

**NORTHEAST INDIANA REGIONAL
MARKETING PARTNERSHIP, INC. AND
NORTHEAST INDIANA FOUNDATION, INC.
FORT WAYNE, INDIANA**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Contents

	Page
Independent Auditors' Report	1
Consolidated Financial Statements:	
Consolidated Statement of Financial Position	2
Consolidated Statement of Activities	3
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6
Additional Information:	
Independent Auditors' Report on Consolidating	11
Consolidating Statement of Financial Position	12
Consolidating Statement of Activities	13

Independent Auditors' Report

To the Board of Directors
Northeast Indiana Regional Marketing Partnership, Inc. and
Northeast Indiana Foundation, Inc.

We have audited the accompanying consolidated statement of financial position of Northeast Indiana Regional Marketing Partnership, Inc. and Northeast Indiana Foundation, Inc. (nonprofit organizations) as of December 31, 2007, and the related consolidated statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Northeast Indiana Regional Marketing Partnership, Inc. and Northeast Indiana Foundation, Inc. as of December 31, 2007, and the changes of their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Hamil, Lehman & England, P.C." The signature is written in a cursive, flowing style.

Hamil, Lehman & England, P.C.
Fort Wayne, Indiana
June 23, 2008

**Northeast Indiana Regional Marketing Partnership, Inc. and
 Northeast Indiana Foundation, Inc.
 Consolidated Statement of Financial Position
 December 31, 2007**

ASSETS

Current assets:	
Cash	\$ 1,361,180
Accounts receivable	84,085
Prepaid expenses	5,924
Investment	<u>55,000</u>
Total current assets	<u>1,506,189</u>
Property and equipment	195,674
Less: Accumulated depreciation	<u>30,856</u>
Net property and equipment	<u>164,818</u>
Other assets:	
Deposits	6,180
Deferred assets	<u>1,190</u>
Total other assets	<u>7,370</u>
Total assets	<u>\$ 1,678,377</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 27,635
Accrued expenses	28,642
Deferred revenue	<u>200</u>
Total current liabilities	<u>56,477</u>
Net assets:	
Unrestricted	1,516,900
Temporarily restricted	<u>105,000</u>
Total net assets	<u>1,621,900</u>
Total liabilities and net assets	<u>\$ 1,678,377</u>

See accompanying notes.

**Northeast Indiana Regional Marketing Partnership, Inc. and
 Northeast Indiana Foundation, Inc.
 Consolidated Statement of Activities
 For the Year Ended December 31, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Fee for service	\$ 1,147,590	\$ -	\$ 1,147,590
Grant income	210,000	105,000	315,000
In-kind contributions	5,000	-	5,000
Interest income	48,268	-	48,268
Other income	<u>61,603</u>	<u>-</u>	<u>61,603</u>
Total revenue	<u>1,472,461</u>	<u>105,000</u>	<u>1,577,461</u>
Operating expenses:			
Administration and office operations:			
Automobile	12,900	-	12,900
Bad debt	5,924	-	5,924
Depreciation	22,934	-	22,934
Loss on disposal of fixed assets	738	-	738
Insurance	2,921	-	2,921
Internet	88	-	88
IT support and maintenance	3,468	-	3,468
Miscellaneous	9,510	-	9,510
Office supplies	5,044	-	5,044
Postage and shipping	1,821	-	1,821
Rent and lease	31,626	-	31,626
Telephone	7,221	-	7,221
Training	6,237	-	6,237
Business development:			
Dues and subscriptions	2,013	-	2,013
Entertainment	713	-	713
Lead generation	1,564	-	1,564
Miscellaneous	6,665	-	6,665
Sponsorships	5,000	-	5,000
Travel	17,622	-	17,622
Capacity building:			
Local Economic Development Organization meetings and activities	11,311	-	11,311
Miscellaneous	2,513	-	2,513
Regional economic development forum	36,964	-	36,964
Grants:			
Other programs	29,872	-	29,872
Outside organizations	49,083	-	49,083
Regional partnership grants	17,500	-	17,500

See accompanying notes.

