

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

FINANCIAL REPORT

December 31, 2012



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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 the Indiana Association for Community Economic Development, Inc. which comprise the statements of financial position as of December 31, 2012 and 2011, 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 consolidated 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 consolidated 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 the Indiana Association for Community Economic Development, Inc. as of December 31, 2012 and 2011, 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.

Rj Kile, LLC

Indianapolis, Indiana

July 19, 2013

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

STATEMENTS OF FINANCIAL POSITION

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 300,277	\$ 300,573
Grants receivable	6,181	35,395
Accounts receivable	60,933	51,312
	<u>367,391</u>	<u>387,280</u>
Assets held as fiscal agent:		
Cash and receivables - Homeward Bound Walks	-	35,074
Cash and receivables - State Affordable Housing Trust	10,856	11,165
Cash and receivables - Statewide Conference	43,962	7,009
Cash advance IHEDA - Statewide Conference	20,000	20,000
	<u>74,818</u>	<u>73,248</u>
TOTAL CURRENT ASSETS	<u>442,209</u>	<u>460,528</u>
<u>PROPERTY AND EQUIPMENT</u>		
Office equipment (net of accumulated depreciation - 2012: \$31,600; 2011: \$67,966)	<u>13,519</u>	<u>7,622</u>
<u>OTHER ASSETS</u>		
CapMap diagnostic tool (net of accumulated amortization - 2012: \$13,846; 2011: \$7,692)	<u>6,154</u>	<u>12,308</u>
TOTAL ASSETS	<u>\$ 461,882</u>	<u>\$ 480,458</u>

See Notes to Financial Statements.

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

STATEMENTS OF FINANCIAL POSITION - continued
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 22,741	\$ 36,187
Accounts payable - Statewide Conference	33,837	-
Accounts payable IHEDA - Statewide Conference	20,000	20,000
Accrued expenses	13,216	11,684
Deferred revenue - member dues	42,900	9,150
Homeward Bound Walks payable	<u>-</u>	<u>35,074</u>
TOTAL CURRENT LIABILITIES	<u>132,694</u>	<u>112,095</u>
<u>NET ASSETS</u>		
Unrestricted - undesignated	280,650	335,163
Temporarily restricted - grants and contributions	24,556	15,026
Temporarily restricted - Statewide Conference	13,126	7,009
Temporarily restricted - State Affordable Housing Trust	<u>10,856</u>	<u>11,165</u>
Total temporarily restricted net assets	<u>48,538</u>	<u>33,200</u>
TOTAL NET ASSETS	<u>329,188</u>	<u>368,363</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 461,882</u>	<u>\$ 480,458</u>

See Notes to Financial Statements.

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

STATEMENTS OF ACTIVITIES

Year ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Grants	\$ 215,397	\$ 37,500	\$ 252,897
Contributions	20,900	-	20,900
Sponsorships	9,326	-	9,326
Member dues	68,225	-	68,225
Registrations	15,949	-	15,949
Homeward Bound Contributions	48,322	-	48,322
Fees	610,058	-	610,058
Miscellaneous	1,500	-	1,500
Interest income	713	-	713
	<u>990,390</u>	<u>37,500</u>	<u>1,027,890</u>
SUPPORT AND REVENUE BEFORE RELEASE FROM RESTRICTIONS			
Release from restrictions	27,970	(27,970)	-
	<u>1,018,360</u>	<u>9,530</u>	<u>1,027,890</u>
TOTAL SUPPORT AND REVENUE			
<u>EXPENSES</u>			
Operating expenses:			
Technical assistance and training	574,035	-	574,035
Fee for service	110,243	-	110,243
Policy and membership	242,347	-	242,347
Administration and organizational development	140,758	-	140,758
Fundraising	7,057	-	7,057
	<u>1,074,440</u>	<u>-</u>	<u>1,074,440</u>
TOTAL EXPENSES			
CHANGE IN NET ASSETS BEFORE FISCAL AGENT ACTIVITIES	(56,080)	9,530	(46,550)
<u>FISCAL AGENT ACTIVITIES</u>			
Statewide Conference income	-	169,221	169,221
Statewide Conference expenses	(163,104)	-	(163,104)
State Affordable Housing Trust Fund income	-	-	-
State Affordable Housing Trust Fund expenses	(309)	-	(309)
Land Bank income	48,981	-	48,981
Land Bank expenses	(47,414)	-	(47,414)
Release from restrictions	163,413	(163,413)	-
	<u>1,567</u>	<u>5,808</u>	<u>7,375</u>
TOTAL FISCAL AGENT ACTIVITIES			
TOTAL CHANGE IN NET ASSETS	(54,513)	15,338	(39,175)
<u>NET ASSETS</u>			
Beginning of year	335,163	33,200	368,363
End of year	<u>\$ 280,650</u>	<u>\$ 48,538</u>	<u>\$ 329,188</u>

