

INDIANA ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.

FINANCIAL REPORT

December 31, 2014



iaced

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS:	
Statements of Financial Position	5 - 6
Statements of Activities	7 - 8
Statements of Functional Expenses	9 - 10
Statements of Cash Flows	11
Notes to Financial Statements	12 - 18

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Indiana Association for Community
Economic Development, Inc.
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Indiana Association for Community Economic Development, Inc. which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows 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 accounting principles generally accepted in the United States of America; this includes 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

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 of 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.

INDEPENDENT AUDITOR'S REPORT - continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Association for Community Economic Development, Inc. as of December 31, 2014 and 2013, and the results of its operations, changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Pile CPAs

Indianapolis, Indiana
July 20, 2015

**INDIANA ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.**

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 872,120	\$ 462,811
Grants receivable	1,750	9,000
Accounts receivable	24,985	37,879
Prepaid expenses	1,850	1,813
	<u>900,705</u>	<u>511,503</u>
Assets held as fiscal agent:		
Cash and receivables - Statewide Conference	51,094	50,754
Cash advance IHEDA - Statewide Conference	20,000	20,000
	<u>71,094</u>	<u>70,754</u>
TOTAL CURRENT ASSETS	<u>971,799</u>	<u>582,257</u>
<u>PROPERTY AND EQUIPMENT</u>		
Office equipment (net of accumulated depreciation - 2014: \$30,315; 2013: \$19,384)	<u>22,940</u>	<u>26,590</u>
TOTAL ASSETS	<u>\$ 994,739</u>	<u>\$ 608,847</u>

See Notes to Financial Statements.

**INDIANA ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.**

STATEMENTS OF FINANCIAL POSITION - continued
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 15,071	\$ 12,116
Accounts payable - Statewide Conference	-	3,000
Accounts payable IHEDA - Statewide Conference	20,000	20,000
Accrued expenses	22,971	18,601
Deferred revenue - member dues	<u>36,800</u>	<u>32,750</u>
TOTAL CURRENT LIABILITIES	<u>94,842</u>	<u>86,467</u>
<u>NET ASSETS</u>		
Unrestricted - undesignated	401,733	391,340
Temporarily restricted - grants and contributions	448,589	83,014
Temporarily restricted - Statewide Conference	<u>49,575</u>	<u>48,026</u>
Total temporarily restricted net assets	<u>498,164</u>	<u>131,040</u>
TOTAL NET ASSETS	<u>899,897</u>	<u>522,380</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 994,739</u>	<u>\$ 608,847</u>

See Notes to Financial Statements.

**INDIANA ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.**

STATEMENTS OF ACTIVITIES
Year ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Grants	\$ 193,250	\$ 480,000	\$ 673,250
Contributions	8,350	-	8,350
Sponsorships	17,250	-	17,250
Member dues	74,450	-	74,450
Registrations	14,803	-	14,803
Homeward Bound Contributions	46,237	-	46,237
Fees	501,382	-	501,382
Miscellaneous	43	-	43
Interest income	620	-	620
	<hr/>	<hr/>	<hr/>
SUPPORT AND REVENUE BEFORE RELEASE FROM RESTRICTIONS	856,385	480,000	1,336,385
Release from restrictions	114,425	(114,425)	-
	<hr/>	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUE	970,810	365,575	1,336,385
<u>EXPENSES</u>			
Operating expenses:			
Member services	196,246	-	196,246
Capacity building	471,836	-	471,836
Policy and advocacy	45,184	-	45,184
Administration and organizational development	237,732	-	237,732
Fundraising	9,419	-	9,419
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	960,417	-	960,417
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS BEFORE FISCAL AGENT ACTIVITIES	10,393	365,575	375,968
<u>FISCAL AGENT ACTIVITIES</u>			
Statewide Conference income	-	188,115	188,115
Statewide Conference expenses	(186,566)	-	(186,566)
Release from restrictions	186,566	(186,566)	-
	<hr/>	<hr/>	<hr/>
TOTAL FISCAL AGENT ACTIVITIES	-	1,549	1,549
	<hr/>	<hr/>	<hr/>
TOTAL CHANGE IN NET ASSETS	10,393	367,124	377,517
<u>NET ASSETS</u>			
Beginning of year	391,340	131,040	522,380
	<hr/>	<hr/>	<hr/>
End of year	\$ 401,733	\$ 498,164	\$ 899,897
	<hr/>	<hr/>	<hr/>

See Notes to Financial Statements.

