			475,434	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Indiana Family and Social Services Administration				
Aging Cluster				
Special Programs for the Aging - Title III, Part A - Administration and Part B - Grants for Supportive Services and Senior Centers	93.044	EDS # A345-6-84-16-0V-1571 EDS # A345-4-84-14-0V-1571	330,939	58,644
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	EDS # A345-6-84-16-0V-1571 EDS # A345-4-84-14-0V-1571	290,540	-
Nutrition Services Incentive Program	93.053	EDS # A345-6-84-16-0V-1571 EDS # A345-4-84-14-0V-1571	73,187	-
Total for Aging Cluster			694,666	58,644

See accompanying notes to Schedule of Expenditures of Federal Awards.

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016**

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures	Subrecipient Pass-through
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
(continued)				
Medicaid Cluster		EDS # A345-7-84-17-KM-1571		
Medical Assistance Program	93.778	EDS # A345-4-84-14-0V-1571	\$ 162,501	\$ -
Special Programs for the Aging - Title VII, Chapter 2 - Long-Term Care		EDS # A345-6-84-16-0V-1571		
Ombudsman Services for Older Individuals	93.042	EDS # A345-4-84-14-0V-1571	7,900	-
Special Programs for the Aging - Title III, Part D - Disease		EDS # A345-6-84-16-0V-1571		
Prevention and Health Promotion Services	93.043	EDS # A345-4-84-14-0V-1571	13,012	-
National Family Care Support Program, Title III, Part E & III Admin.	93.052	EDS # A345-6-84-16-0V-1571 EDS # A345-4-84-14-0V-1571	87,579	-
Social Services Block Grant	93.667	EDS # A345-6-84-16-0V-1571 EDS # A345-4-84-14-0V-1571	160,999	-
			<u>1,126,657</u>	<u>58,644</u>
Pass-Through Indiana Department of Insurance Medicare Cluster				
Medicare Enrollment Assistance Program (MIPPA/LIS)	93.071	EDS # A43-13-IDOI-AREA7	<u>8,630</u>	<u>-</u>
Pass-Through Area 2 Agency on Aging Money Follows the Person	93.791	EDS # A345-7-71-17-AD-1521	<u>4,869</u>	<u>-</u>
Total for U.S. Department of Health and Human Services			<u>1,140,156</u>	<u>58,644</u>
Total Schedule of Expenditures of Federal Awards			<u>\$ 1,668,178</u>	<u>\$ 58,644</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of West Central Indiana Economic Development District, Inc. and is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 – Indirect Cost Rate

West Central Indiana Economic Development District, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section II – Financial Statement Findings

No financial statement findings noted for the year ended December 31, 2015.

Section III – Federal Award Findings and Questioned Costs

No federal award or questioned costs noted for the year ended December 31, 2015.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
West Central Indiana Economic Development District, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West Central Indiana Economic Development District, Inc. and Affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2016, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 19, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Central Indiana Economic Development District, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Central Indiana Economic Development District, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Central Indiana Economic Development District, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
May 19, 2017



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE*

To the Board of Directors
West Central Indiana Economic Development District, Inc.

Report on Compliance for Each Major Federal Program

We have audited West Central Indiana Economic Development District, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of West Central Indiana Economic Development District, Inc.'s major federal programs for the year ended December 31, 2016. West Central Indiana Economic Development District, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of West Central Indiana Economic Development District, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Central Indiana Economic Development District, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of West Central Indiana Economic Development District, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, West Central Indiana Economic Development District, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control over Compliance

Management of West Central Indiana Economic Development District, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered West Central Indiana Economic Development District, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Central Indiana Economic Development District, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
May 19, 2017

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Type of auditor’s report issued: Unmodified

Any audit findings disclosed required to be reported in
Accordance with 2 CFR section 200.516(a) Yes No

Program tested as major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.044, 93.045, 93.053	U.S. Department of Health and Human Services, Aging Cluster

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? Yes No

**WEST CENTRAL INDIANA ECONOMIC DEVELOPMENT DISTRICT, INC.
AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

Section II – Financial Statement Findings

No financial statement finding noted for the year ended December 31, 2016.

Section III – Federal Award Findings and Questioned Costs

No federal award findings or questioned costs noted for the year ended December 31, 2016.