**Northeast Indiana Regional Marketing Partnership, Inc. and
 Northeast Indiana Foundation, Inc.
 Consolidated Statement of Activities, continued
 For the Years Ended December 31, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Indiana Economic Development Corporation partnership:			
Miscellaneous	\$ 541	\$ -	\$ 541
Outside sales	27,087	-	27,087
Marketing:			
Development materials	77,755	-	77,755
Marketing activities	36,018	-	36,018
Plan deployment	20,170	-	20,170
Plan development	110,979	-	110,979
Plan project management	4,378	-	4,378
Personnel:			
Benefits	42,393	-	42,393
Payroll administration	4,691	-	4,691
Salaries and wages	454,603	-	454,603
Taxes – payroll	31,317	-	31,317
Professional services:			
Accounting	12,567	-	12,567
Consulting	4,588	-	4,588
Legal	2,937	-	2,937
Recruiting	67,729	-	67,729
Regional communications:			
Communications	17,633	-	17,633
Investor relations	5,912	-	5,912
Miscellaneous	14,925	-	14,925
Target industry development:			
CRI services	52,020	-	52,020
Facilitators	70,063	-	70,063
Miscellaneous	8,970	-	8,970
Strategies	25,513	-	25,513
Website:			
Development	48,750	-	48,750
Project management	20,528	-	20,528
Total operating expenses	<u>1,453,323</u>	<u>-</u>	<u>1,453,323</u>
Change in net assets	19,142	105,000	124,142
Net assets – beginning of year	<u>1,497,758</u>	<u>-</u>	<u>1,497,758</u>
Net assets – end of year	<u>\$ 1,516,900</u>	<u>\$ 105,000</u>	<u>\$ 1,621,900</u>

See accompanying notes.

**Northeast Indiana Regional Marketing Partnership, Inc. and
 Northeast Indiana Foundation, Inc.
 Consolidated Statement of Cash Flows
 For the Year Ended December 31, 2007**

Cash flows from operating activities:	
Change in net assets	\$ <u>124,142</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
In-kind contributions	(5,000)
Depreciation	22,934
Bad debt expense	5,924
Loss on disposal of fixed assets	738
Fair market value of vehicle given to employee	4,472
Increase in accounts receivable	(77,235)
Decrease in pledges receivable	30,000
Increase in prepaid expenses	(5,924)
Increase in investments	(55,000)
Increase in deferred assets	(1,190)
Decrease in accounts payable	(6,139)
Decrease in accrued expenses	(1,120)
Decrease in deferred revenue	<u>(9,800)</u>
Total adjustments	<u>(97,340)</u>
Net cash provided by operating activities	<u>26,802</u>
Cash flows from investing activities:	
Proceeds from sale of fixed assets	75
Purchase of property and equipment	<u>(62,558)</u>
Net cash used in investing activities	<u>(62,483)</u>
Cash flows from financing activities:	
Payments on notes payable	<u>(3,695)</u>
Net decrease in cash	(39,376)
Cash – beginning of year	<u>1,399,137</u>
Cash – end of year	\$ <u>1,361,180</u>
Supplemental information:	
Interest paid	\$ 123
Interest received	48,268

See accompanying notes.

**Northeast Indiana Regional Marketing Partnership, Inc. and
Northeast Indiana Foundation, Inc.
Notes to Consolidated Financial Statements**

1. Nature of Business

Northeast Indiana Regional Marketing Partnership, Inc. ("Partnership") is a not-for-profit corporation organized under Section 501(c)(6) of the Internal Revenue Code. The Partnership's purpose is to encourage and further economic development through external marketing within the following northeast Indiana counties: Adams, Allen, DeKalb, Grant, Huntington, LaGrange, Noble, Steuben, Wabash, Wells and Whitley. The Northeast Indiana Foundation, Inc. ("Foundation") is a not-for-profit corporation organized under Section 501(c)(3) of the Internal Revenue Code. The Foundation's purpose is to educate local governments through forums as well as to provide support to the Partnership.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Partnership and the Foundation (collectively referred to as the "Organization"), both of which are under common control with a similar board of directors. All significant transactions and balances have been eliminated in combination.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred.

Basis of Presentation

Financial statement presentation follows recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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. A description of the three net asset categories follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization to those restrictions or that expire by the passage of time.

Permanently Restricted – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. No permanently restricted assets were held during the year ended December 31, 2007 and, accordingly, these financials do not reflect any activity related to this class of net assets for the year then ended.

**Northeast Indiana Regional Marketing Partnership, Inc. and
Northeast Indiana Foundation, Inc.
Notes to Consolidated Financial Statements**

2. Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consist of fee for service billings the Organization expects to receive from funding sources and are stated at their net realizable values. As of December 31, 2007, accounts receivable were \$84,085. Accounts receivable are considered by management to be fully collectible.

Investments

Investments are stated at their readily determinable fair market value in accordance with Statement of Financial Accounting Standard No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*.

