

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

**FINANCIAL STATEMENTS
June 30, 2016**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Danville-Boyle Co. Economic Development Partnership, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets—cash basis as of June 30, 2016 and 2015, and the related statements of support, revenue, and expenses—cash basis 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 the cash basis of accounting as described in Note 1; this includes determining that the 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.

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 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, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Danville-Boyle Co. Economic Development Partnership, Inc. as of June 30, 2016, and its support, revenue, and expenses for the years then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



RFH, PLLC
Lexington, Kentucky
October 25, 2016

DANVILLE-BOYLE COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP, INC.
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS
June 30,

	2016	2015
ASSETS		
Cash	\$ <u>12,742</u>	\$ <u>27,431</u>
Total assets	<u>\$ 12,742</u>	<u>\$ 27,431</u>
LIABILITIES AND NET ASSETS		
Payroll related liabilities	\$ <u>5,438</u>	\$ <u>5,758</u>
Total liabilities	<u>5,438</u>	<u>5,758</u>
Total unrestricted net assets	<u>7,304</u>	<u>21,673</u>
Total liabilities and net assets	<u>\$ 12,742</u>	<u>\$ 27,431</u>

The accompanying notes are an integral
part of the financial statements.

DANVILLE-BOYLE COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP, INC.
STATEMENTS OF REVENUE, EXPENSES AND OTHER CHANGES IN NET ASSETS - CASH BASIS
for the years ended June 30,

UNRESTRICTED NET ASSETS	2016	2015
Revenues:		
City of Danville funding	\$ 125,000	\$ 125,000
Boyle County funding	110,000	110,000
Boyle County Industrial Foundation	88,909	108,075
Community investment contributions	103,750	57,500
Revenues from partner agencies	257,187	235,401
Interest income	35	33
Other income	<u>1,151</u>	<u>1,711</u>
 Total revenues	 <u>686,032</u>	 <u>637,720</u>
Expenses		
Wages	429,458	441,989
Payroll taxes	36,155	37,105
Employee benefits	74,050	61,867
Heart of Danville	11,724	8,323
Perryville Main Street	48,153	33,753
Chamber of Commerce	16,655	17,764
EDP Platinum Partners	6,150	4,350
Rent	19,800	18,000
Equipment lease	-	750
Minor equipment purchases	837	4,520
Telephone & internet	2,205	2,646
Marketing & promotion	19,513	26,608
Professional development	4,186	4,617
Dues & subscriptions	5,230	2,430
Insurance	2,443	2,308
Legal & professional	20,315	11,859
Office expenses	<u>3,527</u>	<u>3,928</u>
Total expenses	<u>700,401</u>	<u>682,817</u>
 (DECREASE) IN UNRESTRICTED NET ASSETS	 <u>(14,369)</u>	 <u>(45,097)</u>
 Net assets at beginning of year	 <u>21,673</u>	 <u>66,770</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 7,304</u>	 <u>\$ 21,673</u>

The accompanying notes are an integral part of the financial statements.

DANVILLE-BOYLE COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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.

Basis of Accounting

The Organization's policy is to prepare its financial statements on the cash basis of accounting; consequently, revenue is recognized when received and expenses recognized when paid.

Cash and Cash Equivalents

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

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; however, the Organization is not exempt from tax imposed upon unrelated activity income. The Organization currently has no unrelated business income and, accordingly, no provision for income taxes has been recorded.

Under generally accepted accounting principles, the Organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The Organization does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits or possible related interest or penalties. With few exceptions, the Organization is no longer subject to income tax examinations by tax authorities for the years before 2013.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

- a) Unrestricted net assets encompass the portion of net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.
- b) Temporarily restricted net assets are the net assets resulting from contributions and other inflows whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
- c) Permanently restricted net assets are the net assets resulting from contributions whose use by the Organization is limited by the donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

DANVILLE-BOYLE COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

During the year ended June 30, 2016 and 2015, the value of contributed services meeting the requirement for recognition in the financial statements was not material and has not been recorded.

Estimates

Management uses estimates and assumptions in preparing these financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Management's Review of Subsequent Events

The Organization has evaluated and considered the need to recognize or disclose subsequent events through October 25, 2016, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the year ended June 30, 2016, have not been evaluated by the Organization.

2. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in one financial institution. As of June 30, 2016 and 2015, the balances were fully insured by the Federal Deposit Insurance Corp.

3. OPERATING LEASE COMMITMENTS

The Organization leases its office space from the Boyle County Fiscal Court at a cost of \$1,400 per month. The lease coincides with the memorandum of agreement described in Note 5. Lease expense under this agreement was \$19,800 and \$18,000 for the years ended June 30, 2016 and 2015, respectively. Future minimum lease payments at June 30, 2016 are as follows.

2017	\$ 16,800
2018	<u>16,800</u>
 Totals	 <u>\$ 33,600</u>

4. CONCENTRATIONS OF RISK

For the years ended June 30, 2016 and 2015, the entity received 34% and 37% of its revenues, respectively, from two government agencies.

DANVILLE-BOYLE COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

5. 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, 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. This memorandum of agreement expired June 30, 2015, and effective July 1, 2015 was extended through June 30, 2018.

Danville-Boyle County Economic Development Partnership, Inc. had the following transactions with partners for years ending June 30, 2016 and 2015, respectively:

2016	Cash Receipts	Cash Disbursements
Boyle County Industrial Foundation	\$ 88,909	\$ -
Danville-Boyle County Chamber of Commerce	116,994	19,616
Danville-Boyle County Convention & Visitors Bureau	103,388	6,116
Heart of Danville Main Street Program	-	12,818
Perryville Main Street Program	-	-
Boyle County Fiscal Court	110,000	19,800
City of Danville	125,000	333
City of Junction City	-	-
City of Perryville	-	-
	<u>\$ 544,291</u>	<u>\$ 58,683</u>

2015	Cash Receipts	Cash Disbursements
Boyle County Industrial Foundation	\$ 108,075	\$ -
Danville-Boyle County Chamber of Commerce	110,422	20,993
Danville-Boyle County Convention & Visitors Bureau	100,452	6,469
Heart of Danville Main Street Program	-	10,357
Perryville Main Street Program	-	-
Boyle County Fiscal Court	110,000	18,000
City of Danville	125,000	2,546
City of Junction City	-	-
City of Perryville	-	3,952
	<u>\$ 553,949</u>	<u>\$ 62,317</u>

DANVILLE-BOYLE COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
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6. SUBSEQUENT EVENT

Main Street Perryville, Inc. will be accounted for separately from the Danville-Boyle County Economic Development Partnership, Inc. as of July 1, 2016.