

**DANVILLE-BOYLE COUNTY ECONOMIC
DEVELOPMENT PARTNERSHIP, INC.**

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2012

Craig A. Butler

Certified Public Accountant

Danville, Kentucky

Danville-Boyle County Economic Development Partnership, Inc.
Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Statement of Assets, Liabilities, and Net Assets-Modified Cash Basis	3
Statement of Revenues, Expenses, and Other Changes in Net Assets-Modified Cash Basis	4
Statement of Functional Expenses – Modified Cash Basis	5
Notes to the Financial Statements	6-8

CRAIG A. BUTLER, CPA

131 N 4TH STREET

DANVILLE, KY 40422

Phone: (859) 936-0201

Fax: (859) 936-0203

Mobile: (859) 583-7941

Independent Auditor's Report

To the Board of Directors
Danville-Boyle County Economic
Development Partnership, Inc.
Danville, Kentucky

I have audited the accompanying statement of assets, liabilities, and net assets – modified cash basis of the Danville-Boyle County Economic Development Partnership, Inc. (a nonprofit organization) as of June 30, 2012, and the related statements of revenues, expenses, and other changes in net assets – modified cash basis, and functional expenses – modified cash basis for the year then ended. These financial statements are the responsibility of the Partnership's management. My responsibility is to express my opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe my audit provide a reasonable basis for my opinion.

As described in Note II, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Danville-Boyle County Economic Development Partnership, Inc. as of June 30, 2012, and its support, revenue, and expenses for the year then ended, on the basis of accounting described in Note II.

Craig A. Butler, CPA

Craig A. Butler
Certified Public Accountant

Danville, Kentucky
March 13, 2013

Danville-Boyle County Economic Development Partnership, Inc.
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis
June 30, 2012

Assets

Cash	\$ <u>70,802</u>
------	------------------

Total Assets	\$ <u><u>70,802</u></u>
--------------	-------------------------

Liabilities & Net Assets

Liabilities:

Payroll Related Liabilities	\$ <u>3,294</u>
-----------------------------	-----------------

Total Liabilities	<u>3,294</u>
-------------------	--------------

Total Liabilities	<u>3,294</u>
-------------------	--------------

Net Assets:

Unrestricted Net Assets	<u>67,508</u>
-------------------------	---------------

Total Net Assets	<u>67,508</u>
------------------	---------------

Total Liabilities & Net Assets	\$ <u><u>70,802</u></u>
--------------------------------	-------------------------

See accompanying notes to financial statements.

Danville-Boyle County Economic Development Partnership, Inc.
Statement of Revenues, Expenses, and Other Changes in Net Assets -
Modified Cash Basis
Year Ended June 30, 2012

Revenues:

Local Government Funding	\$ 230,000
Boyle County Industrial Foundation	78,000
Community Investment Contributions	93,750
Sister Cities Income	4,942
Interest Income	194
Other Income	<u>224</u>
 Total Revenues	 <u>407,110</u>

Expenses:

Program Expenses	347,456
General & Administrative Expenses	<u>47,452</u>
 Total Expenses	 <u>394,908</u>

Change in Unrestricted Net Assets	12,202
Unrestricted Net Assets, Beginning of Period	<u>55,306</u>
Unrestricted Net Assets, End of Period	<u><u>\$ 67,508</u></u>

See accompanying notes to financial statements.

Danville-Boyle County Economic Development Partnership, Inc.
Statement of Functional Expenses - Modified Cash Basis
Year Ended June 30, 2012

