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November 25, 2019

Board of Directors
Hamilton County Economic Development Corporation
37 E Main Street
Carmel, IN 46032

We have reviewed the audit report of Hamilton County Economic Development Corporation which was opined upon by CliftonLarsonAllen LLP, 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 Hamilton County Economic Development Corporation 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, CliftonLarsonAllen LLP prepared the audit report 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

**HAMILTON COUNTY ECONOMIC
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

**HAMILTON COUNTY ECONOMIC
DEVELOPMENT CORPORATION
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YEARS ENDED DECEMBER 31, 2017 AND 2016**

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CliftonLarsonAllen

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hamilton County Economic Development Corporation
Hamilton County, Indiana

We have audited the accompanying financial statements of the Hamilton County Economic Development Corporation (the Corporation), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related 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 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.

Auditors' 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 auditors' 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 Corporation'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 Corporation'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
Hamilton County Economic Development Corporation

Opinion

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
July 10, 2018

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

ASSETS	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 410,506	\$ 302,820
Investments	273,357	233,160
Accounts receivable	77,950	155,830
Prepaid expense	12,182	12,898
Total current assets	773,995	704,708
PROPERTY AND EQUIPMENT		
Office equipment	26,951	26,951
Less accumulated depreciation	(20,816)	(16,409)
Office equipment, net	6,135	10,542
Total assets	\$ 780,130	\$ 715,250
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 8,342	\$ 16,921
Total current liabilities	8,342	16,921
NET ASSETS		
Unrestricted	731,788	658,329
Temporarily restricted	40,000	40,000
Total net assets	771,788	698,329
Total liabilities and net assets	\$ 780,130	\$ 715,250

See accompanying Notes to Financial Statements.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND PUBLIC SUPPORT						
Private sector support						
Corporate membership contributions	\$ 37,500	\$ -	\$ 37,500	\$ 42,500	\$ -	\$ 42,500
County Economic Development Service Fund revenues	122,700	-	122,700	119,410	-	119,410
Total private sector support	160,200	-	160,200	161,910	-	161,910
Public sector membership support	323,540	-	323,540	477,937	-	477,937
Dividend income	3,155	-	3,155	2,703	-	2,703
Realized and unrealized gains on investments	38,787	-	38,787	16,895	-	16,895
Miscellaneous	-	-	-	18,204	-	18,204
Total revenues, gains, and public support	525,682	-	525,682	677,649	-	677,649
EXPENSES						
Salaries and wages	248,854	-	248,854	250,769	-	250,769
Payroll taxes	14,418	-	14,418	15,302	-	15,302
Employee benefits	36,231	-	36,231	37,412	-	37,412
Occupancy	27,710	-	27,710	27,119	-	27,119
Marketing	8,629	-	8,629	24,554	-	24,554
Local and metropolitan cooperation	2,583	-	2,583	4,855	-	4,855
Printing and publications	561	-	561	1,656	-	1,656
Market research	27,000	-	27,000	66	-	66
Prospect management	51,534	-	51,534	123,329	-	123,329
Repairs and maintenance	891	-	891	758	-	758
Telephone	353	-	353	342	-	342
Legal and accounting	15,497	-	15,497	19,730	-	19,730
Professional education	4,698	-	4,698	4,379	-	4,379
Office supplies	257	-	257	366	-	366
Postage	74	-	74	38	-	38
Computer training and software	3,466	-	3,466	6,196	-	6,196
Investment management fees	1,744	-	1,744	1,536	-	1,536
Insurance	3,194	-	3,194	3,639	-	3,639
Depreciation	4,407	-	4,407	5,791	-	5,791
Miscellaneous	122	-	122	1,717	-	1,717
Total expenses	452,223	-	452,223	529,554	-	529,554
CHANGES IN NET ASSETS	73,459	-	73,459	148,095	-	148,095
Net Assets - Beginning of Year	658,329	40,000	698,329	510,234	40,000	550,234
NET ASSETS - END OF YEAR	\$ 731,788	\$ 40,000	\$ 771,788	\$ 658,329	\$ 40,000	\$ 698,329

See accompanying Notes to Financial Statements.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017**