See Notes to Financial Statements.

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

STATEMENTS OF ACTIVITIES - continued
Year ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Grants	\$ 317,227	\$ 15,000	\$ 332,227
Contributions	9,500	-	9,500
Sponsorships	26,400	-	26,400
Member dues	77,175	-	77,175
Registrations	13,380	-	13,380
Fees	338,833	-	338,833
Interest income	750	-	750
	<hr/>	<hr/>	<hr/>
SUPPORT AND REVENUE BEFORE RELEASE FROM RESTRICTIONS	783,265	15,000	798,265
Release from restrictions	62,328	(62,328)	-
	<hr/>	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUE	845,593	(47,328)	798,265
<u>EXPENSES</u>			
Operating expenses:			
Technical assistance and training	460,428	-	460,428
Fee for service	43,821	-	43,821
Policy and membership	189,616	-	189,616
Administration and organizational development	107,715	-	107,715
Fundraising	8,836	-	8,836
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	810,416	-	810,416
CHANGE IN NET ASSETS BEFORE FISCAL AGENT ACTIVITIES	35,177	(47,328)	(12,151)
<u>FISCAL AGENT ACTIVITIES</u>			
Statewide Conference income	-	182,966	182,966
Statewide Conference expenses	(214,715)	-	(214,715)
State Affordable Housing Trust Fund income	-	-	-
State Affordable Housing Trust Fund expenses	(309)	-	(309)
Homeward Bound Walks collections	-	124,417	124,417
Homeward Bound Walks disbursements	(124,417)	-	(124,417)
Land Bank income	272,009	-	272,009
Land Bank expenses	(267,184)	-	(267,184)
Release from restrictions	339,441	(339,441)	-
	<hr/>	<hr/>	<hr/>
TOTAL FISCAL AGENT ACTIVITIES	4,825	(32,058)	(27,233)
TOTAL CHANGE IN NET ASSETS	40,002	(79,386)	(39,384)
<u>NET ASSETS</u>			
Beginning of year	295,161	112,586	407,747
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End of year	\$ 335,163	\$ 33,200	\$ 368,363
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See Notes to Financial Statements.

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

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2012

	Technical Assistance and Training	Fee for Service	Policy and Membership	Admin & Organizational Development	Fundraising	Total
Amortization expense	\$ 6,154	\$ -	\$ -	\$ -	\$ -	\$ 6,154
Bad debt expense	-	-	-	3,999	-	3,999
Bank charges	-	-	917	2,626	-	3,543
Board development	-	-	-	-	-	-
Business insurance	-	-	140	3,763	-	3,903
Credit card charge backs	-	-	-	60,123	-	60,123
Depreciation expense	810	662	989	42	49	2,552
Dues/subscriptions	-	25	2,050	86	-	2,161
Equipment lease rental	3,245	2,652	3,964	167	198	10,226
Facility rental	13,595	-	-	-	-	13,595
Food & refreshments	29,221	(222)	1,117	550	-	30,666
(Gain) on disposal of fixed assets	-	-	-	(483)	-	(483)
Homeward Bound Disbursements	-	-	48,322	-	-	48,322
Janitorial	-	-	-	2,632	-	2,632
Miscellaneous expenses	-	6	430	963	-	1,399
Office supplies	299	122	134	2,810	-	3,365
Pass through grant making	-	-	-	-	-	-
Payroll taxes and benefits	17,278	14,402	21,874	10,811	1,057	65,422
Postage	-	356	212	535	-	1,103
Printing/copying	6,465	-	2,618	14	-	9,097
Professional fees	394,649	7,630	40,453	32,781	-	475,513
Rent	6,507	5,318	7,949	336	397	20,507
Salaries and wages	85,193	69,628	104,082	4,394	5,198	268,495
Staff development	-	-	315	3,185	-	3,500
Telephone/internet	2,513	2,054	3,071	130	153	7,921
Travel	8,106	7,610	3,710	6,928	5	26,359
Utilities	-	-	-	4,366	-	4,366
TOTAL	\$ 574,035	\$ 110,243	\$ 242,347	\$ 140,758	\$ 7,057	\$ 1,074,440

