

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

**INDEPENDENT AUDITOR'S REPORT**

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**June 30, 2013**

**Craig A. Butler**

**Certified Public Accountant**

**Danville, Kentucky**

**Danville-Boyle County Economic Development Partnership, Inc.**  
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## **Independent Auditor's Report**

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

I have audited the accompanying financial statements of the Danville-Boyle County Economic Development Partnership, Inc., which comprise the statement of assets, liabilities, and net assets – modified cash basis as of June 30, 2013, and the related statements of support, revenues, and expenses – modified cash basis, and functional expenses – modified cash basis 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 the cash basis of accounting as described in Note II; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

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, 2013, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note II.

### **Basis of Accounting**

I draw attention to Note II of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to that matter.

*Craig A. Butler, CPA*

Craig A. Butler  
Certified Public Accountant

Danville, Kentucky  
December 2, 2013

**Danville-Boyle County Economic Development Partnership, Inc.**  
**Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis**  
**June 30, 2013**

Assets

Cash	\$ <u>79,646</u>
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Total Assets	\$ <u><u>79,646</u></u>
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Liabilities & Net Assets

Liabilities:

Payroll Related Liabilities	\$ <u>4,251</u>
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Total Liabilities	<u>4,251</u>
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Total Liabilities	<u>4,251</u>
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Net Assets:

Unrestricted Net Assets	<u>75,395</u>
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Total Net Assets	<u>75,395</u>
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Total Liabilities & Net Assets	\$ <u><u>79,646</u></u>
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See accompanying notes to financial statements.

**Danville-Boyle County Economic Development Partnership, Inc.**  
**Statement of Support, Revenues, and Expenses -**  
**Modified Cash Basis**  
**Year Ended**  
**June 30, 2013**

Revenues:

Local Government Funding	230,000
Boyle County Industrial Foundation	80,004
Community Investment Contributions	111,250
Revenues From Partner Agencies	48,217
Sister Cities Income	5,792
Interest Income	49
Other Income	<u>1,570</u>
 Total Revenues	 <u>476,882</u>

Expenses:

Program Expenses	410,130
General & Administrative Expenses	<u>58,865</u>
 Total Expenses	 <u>468,995</u>

Change in Unrestricted Net Assets	7,888
Unrestricted Net Assets, Beginning of Period	<u>67,507</u>
Unrestricted Net Assets, End of Period	<u><u>\$ 75,395</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, 2013**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Wages	\$ 158,370	\$ 24,000	\$ 182,370
Payroll Taxes	12,115	1,836	13,951
Employee Benefits	24,708	4,788	29,496
Total salaries and related expenses	195,193	30,624	225,817
Heart of Danville Funding	112,588	-	112,588
Perryville Main Street Funding	17,407	-	17,407
Chamber of Commerce Funding	37,209	-	37,209
Sister Cities Funding	5,598	-	5,598
Rent	-	4,200	4,200
Equipment Lease	-	785	785
Minor Equipment Purchases	-	3,433	3,433
Telephone & Internet	-	5,183	5,183
Marketing & Promotion	42,040	-	42,040
Board Expense	-	1,280	1,280
Professional Development	-	1,397	1,397
Dues & Subscriptions	-	4,320	4,320
Insurance	-	2,944	2,944
Legal & Professional	-	3,135	3,135
Office Supplies	-	1,089	1,089
Miscellaneous	95	475	570
	<u>95</u>	<u>475</u>	<u>570</u>
 Total	 <u>\$ 410,130</u>	 <u>\$ 58,865</u>	 <u>\$ 468,995</u>

See accompanying notes to financial statements.

Danville-Boyle County Economic Development Partnership, Inc.  
Notes to the Financial Statements  
June 30, 2013

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, 2013.

(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, 2013, 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, 2013

(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, 2013, 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, 2013, the entity received 49% of its revenues from two government agencies.

Note VI – Memorandum of Agreement with Community Partners

Effective July 1, 2012, 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, 2013

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 Main Street Program  
Boyle County Fiscal Court  
City of Danville  
City of Junction City  
City of Perryville

This memorandum of agreement expires effective June 30, 2015.