EXPENSES	Program Services	General and Administrative	Fundraising	Total Expenses
Salaries and wages	\$ 199,083	\$ 12,443	\$ 37,328	\$ 248,854
Payroll taxes	11,534	721	2,163	14,418
Employee benefits	28,984	1,812	5,435	36,231
Occupancy	22,167	1,386	4,157	27,710
Marketing	8,629	-	-	8,629
Local and metropolitan cooperation	2,583	-	-	2,583
Printing and publications	561	-	-	561
Market research	27,000	-	-	27,000
Prospect management	51,534	-	-	51,534
Repairs and maintenance	712	45	134	891
Telephone	282	18	53	353
Legal and accounting	12,397	775	2,325	15,497
Professional education	4,698	-	-	4,698
Office supplies	205	13	39	257
Postage	59	4	11	74
Computer training and software	2,773	173	520	3,466
Investment management fees	1,395	87	262	1,744
Insurance	2,555	160	479	3,194
Depreciation	3,526	220	661	4,407
Miscellaneous	98	6	18	122
Total Expenses	\$ 380,775	\$ 17,863	\$ 53,585	\$ 452,223

See accompanying Notes to Financial Statements.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016**

EXPENSES	Program Services	General and Administrative	Fundraising	Total Expenses
Salaries and wages	\$ 200,616	\$ 12,538	\$ 37,615	\$ 250,769
Payroll taxes	12,242	765	2,295	15,302
Employee benefits	29,929	1,871	5,612	37,412
Occupancy	21,695	1,356	4,068	27,119
Marketing	24,554	-	-	24,554
Local and metropolitan cooperation	4,855	-	-	4,855
Printing and publications	1,656	-	-	1,656
Market research	66	-	-	66
Prospect management	123,329	-	-	123,329
Repairs and maintenance	606	38	114	758
Telephone	274	17	51	342
Legal and accounting	15,783	987	2,960	19,730
Professional education	4,379	-	-	4,379
Office supplies	293	18	55	366
Postage	30	2	6	38
Computer training and software	4,957	310	929	6,196
Investment management fees	1,229	77	230	1,536
Insurance	2,911	182	546	3,639
Depreciation	4,632	290	869	5,791
Miscellaneous	1,373	86	258	1,717
Total Expenses	\$ 455,409	\$ 18,537	\$ 55,608	\$ 529,554

See accompanying Notes to Financial Statements.

HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 73,459	\$ 148,095
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,407	5,791
Reinvested dividend income on investments	(3,155)	(2,703)
Realized gain on investments	(7,955)	(13,491)
Unrealized gain on investments	(30,832)	(3,404)
Effects of changes in operating assets and liabilities:		
Accounts receivable	77,880	(69,860)
Prepaid expense	716	4,102
Accounts payable and accrued expenses	(8,579)	6,815
Net cash provided by operating activities	105,941	75,345
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,745	1,534
Net cash provided by investing activities	1,745	1,534
 NET INCREASE IN CASH AND CASH EQUIVALENTS	107,686	76,879
Cash and Cash Equivalents - Beginning of Year	302,820	225,941
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 410,506	\$ 302,820

See accompanying Notes to Financial Statements.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Hamilton County Economic Development Corporation (the Corporation) is an Indiana not-for-profit corporation organized in May 1992. The majority of the Corporation's revenues are derived from public and private membership support.

Description of Economic Development Program

The Corporation works in concert with local governments and the private sector to enhance the quality of life in Hamilton County, Indiana by attracting, retaining, and creating suitable business investments to provide quality jobs and to broaden the tax base.

The Corporation runs the Hamilton County Business Intelligence Center which provides partner communities with quality information through research and the center's data library that focuses on workforce, real estate, and demographic information of Hamilton County.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, gains and public support, expenses, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

Expenses have been classified as program services, general and administrative, and fundraising in the statements of functional expenses. Indirect costs have been allocated based on estimates of time and usage of personnel and programs, where applicable.

Cash and Cash Equivalents

The Corporation considers all liquid investments with an initial maturity of three months or less to be cash equivalents. Cash equivalents consist of demand deposits and money market accounts maintained in banks.

Investments

Investments are reported at their fair value, as discussed in Note 3, in the statements of financial position. Unrealized and realized gains and losses are included in the statements of activities and changes in net assets.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable consists of charges to its three membership classes for services delivered. Accounts receivable are stated at the amount management expects to collect from outstanding balances based on the membership contracts. The Corporation generally follows a policy of writing off contributions and membership pledges for accounts receivable balances in excess of 120 days old.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is provided by the straight-line method in amounts adequate to amortize the cost of the respective assets over their 3 to 7 year estimated useful lives. The Corporation capitalizes any asset with a useful life greater than 3 years.