See Notes to Financial Statements.

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

STATEMENTS OF FUNCTIONAL EXPENSES - continued
Year ended December 31, 2011

	Technical Assistance and Training	Fee for Service	Policy and Membership	Admin & Organizational Development	Fundraising	Total
Amortization expense	\$ 6,154	\$ -	\$ -	\$ -	\$ -	\$ 6,154
Bad debt expense	-	-	-	-	-	-
Bank charges	-	-	-	2,793	-	2,793
Board development	-	-	-	2,000	-	2,000
Business insurance	-	-	-	4,167	-	4,167
Credit card charge backs	-	-	-	-	-	-
Depreciation expense	1,195	354	1,155	340	46	3,090
Dues/subscriptions	28	-	1,100	2,081	-	3,209
Equipment lease rental	2,274	672	2,198	1,358	87	6,589
Facility rental	4,575	-	-	40	-	4,615
Food & refreshments	12,518	1,245	1,207	450	-	15,420
Homeward Bound Disbursements	-	-	-	-	-	-
Janitorial	-	-	-	2,700	-	2,700
Loss on disposal of fixed assets	-	-	-	601	-	601
Miscellaneous expenses	-	300	1,184	-	-	1,484
Office supplies	2,327	13	508	2,921	-	5,769
Pass through grant making	12,500	-	-	-	-	12,500
Payroll taxes and benefits	19,246	5,937	19,398	13,943	775	59,299
Postage	22	9	854	1,446	526	2,857
Printing/copying	1,823	177	2,690	60	2,003	6,753
Professional fees	276,662	365	46,795	30,936	1,038	355,796
Rent	8,354	2,473	8,076	2,379	318	21,600
Salaries and wages	102,525	30,341	94,550	29,195	3,907	260,518
Staff development	-	-	35	1,379	-	1,414
Telephone/internet	3,260	1,056	3,425	1,015	136	8,892
Travel	6,829	879	6,441	3,119	-	17,268
Utilities	136	-	-	4,792	-	4,928
TOTAL	\$ 460,428	\$ 43,821	\$ 189,616	\$ 107,715	\$ 8,836	\$ 810,416

See Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from members and grantors	\$ 1,297,152	\$ 1,370,985
Cash paid to suppliers and organizations	(1,290,194)	(1,353,377)
Interest income	713	750
Net cash provided by (used in) operating activities	<u>7,671</u>	<u>18,358</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sale of fixed assets	483	350
Purchase of property and equipment	(8,450)	(1,429)
Net cash provided by (used in) investing activities	<u>(7,967)</u>	<u>(1,079)</u>
Increase (decrease) in cash and cash equivalents	(296)	17,279
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning of year	<u>300,573</u>	<u>283,294</u>
End of year	<u>\$ 300,277</u>	<u>\$ 300,573</u>
<u>RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Changes in net assets	\$ (39,175)	\$ (39,384)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	8,706	9,244
(Gain)/Loss on disposal of fixed assets	(483)	601
Changes in certain assets and liabilities:		
Cash - Statewide Conference	(36,953)	31,749
Cash - State Affordable Housing Trust	309	309
Cash - Homeward Bound Walks	35,074	(20,776)
Grants and accounts receivable	19,593	18,095
Prepaid expense	-	4,108
Accounts payable and accrued liabilities	(13,150)	49,712
Deferred revenue	<u>33,750</u>	<u>(35,300)</u>
Net cash flows provided by (used in) operating activities	<u>\$ 7,671</u>	<u>\$ 18,358</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Donated equipment	<u>\$ 6,000</u>	<u>\$ -</u>