**INDIANA ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.**

STATEMENTS OF ACTIVITIES - continued
Year ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Grants	\$ 181,000	\$ 94,500	\$ 275,500
Contributions	6,750	-	6,750
Sponsorships	15,250	-	15,250
Member dues	79,210	-	79,210
Registrations	9,620	-	9,620
Homeward Bound Contributions	82,519	-	82,519
Fees	311,875	-	311,875
Miscellaneous	-	-	-
Interest income	476	-	476
	<u>686,700</u>	<u>94,500</u>	<u>781,200</u>
SUPPORT AND REVENUE BEFORE RELEASE FROM RESTRICTIONS			
Release from restrictions	36,042	(36,042)	-
	<u>722,742</u>	<u>58,458</u>	<u>781,200</u>
TOTAL SUPPORT AND REVENUE			
<u>EXPENSES</u>			
Operating expenses:			
Member services	199,976	-	199,976
Capacity building	249,300	-	249,300
Policy and advocacy	45,850	-	45,850
Administration and organizational development	112,303	-	112,303
Fundraising	15,479	-	15,479
	<u>622,908</u>	<u>-</u>	<u>622,908</u>
TOTAL EXPENSES			
	<u>99,834</u>	<u>58,458</u>	<u>158,292</u>
CHANGE IN NET ASSETS BEFORE FISCAL AGENT ACTIVITIES			
<u>FISCAL AGENT ACTIVITIES</u>			
Statewide Conference income	-	192,481	192,481
Statewide Conference expenses	(157,581)	-	(157,581)
Release from restrictions	168,437	(168,437)	-
	<u>10,856</u>	<u>24,044</u>	<u>34,900</u>
TOTAL FISCAL AGENT ACTIVITIES			
	<u>110,690</u>	<u>82,502</u>	<u>193,192</u>
TOTAL CHANGE IN NET ASSETS			
<u>NET ASSETS</u>			
Beginning of year	<u>280,650</u>	<u>48,538</u>	<u>329,188</u>
End of year	<u>\$ 391,340</u>	<u>\$ 131,040</u>	<u>\$ 522,380</u>

See Notes to Financial Statements.

**INDIANA ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2014

	<u>Member Services</u>	<u>Capacity Building</u>	<u>Policy and Advocacy</u>	<u>Admin & Organizational Development</u>	<u>Fundraising</u>	<u>Total</u>
Amortization expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank charges	24	28	-	1,245	-	1,297
Board development	-	-	-	1,000	-	1,000
Business insurance	-	-	-	3,786	-	3,786
Credit card charge backs/(refunds)	-	-	-	-	-	-
Depreciation expense	3,217	2,964	239	4,341	170	10,931
Dues/subscriptions	4,420	298	50	363	-	5,131
Equipment lease rental	977	900	73	1,318	51	3,319
Facility rental	-	4,119	-	-	-	4,119
Food & refreshments	483	13,145	518	473	-	14,619
Homeward Bound disbursements	46,408	-	-	-	-	46,408
Janitorial	618	570	46	834	33	2,101
Miscellaneous expenses	-	-	-	25	-	25
Office supplies	176	774	-	2,218	-	3,168
Payroll taxes and benefits	21,994	20,186	1,641	28,835	1,158	73,814
Postage	507	39	-	600	-	1,146
Printing/copying	531	2,917	-	2,646	2,629	8,723
Professional fees	9,711	310,517	33,215	43,439	-	396,882
Rent	4,554	4,196	339	6,146	239	15,474
Salaries and wages	94,712	87,270	7,047	127,835	4,991	321,855
Staff development	445	-	-	2,275	-	2,720
Technical assistance pass-through	-	2,500	-	-	-	2,500
Telephone/internet	2,804	2,583	209	3,784	148	9,528
Travel	4,665	18,830	1,807	3,126	-	28,428
Utilities	-	-	-	3,443	-	3,443
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>\$ 196,246</u>	<u>\$ 471,836</u>	<u>\$ 45,184</u>	<u>\$ 237,732</u>	<u>\$ 9,419</u>	<u>\$ 960,417</u>

See Notes to Financial Statements.

