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May 23, 2019

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

We have reviewed the audit report of Randolph County Community & Economic Development Foundation, Inc. which was opined upon by Whiting & Company LLC, Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. 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, 2017 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 the audit reports in accordance with 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, 2017 AND 2016

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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 non-profit organization), which comprise the statement of financial position as of December 31, 2017 and 2016, 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.  
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### **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, 2017 and 2016, 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 5, 2018

## **FINANCIAL STATEMENTS**

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

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016

<b>ASSETS</b>	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 708,613	\$ 750,980
Current portion of receivables	19,513	19,513
Prepaid rent	<u>1,250</u>	<u>1,250</u>
	<u>\$ 729,376</u>	<u>\$ 771,743</u>
<b>NONCURRENT ASSETS</b>		
Other receivables	\$ 70,326	\$ 69,701
Property held for sale or development	140,321	140,321
Furniture and equipment	91,806	54,366
Less accumulated depreciation	<u>(37,311)</u>	<u>(27,971)</u>
	<u>\$ 265,142</u>	<u>\$ 236,417</u>
Total Assets	<u><u>\$ 994,518</u></u>	<u><u>\$ 1,008,160</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Payroll withholdings	<u>\$ 4,805</u>	<u>\$ 6,974</u>
Total Current Liabilities	<u>\$ 4,805</u>	<u>\$ 6,974</u>
<b>NET ASSETS</b>		
Unrestricted	\$ 725,837	\$ 735,604
Temporarily restricted	<u>263,876</u>	<u>265,582</u>
	<u>\$ 989,713</u>	<u>\$ 1,001,186</u>
Total Liabilities and Net Assets	<u><u>\$ 994,518</u></u>	<u><u>\$ 1,008,160</u></u>

See accompanying Notes to Financial Statements.

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

STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017		
	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Grants - county	\$ 298,000		\$ 298,000
Grants - Visitors Bureau	54,158		54,158
Interest income	80	\$ 2,758	2,838
Lease income	8,714		8,714
Other income	3,000		3,000
	<u>363,952</u>	<u>2,758</u>	<u>366,710</u>
Total Support and Revenue	\$ 363,952	\$ 2,758	\$ 366,710
Released from restrictions	4,464	(4,464)	
	<u>368,416</u>	<u>(1,706)</u>	<u>366,710</u>
	\$ 368,416	\$ (1,706)	\$ 366,710
<b>EXPENSES</b>			
Salary and benefit expense	\$ 192,663		\$ 192,663
Payroll taxes	19,932		19,932
Visitors Bureau expense	11,506		11,506
Insurance expense	4,176		4,176
Rent and occupancy costs	18,082		18,082
Office and related expenses	8,452		8,452
Repairs and maintenance	4,224		4,224
Seminars, conferences, and meetings	1,823		1,823
Advertising and marketing	17,716		17,716
Professional fees	7,093		7,093
Travel	14,102		14,102
Dues, licenses, and subscriptions	10,490		10,490
Miscellaneous	14,011		14,011
Computer expenses	14,000		14,000
Special projects	30,573		30,573
Depreciation expense	9,340		9,340
	<u>378,183</u>	<u>-</u>	<u>378,183</u>
Total Expenses	\$ 378,183	\$ -	\$ 378,183
<b>CHANGE IN NET ASSETS</b>	\$ (9,767)	\$ (1,706)	\$ (11,473)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>735,604</u>	<u>265,582</u>	<u>1,001,186</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 725,837</u>	<u>\$ 263,876</u>	<u>\$ 989,713</u>

See accompanying Notes to Financial Statements.

2016		
Unrestricted	Temporarily Restricted	Total
\$ 298,000		\$ 298,000
46,845		46,845
87	\$ 2,074	2,161
9,473		9,473
11,550		11,550
<u>\$ 365,955</u>	<u>\$ 2,074</u>	<u>\$ 368,029</u>
6,850	(6,850)	
<u>\$ 372,805</u>	<u>\$ (4,776)</u>	<u>\$ 368,029</u>
\$ 191,664		\$ 191,664
13,156		13,156
7,073		7,073
3,594		3,594
18,408		18,408
7,875		7,875
2,245		2,245
1,265		1,265
25,754		25,754
22,562		22,562
20,383		20,383
11,629		11,629
7,546		7,546
1,200		1,200
2,063		2,063
5,813		5,813
<u>\$ 342,230</u>	<u>\$ -</u>	<u>\$ 342,230</u>
\$ 30,575	\$ (4,776)	\$ 25,799
<u>705,029</u>	<u>270,358</u>	<u>975,387</u>
<u>\$ 735,604</u>	<u>\$ 265,582</u>	<u>\$ 1,001,186</u>

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

STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grants	\$ 352,158	\$ 344,845
Cash paid to suppliers and employees	(371,012)	(333,639)
Interest income	2,838	2,161
Other income	11,714	21,023
	<u>\$ (4,302)</u>	<u>\$ 34,390</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture and fixtures	\$ (37,440)	\$ (2,032)
Grant of other receivable	(20,000)	(50,000)
Repayment of other receivable	19,375	12,174
	<u>\$ (38,065)</u>	<u>\$ (39,858)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	\$ (42,367)	\$ (5,468)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>750,980</u>	<u>756,448</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 708,613</u>	<u>\$ 750,980</u>

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

<b>CHANGE IN NET ASSETS</b>	\$ (11,473)	\$ 25,799
<b>ADJUSTMENT TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Depreciation	9,340	5,813
Increase (decrease) in payroll withholdings	(2,169)	2,778
	<u>\$ (4,302)</u>	<u>\$ 34,390</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ (4,302)</u>	<u>\$ 34,390</u>

**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 2017 and 2016 is \$9,340 and \$5,813, 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 \$17,716 and \$25,754 for the years ended December 31, 2017 and 2016, 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 2015, 2016, and 2017, 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 for the years ended December 31, 2017 and 2016, respectively.

<u>Year Ending December 31,</u>	<u>Amounts</u>
2018	<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.

Description	2017 Amounts	2016 Amounts
Cash balance-EDA	\$ 22,460	\$ 10,334
Cash balance-USDA	24,771	39,226
Cash balance-Sequestered	126,805	126,808
Loan balance-EDA	64,106	78,210
Loan balance-USDA	25,734	11,004
	<u>\$ 263,876</u>	<u>\$ 265,582</u>

**4. GRANTS – GOVERNMENT AGENCIES**

The Organization receives funding from the Randolph County Commissioners. Income received for the years ended December 31, 2017 and 2016, was \$298,000, 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 4.00%. Maturity dates range from March 2018 through December 2024. Interest is calculated on the outstanding note balance using the contract interest rate and is recorded when payment is made. At December 31, 2017, 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 is as follows:

Year Ending December 31,	Amounts
2018	\$ 20,026
2019	19,882
2020	17,870
2021	16,264
2022	9,502
Thereafter	6,295
	<u>\$ 89,839</u>

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

NOTES TO FINANCIAL STATEMENTS

**6. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 5 2018, 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, 2017 and 2016, was \$1,055 and \$1,055, 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, 2017, uninsured cash balances are \$350,651.