See Notes to Financial Statements.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Indiana Association for Community Economic Development (IACED) supports a network of organizations that builds vital communities and resilient families. IACED advocates for public policies and assist the network in developing comprehensive solutions that engage local leadership to generate private and public investment. IACED member organizations strengthen communities and improve lives in rural, small city and urban areas throughout the state. Members provide housing opportunity. They meet basic needs. They connect Hoosiers to jobs. They create vital places. They do all of this and more.

There is strength in numbers and IACED works to harness the strengths of Indiana's diverse community economic development members for the common good. Two of the most important ways IACED helps members build capacity to serve their constituents are capacity building through individualized technical assistance and training for professional development. IACED provides this training and technical assistance through a variety of funding resources including grants from federal and state government and fee-for-service relationships. Since its inception, IACED has considered high quality training and technical assistance to be an essential component of an organization's ability to carry out its mission and programs. Improving the knowledge and skills of agency staff to deliver services improves efficiency and builds content expertise. IACED's policy education and advocacy work connects members to state and national policymaking. IACED monitors and supports legislation and administrative policies important to the community economic development industry, and IACED has been a major partner in the passage of numerous pieces of state legislation.

Significant accounting policies followed by the Association are listed below:

A. Accrual Basis

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

B. 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. 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, the Association has no permanently restricted net assets.

Ordinary income derived from investment, receivables, and other income-producing assets, is accounted for as unrestricted net assets. Income derived from investments is accounted for as temporarily restricted or, if unrestricted, as revenues in unrestricted net assets. Gains and losses on investments are classified as an increase or decrease, in unrestricted net assets, unless restricted by donor-imposed stipulations. If restricted, such gains or losses are reported as increases or decreases in temporarily- or permanently- restricted net assets.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Accounting - continued

Grants received from governmental agencies are considered exchange transactions and/or unrestricted resources for the Association.

C. Cash and Cash Equivalents

Cash and cash equivalents consist 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. The balances may exceed the insured limit at various times.

The Association considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

D. Accounts Receivable

The Association'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, 2012 and 2011, an allowance for uncollectible accounts is not deemed necessary.

E. 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, 2012 and 2011.

F. Property and Equipment

The Association 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 the Association's policy to consider a donor restriction of or for long-lived assets satisfied when the asset is purchased and put into service.

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. The Association's capitalization policy is \$500 with a life of three or more years.

G. 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.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

G. Support and Revenue - continued

Support funded by government grants is recognized as the Association 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. The Association 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.

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. Reclassifications

Certain amounts from the prior year have been reclassified to conform with the current year presentation.

J. Concentration of Financial Risk

IACED receives funding under multiple year grants from the U.S. Department of Housing and Urban Development (HUD) and from other funding sources. Under the grants' terms, additional periodic audits are possible by the grantor agency. Failure to comply with grant requirements may result in suspension of further HUD and other grant funding and possible reimbursement for disallowed expenditures. Management believes that disallowed costs, if any, will not be material. As of December 31, 2012, management was not aware of any potential disallowance of claims asserted by grantor agencies; therefore, no estimate of contingent reimbursement to the grantor was made.

IACED receives a significant portion of its non-fiscal agent support and revenue from two sources. The percentage of non-fiscal agent support and revenue received from those sources is as follows:

<u>Funding Sources</u>	<u>2012</u>	<u>2011</u>
IN Housing & Community Dev. Authority	47%	38%
Lilly Endowment	17%	21%

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

K. Use of Estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, 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.

L. Tax Status

IACED is exempt from the income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Association 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 the Association include maintaining their tax-exempt status and the taxability of any unrelated business income. The Association believes these positions are sustainable. With few exceptions, IACED is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2009.

M. Evaluation of Subsequent Events

The Association's management has evaluated subsequent events through July 19, 2013, which is the date the financial statements were available to be issued.