**INDIANA ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES - continued

Year ended December 31, 2013

	<u>Member Services</u>	<u>Capacity Building</u>	<u>Policy and Advocacy</u>	<u>Admin & Organizational Development</u>	<u>Fundraising</u>	<u>Total</u>
Amortization expense	\$ -	\$ 6,154	\$ -	\$ -	\$ -	\$ 6,154
Bank charges	215	-	-	2,291	-	2,506
Board development	-	35	-	-	-	35
Business insurance	-	-	-	1,988	-	1,988
Credit card charge backs/(refunds)	-	-	-	(53,677)	-	(53,677)
Depreciation expense	1,448	2,061	185	1,685	141	5,520
Dues/subscriptions	3,915	459	-	131	-	4,505
Equipment lease rental	957	1,362	122	1,113	93	3,647
Facility rental	-	5,455	-	-	-	5,455
Food & refreshments	782	8,285	45	637	28	9,777
Homeward Bound disbursements	82,851	-	-	-	-	82,851
Janitorial	601	856	77	699	58	2,291
Miscellaneous expenses	-	-	-	-	-	-
Office supplies	343	773	-	1,764	171	3,051
Payroll taxes and benefits	17,575	24,865	2,180	23,154	1,726	69,500
Postage	-	100	-	604	89	793
Printing/copying	80	1,059	-	2,004	2,779	5,922
Professional fees	3,200	74,433	32,976	33,206	2,450	146,265
Rent	4,008	5,705	512	4,665	390	15,280
Salaries and wages	73,645	104,824	9,409	85,705	7,161	280,744
Staff development	349	10	-	1,611	-	1,970
Technical assistance pass-through	-	-	-	-	-	-
Telephone/internet	5,738	1,932	174	(2,801)	132	5,175
Travel	4,269	10,932	170	3,768	261	19,400
Utilities	-	-	-	3,756	-	3,756
TOTAL	<u>\$ 199,976</u>	<u>\$ 249,300</u>	<u>\$ 45,850</u>	<u>\$ 112,303</u>	<u>\$ 15,479</u>	<u>\$ 622,908</u>

See Notes to Financial Statements.

**INDIANA ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.**

STATEMENTS OF CASH FLOWS

Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 377,517	\$ 193,192
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,931	11,674
Changes in assets and liabilities:		
(Increase) decrease in:		
Cash - Statewide Conference	(340)	(6,792)
Cash - State Affordable Housing Trust	-	10,856
Grants and accounts receivable	20,144	20,235
Prepaid expense	(37)	(1,813)
Increase (decrease) in:		
Accounts payable and accrued liabilities	4,325	(36,076)
Deferred revenue	4,050	(10,150)
Net cash provided by (used in) operating activities	416,590	181,126
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(7,281)	(18,592)
Net cash provided by (used in) investing activities	(7,281)	(18,592)
Increase (decrease) in cash	409,309	162,534
<u>CASH</u>		
Beginning of year	462,811	300,277
End of year	\$ 872,120	\$ 462,811

See Notes to Financial Statements.

**INDIANA ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Association

The Indiana Association for Community Economic Development (“IACED”) supports a network of organizations that builds vital communities and resilient families. We advocate for public policies and assist the network in developing comprehensive solutions that engage local leadership to generate private and public investment.

IACED is an intermediary, working in the space between community economic development practitioners in local communities and regional, state, and national stakeholders to support a vision of society where all persons have the opportunity to live and work in an environment that provides economic and social opportunity.

IACED’s services to members include community builder and connector, capacity builder through training and technical assistance, advocate through education and policy engagement, and funder. IACED performs its services within the framework of Comprehensive Community Development, believing that complex problems can only be solved by cross-sector strategy engaging sectors - collective impact. Comprehensive community development is collective impact because it builds on the strengths and potential of all parts of a community, from empowered individuals to entire sectors. IACED's Theory of Change is comprehensive community development.