Property and Equipment

Property and equipment is stated at cost for purchased assets. Website development is being depreciated over three (3) to ten (10) years using the straight-line method. Equipment is being depreciated over estimated useful lives of five (5) years using the straight-line method. Furniture and fixtures are being depreciated over estimated useful lives of ten (10) years using the straight-line method.

Maintenance and repairs are charged to the change in net assets when incurred. Betterments and renewals are capitalized. The cost of assets sold or retired and the amounts of accumulated depreciation are eliminated from the accounts in the year of disposal and the resulting gains or losses are included in the change in net assets.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Contributions Received

The Organization adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, whereby contributions received and irrevocable promises to give in future periods are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

**Northeast Indiana Regional Marketing Partnership, Inc. and
 Northeast Indiana Foundation, Inc.
 Notes to Consolidated Financial Statements**

2. Summary of Significant Accounting Policies, continued

Revenue

The Partnership’s revenue comes primarily from its investors and contractual relationships with the city and county governments in the given county area that it serves to provide professional marketing services related to economic development activities. If any one of these relationships were eliminated, the Partnership’s finances could be materially adversely affected.

The Foundation’s revenue comes primarily from grants that it receives.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is received.

Income Taxes

The Partnership and the Foundation are exempt from income taxes under Sections 501(c)(6) and 501(c)(3), respectively, of the Internal Revenue Code and, therefore, no provision for federal income taxes in the accompanying financial statements has been made. There was no unrelated business income for the year ended December 31, 2007.

Concentration of Credit Risks

The Organization’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization places its cash and temporary cash investments with high quality credit institutions. At times such investments may be in excess of the FDIC insurance limit. Amounts in excess of insured limits were approximately \$903,095 at December 31, 2007.

3. Investments

The Organization held the following investments as of December 31, 2007:

	<u>Fair Value</u>	<u>Cost Basis</u>
Farmers State Bank Certificate of Deposit	\$ <u>55,000</u>	\$ <u>55,000</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2007:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest income	\$ <u>14,266</u>	\$ <u>-</u>	\$ <u>14,266</u>

**Northeast Indiana Regional Marketing Partnership, Inc. and
 Northeast Indiana Foundation, Inc.
 Notes to Consolidated Financial Statements**

4. Property and Equipment

Property and equipment costs and related accumulated depreciation as of December 31, 2007 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Equipment	\$ 17,952	\$ 5,077	\$ 12,875
Furniture and fixtures	117,722	16,912	100,810
Website	<u>60,000</u>	<u>8,867</u>	<u>5,113</u>
	<u>\$ 195,674</u>	<u>\$ 30,856</u>	<u>\$ 118,798</u>

Depreciation expense for the year ended December 31, 2007 was \$22,934.

5. Operating Leases (Lessee)

The Organization leases office space under a noncancelable operating lease which calls for monthly payments of \$2,158. The lease is due to expire on July 2011. The monthly rent payment includes janitorial services and all utilities provided by the lessor.

The Organization also leases additional office space under a noncancelable operating lease which calls for monthly payments of \$300. This lease is due to expire in August 2008.

The Organization also leases a vehicle a under noncancelable operating leases which calls for monthly payments of \$498. The lease is due to expire in May 2010.

The Organization also leases office equipment under noncancelable operating leases which expire from 2009 through 2010.

Rent expense on all operating leases for the year ended December 31, 2007 was \$36,654.

The following is a schedule of future minimum rental payments required under the above noncancelable operating leases:

<u>Year Ending December 31:</u>	
2008	\$ 38,459
2009	35,509
2010	31,077
2011	<u>15,106</u>
Total	<u>\$ 120,151</u>

**Northeast Indiana Regional Marketing Partnership, Inc. and
Northeast Indiana Foundation, Inc.
Notes to Consolidated Financial Statements**

6. Retirement Plan Expense

The Organization has a defined contribution salary deferral plan covering substantially all employees. Under the plan, eligible employees are able to make salary deferrals, which are matched by the Organization at a discretionary rate. The matching contribution for the year ended December 31, 2007 was \$7,350.

**Independent Auditors' Report
on Consolidating Information**

To the Board of Directors
Northeast Indiana Regional Marketing Partnership, Inc. and
Northeast Indiana Foundation, Inc.

Our report on our audit of the consolidated financial statements of Northeast Indiana Regional Marketing Partnership, Inc. and Northeast Indiana Foundation, Inc. for 2007 appears on page 1. That audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information on pages 12 through 14 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual organizations. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

A handwritten signature in black ink that reads "Hamil, Lehman & England P.C." The signature is written in a cursive, flowing style.

