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June 8, 2018

Board of Directors
Noble County Economic Development Corporation
110 S. Orange Street
Albion, IN 46701

We have reviewed the report prepared by Noble County Economic Development Corporation and opined upon by Baden, Gage & Schroeder, LLC, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Noble County Economic Development Corporation as of December 31, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Baden, Gage & Schroeder, 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.

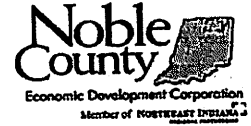
Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

Financial Statements

**Noble County Economic
Development Corporation**

December 31, 2016 and 2015

**NOBLE COUNTY ECONOMIC DEVELOPMENT
CORPORATION**



**Financial Statements
December 31, 2016 and 2015**

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Independent Auditors' Report

Board of Directors
Noble County Economic Development Corporation
Albion, Indiana

We have audited the accompanying financial statements of Noble County Economic Development Corporation (a non profit organization), which comprise the statements of assets, liabilities and net assets - modified cash basis as of December 31, 2016 and 2015, and the related statements of revenues, expenses and changes in net assets - modified cash basis and functional expenses - modified cash basis 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Basis of Accounting

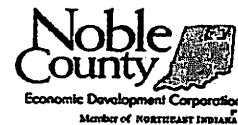
We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion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

Baden, Gage & Schroeder, LLC

BADEN, GAGE & SCHROEDER, LLC

Kendallville, Indiana
May 24, 2017

**NOBLE COUNTY ECONOMIC DEVELOPMENT
CORPORATION**

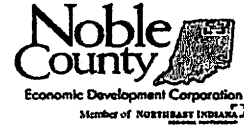


**Statements of Assets, Liabilities and Net Assets - Modified Cash Basis
December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 293,138	\$ 284,201
Certificates of deposit	1,413,973	1,210,933
Deposits	100	100
Property and equipment, net of accumulated depreciation	23,426	27,571
Other assets	<u>100</u>	<u>250</u>
TOTAL ASSETS	<u>\$ 1,730,737</u>	<u>\$ 1,523,055</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Payroll tax withholdings	\$ 3,962	\$ 3,937
NET ASSETS		
Unrestricted	393,152	441,425
Temporarily restricted	<u>1,333,623</u>	<u>1,077,693</u>
Total Net Assets	<u>1,726,775</u>	<u>1,519,118</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,730,737</u>	<u>\$ 1,523,055</u>

See Notes to Financial Statements.

**NOBLE COUNTY ECONOMIC DEVELOPMENT
CORPORATION**



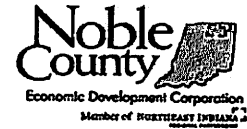
**Statement of Revenues, Expenses and Changes in Net Assets - Modified
Cash Basis**

Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Government contributions	\$ 121,500	\$ 255,000	\$ 376,500
Public contributions	38,964	15,150	54,114
In-kind contributions	21,720	-	21,720
Interest income	3,600	-	3,600
Net assets released from restrictions	<u>14,220</u>	<u>(14,220)</u>	<u>-</u>
Total Revenue and Support	200,004	255,930	455,934
EXPENSES			
Program expenses	194,116	-	194,116
General and administrative	<u>54,161</u>	<u>-</u>	<u>54,161</u>
Total Expenses	<u>248,277</u>	<u>-</u>	<u>248,277</u>
CHANGE IN NET ASSETS	(48,273)	255,930	207,657
NET ASSETS, BEGINNING OF YEAR	<u>441,425</u>	<u>1,077,693</u>	<u>1,519,118</u>
NET ASSETS, END OF YEAR	<u><u>\$ 393,152</u></u>	<u><u>\$ 1,333,623</u></u>	<u><u>\$ 1,726,775</u></u>

See Notes to Financial Statements.

**NOBLE COUNTY ECONOMIC DEVELOPMENT
CORPORATION**



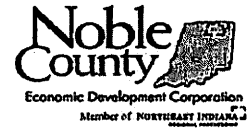
**Statement of Revenues, Expenses and Changes in Net Assets - Modified
Cash Basis**

Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Government contributions	\$ 139,307	\$ 212,318	\$ 351,625
Public contributions	80,838	-	80,838
In-kind contributions	21,720	-	21,720
Interest income	2,006	-	2,006
Net assets released from restrictions	<u>58,000</u>	<u>(58,000)</u>	<u>-</u>
Total Revenue and Support	301,871	154,318	456,189
EXPENSES			
Program expenses	245,863	-	245,863
General and administrative	<u>49,775</u>	<u>-</u>	<u>49,775</u>
Total Expenses	<u>295,638</u>	<u>-</u>	<u>295,638</u>
CHANGE IN NET ASSETS	6,233	154,318	160,551
NET ASSETS, BEGINNING OF YEAR	<u>435,192</u>	<u>923,375</u>	<u>1,358,567</u>
NET ASSETS, END OF YEAR	<u>\$ 441,425</u>	<u>\$ 1,077,693</u>	<u>\$ 1,519,118</u>

See Notes to Financial Statements.

**NOBLE COUNTY ECONOMIC DEVELOPMENT
CORPORATION**

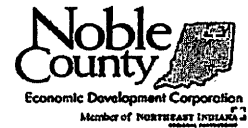


**Statement of Functional Expenses - Modified Cash Basis
Year Ended December 31, 2016**

	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Salaries and wages	\$ 101,609	\$ 25,989	\$ 127,598
Payroll taxes and benefits	22,177	5,683	27,860
Advertising (\$600 in-kind)	22,091	-	22,091
Automobile expense and mileage	3,891	973	4,864
Conferences and training	-	2,585	2,585
Depreciation	4,446	1,140	5,586
Dues and subscriptions	-	2,467	2,467
Insurance	953	244	1,197
Meals and entertainment	487	122	609
Miscellaneous	555	555	1,110
Postage and shipping	78	19	97
Professional fees	-	8,022	8,022
Project expense	13,000	-	13,000
Rent expense (in-kind)	16,812	4,308	21,120
Repairs and maintenance	1,062	272	1,334
Supplies	1,949	499	2,448
Telephone	1,988	510	2,498
Trash removal	220	56	276
Utilities	<u>2,798</u>	<u>717</u>	<u>3,515</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 194,116</u>	<u>\$ 54,161</u>	<u>\$ 248,277</u>

See Notes to Financial Statements.

**NOBLE COUNTY ECONOMIC DEVELOPMENT
CORPORATION**

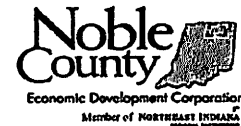


**Statement of Functional Expenses - Modified Cash Basis
Year Ended December 31, 2015**

	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Salaries and wages	\$ 93,704	\$ 24,932	\$ 118,636
Payroll taxes and benefits	22,435	4,984	27,419
Advertising (\$600 in-kind)	35,170	-	35,170
Automobile expense and mileage	5,448	1,362	6,810
Conferences and training	-	2,271	2,271
Depreciation	3,938	1,047	4,985
Dues and subscriptions	-	765	765
Insurance	941	250	1,191
Meals and entertainment	664	-	664
Miscellaneous	493	494	987
Postage and shipping	111	28	139
Professional fees	-	7,007	7,007
Project expense	58,000	-	58,000
Rent expense (in-kind)	16,685	4,435	21,120
Repairs and maintenance	407	108	515
Supplies	2,725	724	3,449
Telephone	1,935	515	2,450
Trash removal	218	58	276
Utilities	<u>2,989</u>	<u>795</u>	<u>3,784</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 245,863</u>	<u>\$ 49,775</u>	<u>\$ 295,638</u>

See Notes to Financial Statements.

NOBLE COUNTY ECONOMIC DEVELOPMENT CORPORATION



Notes to Financial Statements
December 31, 2016 and 2015

Note 1. Summary of Significant Accounting Policies

Nature of Business:

Noble County Economic Development Corporation (the Organization) is a not-for-profit organization formed to aid communities in Noble County in attracting new industry and assist existing industry in expansion - all for the purpose of creating jobs for the citizens of Noble County. The Organization was formed to address a decrease in the availability of jobs in the area by creating new jobs and fostering cooperation among communities in the county to reach that goal. Significant revenue is provided by a local government grant of \$200,000 per year restricted for use on current projects.