Member Services: Community building and connecting is IACED’s work to network and unite members. IACED uses a number of strategies to accomplish this, including the IACED blog and social networks, the monthly newsletter Rebuilding Indiana Monthly, peer-to-peer networks, an annual conference and member convening. Currently, IACED convenes and supports affinity groups to facilitate peer-to-peer learning. Members meet in subject area communities of practice to jointly identify opportunities and solve problems.

Another way IACED provides this type of connectivity amongst organizations is through its program management of the Indiana Assets and Opportunity Network (“A&O”). A&O seeks to facilitate interconnectedness amongst organizations working to help families build assets in order to leverage additional momentum by working together and sharing knowledge and resources. IACED also organizes regional membership meetings annually across the state. These meetings are an opportunity to meet members, understand their business, share local issues, review successful outcomes and discuss challenges. The annual Statewide Conference on Housing and Community Economic Development is co-hosted by IACED and the Indiana Housing and Community Development Authority (“IHCDA”). The conference showcases national and local experts on a variety of affordable housing and community development subjects.

**INDIANA ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Nature of Association - continued

IACED is the backbone organization for Homeward Bound: Indiana's 5K Walk Series to Provide Housing and Fight Homelessness into member services. Homeward Bound has raised more than \$3.5 million for affordable housing and homeless services since its creation in 2003. IACED also developed the Neighborhood Spotlight Program for the Lake County Legacy Foundation and is managing the program, as well as acting as the grantor of Legacy funds for participant organizations seeking to implement elements of their quality of life plans. The Solar Uniting Neighbors ("SUN") program was also developed by IACED with funding from a mitigation settlement award provided by American Electric Power for its Indiana/Michigan territory. IACED manages the program and provides funding to entities developing projects that include solar photovoltaics.

Policy and Advocacy: Advocacy and policy engagement are important parts of a successful community economic development framework. IACED's advocacy work strengthens members by building relationships. It enhances members' skills and capacity to understand their own policy environments, large and small, and to communicate their values and priorities to their elected officials and program administrators. It enables front-line practitioners to have their voices heard in policy debates. The advocacy function for IACED organizes members and supporters around a policy agenda, builds and maintains strategic partnerships with allies to advance this agenda, and monitors and explains trends in policymaking to members.

Capacity Building: Training and technical assistance are aligned services to build the capacity of community economic development practitioners and the organizations employing them. IACED delivers a robust program of training for member organization staff and others in the community development field. Training topics address the diversity of technical and adaptive knowledge necessary to manage organizations, exercise leadership, and deliver outcomes. Technical assistance is long-term, one-on-one consulting support. Technical assistance provides more than a set of skills. Technical assistance provides a framework upon which community economic development organizations can analyze their needs, assess their strengths and weaknesses, plan, and grow to help communities prosper. IACED staff provides a depth of experience and knowledge. IACED is also able to leverage national contacts, relationships, and a cadre of local consultants to deliver technical assistance. Federal funding and members paying fees for services are the primary funding sources for this work. IACED provides technical assistance in the following categorical areas: board governance, financial management, planning, program/project development and delivery, resource development, staff development, and staff management services. IACED has experience in assisting both start-up and emerging organizations, as well as mature organizations that may be experiencing a challenging time or otherwise have capacity gaps.

**INDIANA ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Nature of Association - continued

IACED's role of funder and capital provider is through efforts to secure New Market Tax Credits serving IACED member projects. Playing the role of connector and funder, IACED also serves as the fiscal agent and program manager for member initiatives to help launch innovation.

Significant accounting policies followed by IACED are listed below:

A. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

These financial statements have been prepared to focus on the entity as a whole and to present transactions according to the existence, or absence of, donor-imposed restrictions in conformity with accounting principles generally accepted in the United States of America. This has been done by classification of transactions and balances into three categories of net assets: unrestricted net assets which have no donor-imposed restrictions, temporarily restricted net assets which have donor-imposed restrictions that will expire in the future, and permanently restricted net assets which have donor-imposed restrictions which do not expire. Currently, IACED has no permanently restricted net assets.