Net Assets

Net assets are classified into one of three classes of net assets based on the absence or existence of donor-imposed restrictions. A description of each class follows:

Unrestricted

Unrestricted net assets are not subject to donor-imposed stipulations. Any purpose restricted grants or contributions received and spent during the same period are recorded as unrestricted.

Temporarily Restricted

Temporarily restricted net assets are subject to donor-imposed stipulations that can be fulfilled by actions of the Corporation pursuant to those stipulations or that expire by the passage of time. Unconditional promises to give that are due in future periods and are not permanently restricted are classified as temporarily restricted net assets. The Corporation had temporarily restricted net assets of \$40,000 at December 31, 2017 as described in Note 8.

Permanently Restricted

Permanently restricted net assets are subject to donor-imposed stipulations that they may be maintained permanently by the Corporation. The Corporation had no permanently restricted net assets at December 31, 2017 and 2016.

Revenue Recognition

Revenue is recorded in the period earned. Membership dues are recorded in the period earned ratably over the course of the membership agreement depending on the Membership Class pledged. Additionally, the Corporation occasionally receives grants or other contributions related to specific projects. These project based revenues are recognized when the projects are complete.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Corporation maintains three different member classes. Any entity which desires to further the purpose of the Corporation and to participate in its activities may become a member based on the following annual investment (i.e., membership pledge revenue):

- Class 1 Advisor – Any public or private sector entity may become an Advisor upon a minimum investment of \$5,000 or more as determined by the Executive Committee from time to time; provided, however: (a) in recognition of the contribution of homebuilders to the efforts of the Corporation by way of the payment of plat fees, the Builders Association of Greater Indianapolis shall be an Advisor and shall not be required to pay the minimum investment; and (b), the Executive Committee shall set the minimum investment required for Hamilton County, cities and towns to become Advisors using a methodology that calculates the minimum investment by taking a designated dollar amount multiplied by the population of the respective government unit.
- Class 2 Investor – Any public or private sector entity may become an Investor upon a minimum investment of \$2,500 or more as determined by the Executive Committee.
- Class 3 Supporter – Any public or private sector entity may become a Supporter upon a minimum investment of \$1,000 or more as determined by the Executive Committee.

Members in each of the classes may designate individuals to serve on the board of directors based on criteria established by the Corporation's by-laws and the board of directors. This revenue is categorized as Private and Public Sector Corporate Membership on the statement of activities and changes in net assets.

Donated Services and Assets

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The expense of assets donated by the Corporation are recognized if the assets had remaining economic value to the receiving party and unamortized cost at the time of disposition. For the years ended December 31, 2017 and 2016, there were no donated services or assets.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Corporation files income tax returns in the United States. Filings in the United States are with the federal jurisdiction and one state jurisdiction. The Corporation is exempt from federal income taxes under Section 501(c)(4) of the U.S. Internal Revenue Code and from state income taxes under the Indiana Not-For-Profit Act of 1971.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Corporation and recognize a tax liability (or asset) if the Corporation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the Corporation, and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The U.S. federal and state income tax returns of the Corporation are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Subsequent Events

Management evaluated subsequent events through July 10, 2018, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2017, but prior to July 10, 2018, that provided additional evidence about conditions that existed at December 31, 2017, have been recognized in the financial statements for the year ended December 31, 2017.

New Accounting Standards

Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued amended guidance regarding the presentation of financial statements of not-for-profit entities to improve the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The guidance requires information regarding liquidity and the financial assets available to satisfy near-term demands for cash, requires inclusion of a statement of functional expenses, and alters the net asset classifications. The guidance also requires both qualitative and quantitative disclosures regarding the types of costs that can be allocated and management and general activities. The guidance will initially be applied using a retrospective approach. The standard will be effective for the entity for annual periods beginning after December 15, 2018, and early adoption is permitted and encouraged. Management is evaluating the impact of the amended financial statement presentation guidance on the entity's financial statements.

HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Contracts with Customers

In May 2014, the (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the entity for annual periods beginning after December 15, 2018. Early adoption is permitted beginning for periods beginning after December 15, 2016. Management is evaluating the impact of the amended revenue recognition guidance on the entity's financial statements.

