

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

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**FINANCIAL STATEMENTS  
June 30, 2015 and 2014**

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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, 2015 and 2014, 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, 2015 and 2014, 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**

RFH, PLLC

Lexington, Kentucky  
October 19, 2015

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

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|                                   | <b>2015</b>      | <b>2014</b>      |
|-----------------------------------|------------------|------------------|
| <b>ASSETS</b>                     |                  |                  |
| Cash                              | \$ <u>27,431</u> | \$ <u>72,146</u> |
| Total assets                      | <u>\$ 27,431</u> | <u>\$ 72,146</u> |
| <b>LIABILITIES AND NET ASSETS</b> |                  |                  |
| Payroll related liabilities       | \$ <u>5,758</u>  | \$ <u>5,376</u>  |
| Total liabilities                 | <u>5,758</u>     | <u>5,376</u>     |
| Net assets unrestricted           | <u>21,673</u>    | <u>66,770</u>    |
| Total net assets                  | <u>21,673</u>    | <u>66,770</u>    |
| Total liabilities and net assets  | <u>\$ 27,431</u> | <u>\$ 72,146</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,**

| <b>UNRESTRICTED NET ASSETS</b>               | <b>2015</b>      | <b>2014</b>      |
|--|------------------|------------------|
| <b>Revenues:</b>                             |                  |                  |
| City of Danville funding                     | \$ 125,000       | \$ 125,000       |
| Boyle County funding                         | 110,000          | 110,000          |
| Boyle County Industrial Foundation           | 108,075          | 84,700           |
| Community investment contributions           | 57,500           | 88,750           |
| Revenues from partner agencies               | 235,401          | 211,835          |
| Interest income                              | 33               | 53               |
| Other income                                 | <u>1,711</u>     | <u>6,664</u>     |
| <br>   |                  |                  |
| Total revenues                               | <u>637,720</u>   | <u>627,002</u>   |
| <b>Expenses</b>                              |                  |                  |
| Wages  | 441,989          | 392,642          |
| Payroll taxes                                | 37,105           | 31,933           |
| Employee benefits                            | 61,867           | 56,383           |
| Heart of Danville                            | 8,323            | 15,967           |
| Perryville Main Street                       | 33,753           | 26,917           |
| Chamber of Commerce                          | 17,764           | 17,549           |
| Sister Cities                                | -                | 4,911            |
| EDP Platinum Partners                        | 4,350            | 2,850            |
| Rent   | 18,000           | 16,800           |
| Equipment lease                              | 750              | 750              |
| Minor equipment purchases                    | 4,520            | -                |
| Telephone & internet                         | 2,646            | 2,262            |
| Marketing & promotion                        | 26,608           | 30,704           |
| Board expense                                | -                | 1,606            |
| Professional development                     | 4,617            | 1,901            |
| Dues & subscriptions                         | 2,430            | 1,382            |
| Insurance                                    | 2,308            | 2,101            |
| Legal & professional                         | 11,859           | 6,460            |
| Office expenses                              | 3,928            | 3,938            |
| Office relocation                            | -                | 18,571           |
| Total expenses                               | <u>682,817</u>   | <u>635,627</u>   |
| <br>   |                  |                  |
| <b>(DECREASE) IN UNRESTRICTED NET ASSETS</b> | <u>(45,097)</u>  | <u>(8,625)</u>   |
| <br>   |                  |                  |
| Net assets at beginning of year              | <u>66,770</u>    | <u>75,395</u>    |
| <br>   |                  |                  |
| <b>NET ASSETS AT END OF YEAR</b>             | <u>\$ 21,673</u> | <u>\$ 66,770</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, 2015 and 2014**

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**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 2012.

**Financial Statement Presentation**

The Organization prepares its financial statements in accordance with generally accepted accounting principles for non-profit organizations, which require the Organization to report 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, 2015 and 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributed Services**

During the years ended June 30, 2015 and 2014, 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 19, 2015, 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, 2015, 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, 2015 and 2014, 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 \$18,000 and \$16,800 for the years ended June 30, 2015 and 2014, respectively. Future minimum lease payments at June 30, 2015 are as follows.

|            |                      |
|------------|----------------------|
| 2016       | \$ 16,800            |
| 2017       | 16,800               |
| 2018       | <u>16,800</u>        |
| <br>Totals | <br><u>\$ 50,400</u> |

**4. CONCENTRATIONS OF RISK**

For the years ended June 30, 2015 and 2014, the entity received 37% of its revenues from two government agencies.



**DANVILLE-BOYLE COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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.

Danville-Boyle County Economic Development Partnership, Inc. had the following transactions with partners for years ending June 30, 2015 and 2014, respectively:

| <b>2015</b>  | <b>Cash Receipts</b> | <b>Cash Disbursements</b> |
|--|----------------------|---------------------------|
| 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>          |

| <b>2014</b>  | <b>Cash Receipts</b> | <b>Cash Disbursements</b> |
|--|----------------------|---------------------------|
| Boyle County Industrial Foundation                 | \$ 84,854            | \$ -                      |
| Danville-Boyle County Chamber of Commerce          | 94,848               | 19,499                    |
| Danville-Boyle County Convention & Visitors Bureau | 89,596               | 1,628                     |
| Heart of Danville Main Street Program              | -                    | 16,363                    |
| Perryville Main Street Program                     | -                    | -                         |
| Boyle County Fiscal Court                          | 110,000              | 16,800                    |
| City of Danville                                   | 125,000              | 61                        |
| City of Junction City                              | -                    | -                         |
| City of Perryville                                 | -                    | 3,497                     |
|  | <u>\$ 504,298</u>    | <u>\$ 57,848</u>          |

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