B. Cash

IACED's cash consists of checking and savings accounts. The demand deposit accounts are insured by the Federal Deposit Insurance Corporation up to the maximum amount prescribed by law per institution. During the year, cash deposits exceed the insured limit.

C. Accounts Receivable

IACED's policy for determining when receivables are past due is on a case-by-case basis. Amounts are considered uncollectible at the time management believes that satisfactory payment arrangements cannot be made. For the years ended December 31, 2014 and 2013, an allowance for uncollectible accounts is not deemed necessary.

D. Grants Receivable

Grants receivable includes reimbursements and unconditional promises to give, and is reported at net realizable value. All amounts are expected to be collected within one year, and none are considered uncollectible as of the years ended December 31, 2014 and 2013.

E. Property and Equipment

IACED capitalizes expenditures for purchased property and equipment at cost. Donated property and equipment is reflected as a contribution in the financial statements at its estimated fair market value. It is IACED's policy to consider a donor restriction of or for long-lived assets satisfied when the asset is purchased and put into service.

**INDIANA ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

E. Property and Equipment - continued

Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the equipment range from three to five years. IACED's capitalization policy is \$500 with a life of three or more years.

F. Support and Revenue

All contributions of cash and other assets are considered to be available for unrestricted use unless the donor specifically restricts the use.

A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Restricted contributions and grants are presented as temporarily restricted revenue. Upon expiration of a donor-imposed restriction, the contributions or grants are reclassified to unrestricted net assets.

Support funded by government grants is recognized as IACED performs contracted services under grant agreements. Government grant revenue is recognized as earned when eligible expenses are incurred. Government grant expenditures are subject to audit and acceptance by the granting agency. Adjustments would be required for any disallowed expenditures.

Funding is primarily provided through government agencies, foundation grants, contributions and membership dues. IACED also receives fees for member services such as strategic planning and consulting fees from tax credit projects. Revenue from fees for services is recognized when earned.

G. Concentration of Risk

IACED receives a significant portion of its support and revenue from three sources. The percentage of support and revenue received from those sources is as follows:

<u>Funding Sources</u>	<u>2014</u>	<u>2013</u>
IN Housing & Community Dev. Authority	23%	17%
Lilly Endowment	13%	22%
AEP: Indiana Michigan Power	30%	0%

H. Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain indirect costs have been allocated among programs and other activities based on percentages of staff time spent.

I. Tax Status

IACED is exempt from federal and state income taxes on its related activities under Internal Revenue Service Code Section 501(c)(3). Accordingly, no provision for federal and state income taxes has been made.

**INDIANA ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

I. Tax Status - continued

IACED files the required federal and state information returns. Whenever tax returns are filed, the filing organization must evaluate the merits of its tax positions and determine if they will be ultimately sustained. Those tax positions for IACED include maintaining their tax-exempt status and the taxability of any unrelated business income. IACED believes these positions are sustainable. Although IACED has not incurred any interest and penalties associated with these positions, it is their policy to expense them in the statement of activities. With few exceptions, IACED is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years prior to December 31, 2011.

J. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Evaluation of Subsequent Events

IACED's management has evaluated subsequent events through July 20, 2015, which is the date the financial statements were available to be issued.

NOTE 2 COMMITMENTS

IACED rents its office space under a sublease agreement with Local Initiatives Support Corporation ("LISC"). The sub-lease is a five-year agreement that expires October 31, 2017. Rental payments are due on the first day of each month, in the following amounts: \$1,253 per month through October 31, 2014, \$1,316 per month from November 1, 2014 through October 31, 2016, and \$1,382 per month from November 1, 2016 through October 31, 2017.

Total rent expense for the years ended December 31, 2014 and 2013 was \$15,474 and \$15,280, respectively.

Future minimum lease payments as of December 31, 2014 are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 15,792
2016	15,924
2017	13,818
2018	-
Total	<u>\$ 45,534</u>

**INDIANA ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 3 RELATED PARTIES

At December 31, 2014 and 2013, IACED had no payables to related parties.