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the entity's financial statements.

NOTE 2 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, *Fair Value Measurements* provides a comprehensive framework for measuring fair value and expands disclosures which are required about fair value measurements. Specifically, ASC 820 sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs. ASC 820 defines levels within the hierarchy as follows:

Level 1 — Unadjusted quoted prices for identical assets and liabilities in active markets;

Level 2 — Quoted prices for similar assets and liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and,

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

As of December 31, 2017 and 2016, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investment securities. Securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy and are reported as current assets in the accompanying statements of financial position.

Following is a description of the nature and risks of the categories of assets by major security type:

Growth Funds: Growth funds seek to maximize the value of savings over time by investing in the stocks of companies that have a strong potential for providing above-average earnings growth.

Value Funds: Value funds seek to increase the value of savings over time by investment in undervalued or attractively priced stocks of well-established companies.

Blended Funds: Blended funds seek to increase the value of savings over time by investing in a combination of stocks of companies that have potential for strong earnings growth and stocks of companies that are priced below their expected long-term worth.

Bond Funds: Bond funds seek current income with capital appreciation and growth of income. The funds normally invest at least 80% of net assets in bonds, including debt securities of any maturity, such as bonds, notes, bills, and debentures. The funds may invest up to 25% of total assets in bonds that are rated below investment grade, and may invest a significant portion of assets in emerging markets.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of December 31, 2017:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Growth funds	\$ 127,279	\$ -	\$ -	\$ 127,279
Value funds	86,112	-	-	86,112
Blended funds	52,995	-	-	52,995
RBC Bank deposit	6,851	-	-	6,851
Cash & money market	120	-	-	120
Total	<u>\$ 273,357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,357</u>

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of December 31, 2016:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Growth funds	\$ 99,678	\$ -	\$ -	\$ 99,678
Value funds	79,943	-	-	79,943
Blended funds	45,636	-	-	45,636
RBC Bank deposit	7,806	-	-	7,806
Cash & money market	97	-	-	97
Total	<u>\$ 233,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,160</u>

The following is a summary of investment securities:

	December 31, 2017			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mutual Funds	<u>\$ 214,470</u>	<u>\$ 59,067</u>	<u>\$ 180</u>	<u>\$ 273,357</u>

	December 31, 2016			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mutual Funds	<u>\$ 205,742</u>	<u>\$ 28,033</u>	<u>\$ 615</u>	<u>\$ 233,160</u>

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Mutual fund investments as of December 31 are summarized below at their fair market value:

	2017	2016
Capital Income Builder Fund	\$ 9,515	\$ 8,623
Blackrock Disciplined Small Cap Fund	10,850	9,817
Franklin Custodian Growth Fund	10,811	8,524
Goldman Sachs Small Cap Fund	10,847	10,128
Goldman Sachs Technology Fund	12,656	9,169
Hartford Mutual Funds Midcap Fund	11,853	9,563
Hartford Health Care Fund	9,694	7,972
Goldman Sachs TR Equity Fund	9,865	8,592
Goldman Sachs Energy Fund	9,366	10,051
New Perspective Fund	13,923	10,851
SMALLCAP World Fund	14,162	11,172
Invesco Equally Weighted S&P Fund	11,514	9,867
JP Morgan Growth Advantage Fund	11,240	8,314
JP Morgan TR I Fund	10,406	8,514
JP Morgan TR II Fund	10,233	8,730
Putnam Equity Income Fund	10,465	8,817
Putman FDS TR Small Growth	10,876	9,049
Blackrock Global Dividend	10,360	8,846
Euro Pack Growth Fund	10,476	8,016
New World Fund Inc	10,846	8,183
Thornburg Income Trust	7,739	7,690
Templeton Income TR	9,423	9,164
Franklin Invs Secs TR	9,279	8,474
JP Morgan Income Builder Fund	9,245	8,266
Thornburg Investment Trust Global Opportunity Fund	10,742	8,865
RBC Bank Deposit	6,851	7,806
Cash & Money Market	120	97
Total	<u>\$ 273,357</u>	<u>\$ 233,160</u>

At December 31, 2017 and 2016, the Corporation did not maintain any investment holdings that represented a significant concentration of the Corporation's investment assets.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following summarizes the investment return and its classification in the statements of activities and changes in net assets for the years ended December 31:

	2017	2016
Dividend income	\$ 3,155	\$ 2,703
	2017	2016
Unrealized gain on investments	\$ 30,832	\$ 3,404
Realized gain on investments	7,955	13,491
Total gain on investments	\$ 38,787	\$ 16,895

NOTE 3 LINE OF CREDIT

In May 2009, the Corporation opened a margin account with Thurston Springer Miller Herd & Titak, its investment manager, in order to create a line of credit to help finance its short-term operating needs. There was no balance due on the line of credit at December 31, 2017 and 2016. This line of credit is secured by the Corporation's investment portfolio with a value at December 31, 2017 and 2016 of \$273,357 and \$233,160, respectively. Draws on the line of credit cannot exceed 50% of the balance of assets within the investment portfolio. Additionally, the Corporation has set an internal policy limiting outstanding draws on the line of credit to be no more than \$100,000. Interest is payable monthly on the outstanding balance at an interest rate ranging from 0.5% to 1.5% above the current base rate depending on the amount of credit extended. During the years ended December 31, 2017 and 2016, the Corporation made no draws or repayment.

NOTE 4 COUNTY ECONOMIC DEVELOPMENT SERVICE REVENUES

Pursuant to Ordinance 8/24/98/A adopted by the Hamilton County Board of Commissioners in August 1998, the Corporation receives \$50 of unrestricted support for each new residential lot platted and recorded in Hamilton County, Indiana. These funds are collected by the Auditor of Hamilton County and transmitted to the Corporation on the first business day on or after each February and August 1st. The amount received in February 2018 of \$77,950 is recorded as a receivable at December 31, 2017. The amount received in February 2017 of \$155,830 is recorded as a receivable at December 31, 2016. This fee was set to expire in 2004, but by successive ordinance amendments, was extended through September 2020. This revenue is classified as County Economic Development Service Fund Revenues on the statements of activities and changes in net assets.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 5 CONCENTRATIONS OF CREDIT RISK

The Corporation received 25% of its funding from the Hamilton County Economic Development Service Fund in each of the years ended December 31, 2017 and 2016. Unrealized and realized gains and losses on investments are excluded from revenues for these calculations. The full amount of accounts receivable at December 31, 2017 and 2016, \$77,950 and \$155,830, respectively, are due from the Hamilton County Economic Development Service Fund.

In addition, the Corporation collectively received 67% and 73% of its funding from four (4) public entities, for the years ended December 31, 2017 and 2016, respectively.

The Federal Deposit Insurance Corporation (FDIC) currently insures up to \$250,000 of substantially all depository accounts held at each financial institution. At various times during the year, the Corporations's cash deposits may exceed the federally insured limits. The Corporation has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 6 LEASE COMMITMENTS

In early 2017, the Corporation extended an original lease for office space to include a fourth year effective March 1, 2017 through February 2019. Monthly payments under the fourth year extension are \$1,810. Total rent expense under operating leases was \$21,651 and \$21,148 for the years ended December 31, 2017 and 2016, respectively.

Future commitments under this lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 22,084
2019	3,693
Total	<u>\$ 25,777</u>

NOTE 7 PENSION PLAN

The Corporation adopted a SIMPLE IRA pension plan on July 1, 2015, covering all employees who meet certain criteria regarding compensation levels and lengths of employment. Pension plan expense for the years ended December 31, 2017 and 2016, totaled \$9,927 and \$9,895, respectively.

**HAMILTON COUNTY ECONOMIC DEVELOPMENT CORPORATION
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NOTE 8 TEMPORARILY RESTRICTED ASSETS

Temporarily restricted net assets of \$40,000, which are project restricted, from the Duke Energy Grant Foundation were available to support the Hamilton County Business Intelligence Center (HCBIC) at December 31, 2016. This was still in restriction at December 31, 2017, as the HCBIC had not expanded in 2017 as was originally planned.

NOTE 9 SUBSEQUENT EVENTS

On April 30, 2018, the President and CEO of the Corporation had his contract terminated by the board of directors. As of May 25, 2018, the Corporation is being managed by the board of directors.

During 2018, the City of Fishers, Indiana (a significant funder of the Corporation) determined that funding would no longer be provided to the Corporation. The board of directors is evaluating the impact on future operations.