Hamil, Lehman & England, P.C.
Fort Wayne, Indiana
June 23, 2008

**Northeast Indiana Regional Marketing Partnership, Inc. and
 Northeast Indiana Foundation, Inc.
 Consolidating Statement of Financial Position
 December 31, 2007**

ASSETS

	<u>Partnership</u>	<u>Foundation</u>
Current assets:		
Cash	\$ 694,562	\$ 666,618
Accounts receivable	84,085	-
Inter-organizational receivable	25,500	-
Prepaid expenses	5,924	-
Investment	<u>55,000</u>	<u>-</u>
Total current assets	<u>865,071</u>	<u>666,618</u>
Property and equipment	195,674	-
Less: Accumulated depreciation	<u>30,856</u>	<u>-</u>
Net property and equipment	<u>164,818</u>	<u>-</u>
Other assets:		
Deposits	6,180	-
Deferred assets	<u>1,190</u>	<u>-</u>
Total other assets	<u>7,370</u>	<u>-</u>
Total assets	<u>\$ 1,037,259</u>	<u>\$ 666,618</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 27,635	\$ -
Inter-organizational payable	-	25,500
Accrued expenses	28,642	-
Deferred revenue	<u>200</u>	<u>-</u>
Total current liabilities	<u>56,477</u>	<u>25,500</u>
Net assets:		
Unrestricted	980,782	536,118
Temporarily restricted	<u>-</u>	<u>105,000</u>
Total net assets	<u>980,782</u>	<u>641,118</u>
Total liabilities and net assets	<u>\$ 1,037,259</u>	<u>\$ 666,618</u>

**Northeast Indiana Regional Marketing Partnership, Inc. and
 Northeast Indiana Foundation, Inc.
 Consolidating Statement of Activities
 For the Year Ended December 31, 2007**

	<u>Partnership</u>	<u>Foundation</u>
Revenue:		
Contributions	\$ 234,591	\$ -
Fee for service	1,147,590	-
Grant income	-	315,000
In-kind contributions	5,000	-
Interest income	21,511	26,757
Other income	<u>91,603</u>	<u>-</u>
Total revenue	<u>1,500,295</u>	<u>341,757</u>
Operating expenses:		
Administration and office operations:		
Automobile	12,900	-
Bad debt	5,924	-
Depreciation	22,934	-
Disposal of fixed assets	738	-
Insurance	2,921	-
Internet	88	-
IT support and maintenance	3,468	-
Miscellaneous	9,451	30,059
Office supplies	5,044	-
Postage and shipping	1,821	-
Rent and lease	31,626	-
Telephone	7,221	-
Training	6,237	-
Business development:		
Dues and subscriptions	2,013	-
Entertainment	713	-
Lead generation	1,564	-
Miscellaneous	6,665	-
Sponsorships	5,000	-
Travel	17,622	-
Capacity building:		
Local Economic Development Organization meetings and activities	11,311	-
Miscellaneous	2,513	-
Regional economic development forum	36,964	-
Grants:		
Other programs	-	29,872
Outside organizations	-	49,083
Regional partnership grants	-	252,091

**Northeast Indiana Regional Marketing Partnership, Inc. and
 Northeast Indiana Foundation, Inc.
 Consolidating Statement of Activities, continued
 For the Years Ended December 31, 2007**

	<u>Partnership</u>	<u>Foundation</u>
Indiana Economic Development Corporation partnership:		
Miscellaneous	\$ 541	\$ -
Outside sales	27,087	-
Marketing:		
Development materials	77,755	-
Marketing activities	33,989	2,029
Plan deployment	20,170	-
Plan development	110,979	-
Plan project management	4,378	-
Personnel:		
Benefits	42,393	-
Payroll administration	4,691	-
Salaries and wages	454,603	-
Taxes – payroll	31,317	-
Professional services:		
Accounting	12,067	500
Consulting	4,588	-
Legal	1,811	1,126
Recruiting	67,729	-
Regional communications:		
Communications	17,633	-
Investor relations	5,912	-
Miscellaneous	14,925	-
Target industry development:		
CRI services	52,020	-
Facilitators	70,063	-
Miscellaneous	8,970	-
Strategies	25,513	-
Website:		
Development	48,750	-
Project management	<u>20,528</u>	<u>-</u>
Total operating expenses	<u>1,353,150</u>	<u>364,760</u>
Change in net assets	147,145	(23,003)
Net assets – beginning of year	<u>833,637</u>	<u>664,121</u>
Net assets – end of year	<u>\$ 980,782</u>	<u>\$ 641,118</u>