	Program Services	General and Administrative	Total Expenses
Wages	\$ 130,620	\$ 18,401	\$ 149,021
Payroll Taxes	9,992	1,408	11,400
Employee Benefits	15,849	4,579	20,428
Total salaries and related expenses	156,461	24,388	180,849
Heart of Danville Funding	112,480	-	112,480
Convention & Visitors Bureau Funding	6,000	-	6,000
Chamber of Commerce Funding	40,487	-	40,487
Sister Cities Funding	6,101	-	6,101
Rent	-	4,200	4,200
Equipment Lease	-	611	611
Minor Equipment Purchases	-	3,801	3,801
Telephone & Internet	-	3,565	3,565
Marketing & Promotion	21,529	-	21,529
Travel & Related	4,398	-	4,398
Professional Development	-	865	865
Dues & Subscriptions	-	1,113	1,113
Insurance	-	2,801	2,801
Legal & Professional	-	2,750	2,750
Office Supplies	-	2,150	2,150
Miscellaneous	-	1,208	1,208
	<u> </u>	<u> </u>	<u> </u>
Total	\$ 347,456	\$ 47,452	\$ 394,908
	<u> </u>	<u> </u>	<u> </u>

See accompanying notes to financial statements.

Danville-Boyle County Economic Development Partnership, Inc.
Notes to the Financial Statements
June 30, 2012

Note I - General

The Danville-Boyle County Economic Development Partnership, Inc. is a Kentucky not-for-profit corporation whose purpose is to coordinate and work with partner organizations to establish short and long-range plans for economic development, and to serve as a catalyst for plan development and implementation.

The primary revenue sources of the entity consist of funding received from the City of Danville, Boyle County Fiscal Court, the Boyle County Industrial Foundation and community investments received from local profit and non-profit organizations.

Note II - Summary of Significant Accounting Policies

(A) Basis of Accounting

The financial statements of the Danville-Boyle County Economic Development Partnership, Inc. have been prepared on the modified cash basis of accounting. Under the modified cash basis, revenues are recorded when received rather than when earned or promised, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

(B) Cash and Cash Equivalents

The Partnership considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

(C) Prepaid Expenses

Amounts paid for periods beyond the fiscal year have been recorded as prepaid expenses in the financial statements. There were no prepaid items as of June 30, 2012.

(D) Investments

The Partnership does not own any investments as of the end of the fiscal year.

(E) Contributed Services

During the year ended June 30, 2012, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Danville-Boyle County Economic Development Partnership, Inc.
Notes to the Financial Statements
June 30, 2012

(F) Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

(G) Functional Allocation of Expenses

The costs of providing the program services and the costs of general and administrative activities have been summarized on a functional basis in the statement of activities. Expenses are generally charged directly to program or general and administrative categories based on specific identification, although, in some circumstances, certain indirect expenses have been allocated based on level of effort.

Note III - Concentration of Credit Risk for Cash Held in Bank

At June 30, 2012, the Partnership's cash in bank was covered 100% by FDIC insurance.

Note IV - Operating Lease Commitments

The Partnership leases its office space from the McClure-Barbee House on a month-to-month basis at a cost of \$350 per month.

The Partnership currently pays an annual service fee for maintenance of its copier in the amount of \$750.

Note V - Concentrations of Risk

For the year ended June 30, 2012, the entity received 57% of its revenues from two government agencies.

Note VI – Memorandum of Agreement with Community Partners

Effective July 1, 2009, the Danville-Boyle County Economic Development Partnership, Inc. (EDP) entered into a memorandum of agreement (MOA) with certain of its community partners which outlines mutual understandings, responsibilities, and agreements amongst the parties involved. The purpose of the MOA is to 1) empower the EDP to efficiently and effectively communicate, collaborate, and coordinate the interrelated and interdependent community and economic development missions, resources, and initiatives of the Partners to grow the economy of Boyle County; 2) ensure that the EDP Partners work in concert through the EDP to provide Boyle County, its communities, and its citizens with an exemplary array of community and economic development services in a coordinated and cost-effective manner; and 3) effect the mandate of certain Articles of the EDP's bylaws.

Danville-Boyle County Economic Development Partnership, Inc.
Notes to the Financial Statements
June 30, 2012

The Partners to the MOA are as follows:

Boyle County Industrial Foundation
Danville-Boyle County Chamber of Commerce
Danville-Boyle County Convention & Visitors Bureau
Heart of Danville Main Street Program
Perryville Revitalization Main Street Program
Boyle County Fiscal Court
City of Danville
City of Junction City
City of Perryville

This memorandum of agreement expired effective June 30, 2012. Subsequently, the agreement was renewed for a three year term.