Method of Accounting:

The Organization prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, receipts are recognized when collected rather than when earned, and expenditures are recognized when paid rather than when incurred.

Contributions are generally available for unrestricted use in the year received unless specifically restricted by the donor. Grants and other contributions of cash and other assets are reported as temporarily 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 statement of revenues, expenses and changes in net assets - modified cash basis as net assets released from restrictions. However, donor restricted support whose restrictions are met in the same reporting period in which the support is received is reported as unrestricted support.

Functional Allocation of Expenses:

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of revenues, expenses and changes in net assets - modified cash basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

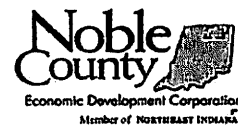
Use of Estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash equivalents:

The Organization considers all short-term certificates of deposit with an original maturity of three months or less to be cash equivalents.

NOBLE COUNTY ECONOMIC DEVELOPMENT CORPORATION



Notes to Financial Statements (Continued)
December 31, 2016 and 2015

Note 1. Summary of Significant Accounting Policies (Continued)

Certificates of Deposit

Certificates of deposit bear interest ranging from 0.01% through 1.09% at December 31, 2016, and have maturities ranging from 6 months to 24 months.

Property and Equipment:

Property and equipment is stated at cost if purchased and at fair value if contributed, and expenditures for improvements, if material, are generally capitalized. Normal repairs and maintenance are expensed. The cost of assets retired, or otherwise disposed of, and the related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in the statement of revenues, expenses and changes in net assets - modified cash basis.

Depreciation is computed on the straight-line method over the estimated useful lives of the individual assets or over the life of the lease for leasehold improvements. Depreciation on property and equipment amounted to \$5,586 in 2016 and \$4,985 in 2015.

Advertising Costs:

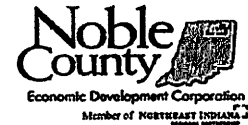
Advertising costs are charged to operations when paid and are included in total expenses. The amount charged for advertising expense was \$22,091 and \$35,170 in 2016 and 2015, respectively, of which \$19,424 in each year is for membership in the Northeast Indiana Regional Partnership. The Partnership is an eleven-county team that promotes the participating counties regionally, nationally and globally.

Income Taxes:

The Organization is exempt from income taxes under the provisions of Section 501(c)(6) of the Internal Revenue Code.

The accounting standard that provides guidance on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, Noble County Economic Development Corporation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of Noble County Economic Development Corporation and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2016 and 2015.

NOBLE COUNTY ECONOMIC DEVELOPMENT CORPORATION



Notes to Financial Statements (Continued)
December 31, 2016 and 2015

Note 1. Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk:

The Organization maintains cash balances in multiple financial institutions. The FDIC insures the balances up to \$250,000 at each institution. Account balances may exceed the insured limit from time to time.

Recently Issued Accounting Standards

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statement of Not-for-Profit Entities. The standard will replace the existing three classes of net assets with two classes; net assets with donor restrictions (combination of temporarily and permanently restricted net assets) and net assets without donor restrictions. The standard will also give the Organization the option of presenting the statement of cash flows using the direct method, without presenting the indirect method reconciliation, and require all not-for-profits to present operating expenses by both nature and function. Additional requirements will include improved disclosures related to board-designated net assets, under-water endowments, cost allocation methods, management and general activities and quantitative and qualitative disclosures related to liquidity. This standard is effective for fiscal years beginning after December 15, 2017. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

Subsequent Events:

Management of the Organization has evaluated events and transactions for possible recognition or disclosure through May 24, 2017, the date the financial statements were available to be issued.

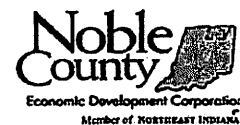
Reclassifications:

Certain prior year amounts have been reclassified to conform to the current year's presentation.

Note 2. Beneficial Interest in Assets Held by Noble County Community Foundation, Inc.

The Noble County Community Foundation (the Foundation) has \$75,961 as of December 31, 2016 (\$21,043 in 2015) invested for the benefit of the Organization; however, the Foundation's board of directors has variance power. Variance power means the Foundation's board has the power to change a restriction or condition on the distribution of funds for a specified charitable purpose or organization if the restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community. Therefore, these assets are not recorded on the statements of assets, liabilities and net assets - modified cash basis.

**NOBLE COUNTY ECONOMIC DEVELOPMENT
CORPORATION**



Notes to Financial Statements (Continued)
December 31, 2016 and 2015

Note 3. Property and Equipment

A summary of property and equipment along with the related accumulated depreciation is presented below:

	<u>Estimated Useful Life</u>	<u>2016</u>	<u>2015</u>
Leasehold improvements	6.6 - 8.5 years	\$ 20,610	\$ 20,610
Office equipment	5 - 7 years	<u>22,643</u>	<u>22,077</u>
		43,253	42,687
Less: Accumulated depreciation		<u>19,827</u>	<u>15,116</u>
		<u>\$ 23,426</u>	<u>\$ 27,571</u>

Note 4. Temporarily Restricted Net Assets

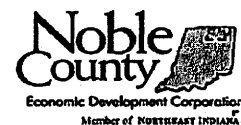
Temporarily restricted net assets at December 31, 2016 and 2015, consisted of:

	<u>2016</u>	<u>2015</u>
Specified projects (purpose restriction)	\$ 1,252,375	\$ 1,065,375
Wage/benefit survey (purpose restriction)	-	490
Annual meeting (purpose restriction)	-	60
Golf outing (purpose restriction)	1,268	1,268
Worker training (purpose restriction)	64,830	10,500
Website/video (purpose restriction)	<u>15,150</u>	<u>-</u>
	<u>\$ 1,333,623</u>	<u>\$ 1,077,693</u>

Net assets were released by satisfying donor's restrictions as follows:

	<u>2016</u>	<u>2015</u>
Specified projects	\$ 13,000	\$ 58,000
Wage/benefit survey	490	-
Annual meeting	60	-
Worker training	<u>670</u>	<u>-</u>
	<u>\$ 14,220</u>	<u>\$ 58,000</u>

NOBLE COUNTY ECONOMIC DEVELOPMENT CORPORATION



Notes to Financial Statements (Continued) December 31, 2016 and 2015

Note 5. Local Revenue

Local revenue received during the years ended December 31, 2016 and 2015, was as follows:

	<u>2016</u>	<u>2015</u>
Noble County CEDIT funds for use on projects	\$ 200,000	\$ 200,000
Noble County CEDIT funds for operations and Regional Partnership membership	120,000	120,000
Town of Rome City for operations	1,000	1,000
Town of Cromwell for operations	1,000	1,000
City of Ligonier for operations	10,000	10,000
Town of Avilla for operations	-	10,000
Town of Cromwell for community video/website	-	75
Town of Avilla for community video/website	-	275
City of Ligonier for community video/website	-	500
Noble County for community video/website	-	3,000
Town of Albion for community video/website	-	275
Town of Avilla for worker training	2,500	2,500
Town of Albion for worker training	-	2,500
Town of Cromwell for worker training	-	500
Noble County CEDIT funds for worker training	28,000	-
City of Kendallville for worker training	10,500	-
Town of Rome City for worker training	1,000	-
City of Ligonier for worker training	<u>2,500</u>	<u>-</u>
	<u>\$ 376,500</u>	<u>\$ 351,625</u>

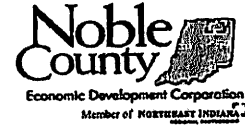
Note 6. Retirement Plan

Eligible employees of the Organization may participate in a SIMPLE IRA sponsored by the Organization. The Organization provides a match of up to 3% of eligible compensation. The amounts contributed and charged to expense during the years ended December 31, 2016 and 2015 totaled \$3,458 and \$2,922, respectively.

Note 7. Building Lease

The Organization receives the use of office space for its main facilities through an in-kind contribution from the Town of Albion. The lease agreement ends on June 30, 2022. The donor values the contribution for use of the building at \$1,760 per month. The Organization pays the cost of all utilities, repairs and maintenance for the building.

**NOBLE COUNTY ECONOMIC DEVELOPMENT
CORPORATION**



Notes to Financial Statements (Continued)
December 31, 2016 and 2015

Note 8. Commitments

The Organization has committed to provide funding for projects in the future as follows, as of December 31, 2016:

2017	\$ <u>33,000</u>
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