In 2004, IACED and House Investments formed the Indiana Redevelopment Corporation ("IRC"), an Indiana nonprofit corporation, for the sole purpose of promoting economic development in Indiana through the New Markets Tax Credit Program. IACED and House Investments each appoint 50% of the entity's board members, neither having majority control. There were a total of six investments made by IRC. The last of those investments was liquidated in 2014. IACED entered into a consulting agreement with Indiana Redevelopment Corporation. IACED receives an annual consulting fee equal to 38% of the quarterly net income of IRC, as defined by the agreement. IACED earned fees of \$0 in 2014 and 2013.

In 2009, IACED and City Real Estate Advisors, Inc. ("CREA") formed Indiana Development Capital, LLC, an Indiana limited liability company, for the sole purpose of promoting economic development in Indiana through the New Markets Tax Credit Program. In 2009, IACED and CREA each made a capital contribution of \$100 and had 50% ownership. On June 1, 2010, CREA transferred its 50% ownership interest to Indiana Housing and Community Development Authority. IACED earned fees of \$0 in 2014 and 2013. In 2014, due to inactivity by the entity, Indiana Development Capital, LLC was dissolved by the Indiana Secretary of State. IACED has no intentions to generate activity with this entity through the New Markets Tax Credit Program moving forward.

NOTE 4 STATE AFFORDABLE HOUSING TRUST FUND CAMPAIGN

IACED served as the reporting entity and administrator for the State Affordable Housing Trust Fund Campaign (the "Campaign"). The Campaign's purpose was to educate affordable housing practitioners, policy makers, volunteers and the public about the impact and use of the State Affordable Housing Trust Fund in an effort to develop a steady revenue stream for the Fund.

The Campaign was funded by supporters, including other not-for-profit organizations who were interested in affordable housing issues. These funds were segregated in the accounting system and the funds were deposited in a separate bank account. Revenues collected for the Campaign can only be used to pay Campaign expenses and Campaign financial obligations.

The Campaign fulfilled its mission and since has successfully invested in successful affordable housing developments across Indiana. The Campaign signatories to the memorandum of understanding were represented by the Indiana Coalition on Housing and Homeless Issues, which ceased operations in 2009, Habitat for Humanity of Indiana, and Great Lakes Capital Fund, the latter two of which Association's chief executives serve on IACED's Board of Directors. In May 2013, IACED's Board of Directors voted to close the bank account holding Campaign funds and release the excess funds for any unrestricted purpose consistent with the Association's mission.

**INDIANA ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 5 ANNUAL STATEWIDE CONFERENCE

IACED serves as the reporting entity and administrator for the Statewide Conference on Affordable Housing and Community Economic Development, which is co-hosted by IACED and the Indiana Housing and Community Development Authority ("IHCDA"). These funds are segregated separately in the accounting system and deposited in a separate bank account. The conference is produced by the two agencies for the benefit of members and partners to convene and learn. Revenues collected for the conference pay conference expenses or other financial obligations of the conference and its purpose.

NOTE 6 NET ASSETS

The grants from Lilly Endowment are for general operating support and are classified as unrestricted but designated for operations. IACED is the fiscal agent for the Statewide Conference and State Affordable Housing Trust Campaign. These funds are for programs shared with other exempt organizations and are segregated from other unrestricted funds.

Net assets consisted of the following:

	<u>2014</u>	<u>2013</u>
Unrestricted:		
Undesignated	\$ <u>401,733</u>	\$ <u>391,340</u>
Temporarily restricted:		
Grants and contributions:		
Knight Foundation Fund of the Legacy Foundation	\$ -	\$ 66,387
Indpls. Coalition for Neighborhood Development ("ICND")	-	16,627
Central Indiana Community Foundation ("CICF")	69,774	-
Solar Photovoltaic of the Indiana Michigan Power, Co.	<u>378,815</u>	-
	<u>448,589</u>	<u>83,014</u>
Fiscal Agent:		
Statewide Conference	<u>49,575</u>	<u>48,026</u>
Total temporarily restricted	\$ <u>498,164</u>	\$ <u>131,040</u>