NOTE 2 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.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 2 NET ASSETS - continued

Net assets consist of:

	<u>2012</u>	<u>2011</u>
Unrestricted:		
Undesignated	\$ 280,650	\$ 335,163
Temporarily restricted:		
Grants and contributions:		
INHP-NCST Public Policy Grant	-	5,000
CICF-Homeward Bound Website	8,070	-
Lilly End.-Relocation & Tech Update	16,486	-
Chase Fund 2009 Comp Comm Dev	-	10,026
	<u>24,556</u>	<u>15,026</u>
Fiscal Agent:		
Statewide Conference	13,126	7,009
State Affordable Housing Trust Campaign	10,856	11,165
	<u>23,982</u>	<u>18,174</u>
Total temporarily restricted	<u>\$ 48,538</u>	<u>\$ 33,200</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes during the years ended December 31, 2012 and 2011 as follows:

	<u>2012</u>	<u>2011</u>
Grants:		
CICF-Homeward Bound Website	\$ 4,430	\$ -
INHP-NCST Public Policy Grant	5,000	10,000
Lilly End.-Relocation & Tech Update	8,514	-
Lilly End. 2010 Support Grant	-	15,855
Old National Bank Foundation	-	6,350
Chase Fund 2009 Comp Comm Dev	10,026	30,123
	<u>\$ 27,970</u>	<u>\$ 62,328</u>
Fiscal Agent:		
Statewide Conference	\$ 163,104	\$ 214,715
State Affordable Housing Trust Campaign	309	309
Homeward Bound Walks	-	124,417
	<u>\$ 163,413</u>	<u>\$ 339,441</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 3 COMMITMENTS

Effective August 1, 2006, IACED entered into a five-year agreement to lease office space. There was an option to renew the lease at the end of the five-year term for an additional five years. The lease expired in August 2011 and was extended for one year only to September 30, 2012. Monthly lease payments were \$1,500. In addition to the monthly rent, the lease required a payment of \$300 per month throughout the lease term for operating expenses, regardless of the actual amount of operating expenses incurred.

In October 2012 the Association moved office locations and entered into a new sublease agreement for office space. The lease has a five-year term starting November 1, 2012. Rental payments will be \$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, 2012 and 2011 was \$20,507 and \$21,600, respectively.

Future minimum lease payments as of December 31, 2012 are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 15,040
2014	15,165
2015	15,792
2016	15,924
2017	<u>13,818</u>
Total	<u>\$ 75,739</u>

NOTE 4 RELATED PARTIES

At December 31, 2012 and 2011, IACED had no payables to related parties.

In 2004, IACED and House Investments formed the Indiana Redevelopment Corporation, 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. IACED entered a consulting agreement with Indiana Redevelopment Corporation (IRC). 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 2012 and 2011.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 4 RELATED PARTIES - continued

In 2009, IACED and City Real Estate Advisors, Inc. 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 City Real Estate Advisors, Inc. (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 2012 and 2011.

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. These funds are segregated separately in the accounting system, and the funds are deposited in a separate bank account. Revenues collected for the conference can only be used to pay conference expenses or other financial obligations of the conference. If another party takes on the fiscal agent responsibility and facilitates the annual Statewide Conference, the cash balance would be transferred to the other party.

NOTE 6 STATE AFFORDABLE HOUSING TRUST FUND CAMPAIGN

IACED serves as the reporting entity and administrator for the State Affordable Housing Trust Fund Campaign. The Campaign's purpose is 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 is funded by supporters, including other not-for-profit organizations who are interested in affordable housing issues. These funds are segregated in the accounting system and the funds are 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 will continue until all cash collected is depleted. If another party takes on the fiscal agent responsibility, the cash balance would be transferred to the other party.

NOTE 7 HOMEWARD BOUND WALKS

Homeward Bound is a series of annual events that take place in communities across Indiana to raise funds and awareness about affordable housing and homeless needs. Homeward Bound is a project of IACED, which includes the following activities:

- Solicit additional statewide underwriting to plan and deliver the annual walks;
- Produce the Homeward Bound web site, the backbone of online fundraising;
- Expand public relations and marketing for each Homeward Bound event;
- Provide event insurance for each walk site; and
- