



STATE OF INDIANA
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July 9, 2021

Board of Directors
Northern Indiana Regional Development Authority
4477 Progress Drive
South Bend, IN 46628

We have reviewed the audit report of the Northern Indiana Regional Development Authority which was opined upon by LWG CPAs & Advisors, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Northern Indiana Regional Development Authority as of December 31, 2020, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, LWG CPAs & Advisors prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

NORTHERN INDIANA REGIONAL
DEVELOPMENT AUTHORITY

Financial Statements
with
Additional Information

Years Ended December 31, 2020 and 2019

NORTHERN INDIANA REGIONAL DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Northern Indiana Regional Development Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Northern Indiana Regional Development Authority, which comprise the statements of net position as of December 31, 2020 and 2019, and the related statements of activities and changes in net position, and cash flows for the year 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 audit. We conducted our audit 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 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. An audit also includes evaluating significant accounting estimates made by management as well as evaluating the overall presentation of financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Indiana Regional Development Authority as of December 31, 2020 and 2019, and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

We also have audited, in accordance with auditing standards generally accepted in the United States of America, Northern Indiana Regional Development Authority's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated April 27, 2021 expressed an unmodified opinion.

Other Matters

Accounting principles generally accepted in the United States of America require that the budgetary comparison information (page 10) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 27, 2021 on our consideration of Northern Indiana Regional Development Authority's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Northern Indiana Regional Development Authority's internal control over financial reporting and compliance.



LWG CPAs & Advisors
Indianapolis, Indiana
April 27, 2021

NORTHERN INDIANA REGIONAL DEVELOPMENT AUTHORITY

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 925,595	\$ 1,001,912
Restricted cash	2,053,983	8,269,075
Accounts receivable	-	114,000
Prepaid expenses	3,284	3,290
TOTAL ASSETS	<u>2,982,862</u>	<u>9,388,277</u>
LIABILITIES		
Accounts payable	21,026	24,576
Grants payable	2,060,548	8,389,640
TOTAL LIABILITIES	<u>2,081,574</u>	<u>8,414,216</u>
NET POSITION		
Unrestricted	610,017	711,981
Restricted	291,271	262,080
TOTAL NET POSITION	<u>\$ 901,288</u>	<u>\$ 974,061</u>

The accompanying notes are an integral part of these statements.

NORTHERN INDIANA REGIONAL DEVELOPMENT AUTHORITY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION Years Ended December 31, 2020 and 2019

	Amount	
	2020	2019
REVENUES		
Grants received	\$ -	\$ -
Grants received - management fee	-	-
TOTAL REVENUES	-	-
EXPENSES		
Program Services	-	-
Supporting Services		
Legal and professional fees	47,841	73,034
Advertising expense	5,000	1,559
Insurance expense	6,575	6,580
Management fees	42,548	55,703
Consultants and facilitators	-	-
TOTAL SUPPORTING SERVICES	101,964	136,876
TOTAL EXPENSES	101,964	136,876
TOTAL OPERATING INCOME	(101,964)	(136,876)
NON-OPERATING REVENUE		
Interest income	29,191	119,832
TOTAL NON-OPERATING REVENUE	29,191	119,832
CHANGE IN NET POSITION	(72,773)	(17,044)
NET POSITION - BEGINNING OF YEAR	974,061	991,105
NET POSITION - END OF YEAR	\$ 901,288	\$ 974,061

The accompanying notes are an integral part of these statements.

NORTHERN INDIANA REGIONAL DEVELOPMENT AUTHORITY

STATEMENTS OF CASH FLOWS Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Grant proceeds	\$ 114,000	\$ 3,223,973
Payments to grantees	(6,329,092)	(13,600,245)
Payments to suppliers and employees	<u>(105,508)</u>	<u>(123,596)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(6,320,600)</u>	<u>(10,499,868)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>29,191</u>	<u>119,832</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>29,191</u>	<u>119,832</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,291,409)	(10,380,036)
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,270,987</u>	<u>19,651,023</u>
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,979,578</u>	<u>\$ 9,270,987</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	\$ (101,964)	\$ (136,876)
Decrease (increase) in assets		
Accounts receivable	114,000	3,223,973
Prepaid expenses	6	-
Increase (decrease) in liabilities		
Accounts payable and other accruals	(3,550)	13,280
Grants payable	<u>(6,329,092)</u>	<u>(13,600,245)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (6,320,600)</u>	<u>\$ (10,499,868)</u>

The accompanying notes are an integral part of these statements.

NORTHERN INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2020 and 2019

(1) Summary of significant accounting policies

Nature of activities – Northern Indiana Regional Development Authority (the “RDA” or the “Authority”) is organized under Indiana Code 36-7.6. In March 2016 House Bill 1001 was signed into law, which allocates \$42 million from the State of Indiana for the RDA. The RDA serves as the fiscal agent responsible for allocating funds from the state’s Regional Cities Initiative grant to fast-track quality of life projects within the region. Only the RDA may apply for matching grants and loans from the new state-funded Indiana Regional City Fund, administered by the Indiana Economic Development Corporation (“IEDC”). It may also accept loans, grants, and other contributions from federal, state, and private sources.

Mission – The RDA was formed to grow the North Central Indiana economy by improving wages and livability. St. Joseph, Elkhart, and Marshall Counties will move forward together as one region to attract and grow the best industries and workers. The region must unify to fight the enemy of declining wages and population stagnation. Together we will capitalize on the significant manufacturing and educational resources already available.

Non-exchange transactions – Governmental Accounting Standards Board (“GASB”) No. 33 defines a non-exchange transaction, as a governmental unit that gives (or receives) value without directly receiving (or giving) equal value in return. Because the RDA distributes money to local organizations without directly receiving equal value in return, the transactions qualify as a non-exchange transaction. On an accrual basis, expenses to grantees are recognized in the fiscal year they are granted. Amounts remaining to be reimbursed to grantees are considered grants payable.

Basis of presentation – The financial statements of the RDA have been prepared on the accrual basis of accounting and using the economic resources measurement focus. Accordingly, the RDA recognizes revenue in the period earned and expenses in the period incurred. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Management’s use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Contributions – The RDA received contributions from multiple organizations to fund operating expenses incurred. These funds are unrestricted.

Management fee – The RDA receives a percentage of grant proceeds to supplement operating expenses incurred. This percentage is discussed and agreed upon by the board of directors. These funds are for the use of administrative costs related to the grants including, but not limited to, implementation, monitoring, and the closing of grants.

NORTHERN INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2020 and 2019

(1) Summary of significant accounting policies (cont.)

Grants received – The RDA receives substantially all of its support revenue from the State of Indiana. The Indiana Regional Cities Initiative’s first phase will provide \$42 million to support regional development. These funds are restricted to grants approved by Northern RDA and IEDC for state funding. For the year ended December 31, 2020 and 2019 there were no projects that received approval from the RDA and IEDC.

Accounts receivable – The RDA had outstanding receivables in the amount of \$0 and \$114,000 as of December 31, 2020 and 2019, respectively. The recording of an allowance for doubtful accounts is not considered necessary as of December 31, 2020 and 2019.

Grants payable – The RDA is committed to pay various organizations via reimbursement based grants. These payments are made when the organization has fulfilled the terms of the grant and submitted for reimbursement from the RDA. See Note 3 for further detail.

Operating and non-operating revenue and expenses – The principal operating revenue of the RDA is grant revenue. Operating expenses for the Authority include contractual and administrative expenses. All revenues not meeting this definition are reported as non-operating revenues and expenses.

Cash and cash equivalents – The RDA considers all investments with maturities of three months or less, when purchased, to be cash equivalents. At times, such cash may be in excess of the FDIC insurance limit. However, additional coverage is provided by the Indiana Public Deposit Insurance Fund for funds that exceed the FDIC limits. The cash balance at December 31, 2020 and 2019 is held in a demand checking account. Restricted cash is held for approved grant revenue received and designated for specific sub-grants.

Net position - Net position is comprised of the net earnings from operating and non-operating revenues, expenses and capital contributions. Net position is considered unrestricted for amounts received for support services net of expenditures and is available for the use of the RDA. Interest revenue is considered restricted as any expenditures paid from interest earned are subject to approval by the IEDC.

(2) Management agreement

The RDA has entered into an agreement with the Michiana Partnership to facilitate the administrative functions of the RDA. This includes any functions which are reasonably necessary to accomplish the purposes of the RDA subject to the oversight and approval of the Board of the Directors of the RDA.

During the year ended December 31, 2020 and 2019, payments to the Michiana Partnership totaled \$42,548 and \$55,703, respectively.

NORTHERN INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2020 and 2019

(3) Commitments

Since the inception of the RDA, there have been contracts awarded for approved projects within Northern Indiana. Sub-recipient agreements are still outstanding as of the audit release date. Current commitments may be subject to change due to sub-recipient contract requirements being met in the future.

Because not all awarded contracts have been completed, the RDA has remaining commitments:

	2020	2019
South Bend Blue Ways	\$ -	\$ 648,098
Technology Training and Demo Center	187,780	187,780
Plymouth/Culver Enterprise	400,000	400,000
Commerce Ctr mixed use development	-	4,909,604
Goshen Theater	-	493,350
South Bend Chocolate and Dino Museum	500,000	500,000
Culver	36,808	36,808
IU South Bend/Elkhart Center Rehab Sciences	-	100,000
Market District SE: Retail & Multifamily	700,000	700,000
Iron Works Phase II	-	114,000
Rees Theater Restoration	235,960	300,000
Total grants payable	\$ 2,060,548	\$ 8,389,640

(4) Subsequent events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, the date of which the financial statements were available for distribution.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN INDIANA REGIONAL DEVELOPMENT AUTHORITY

BUDGETARY COMPARISON REPORT Year Ended December 31, 2020

	<u>Actual</u>	<u>Approved Budget</u>	<u>Variance</u>
REVENUES			
Management fee	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
 EXPENSES			
Program Services	-	-	-
Supporting Services			
Legal and professional fees	47,841	93,000	(45,159)
Advertising expense	5,000	5,000	-
Insurance expense	6,575	6,777	(202)
Management fees	42,548	50,000	(7,452)
Miscellaneous expenses	<u>-</u>	<u>1,000</u>	<u>(1,000)</u>
TOTAL EXPENSES	<u>101,964</u>	<u>155,777</u>	<u>(53,813)</u>
TOTAL OPERATING INCOME	<u>(101,964)</u>	<u>(155,777)</u>	<u>53,813</u>
 NON-OPERATING REVENUE			
Interest income	<u>29,191</u>	<u>-</u>	<u>29,191</u>
TOTAL NON-OPERATING REVENUE	<u>29,191</u>	<u>-</u>	<u>29,191</u>
CHANGE IN NET POSITION	<u>\$ (72,773)</u>	<u>\$ (155,777)</u>	<u>\$ 83,004</u>



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Northern Indiana Regional Development Authority

Report on Internal Control over Financial Reporting

We have audited Northern Indiana Regional Development Authority's internal control over financial reporting as of December 31, 2020, based on criteria established in the Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's Responsibility for Internal Control over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting as described in its report on the same.

Auditors' Responsibility

Our responsibility is to express an opinion on the entity's internal control over financial reporting based on our audit. 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 effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgement, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

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

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, Northern Indiana Regional Development Authority maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in the Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)

Report on Financial Statements

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Northern Indiana Regional Development Authority, and our report dated April 27, 2021 expressed an unmodified opinion.



LWG CPAs & Advisors
Indianapolis, Indiana
April 27, 2021



**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***

Independent Auditor's Report

The Governing Body
Northern Indiana Regional Development Authority

We have audited, 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, the financial statements of Northern Indiana Regional Development Authority as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Northern Indiana Regional Development Authority's basic financial statements, and have issued our report thereon dated April 27, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northern Indiana Regional Development Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northern Indiana Regional Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Northern Indiana Regional Development Authority'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 entity'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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Northern Indiana Regional Development Authority’s 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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Report on Internal Control over Financial Reporting

In addition to the audit of the financial statements of Northern Indiana Regional Development Authority as of and for the year ended December 31, 2020, and the related notes to the financial statements, we were also engaged to perform an audit of internal control. We have issued our opinion on internal control in our report dated April 27, 2021.



LWG CPAs & Advisors
Indianapolis, Indiana
April 27, 2021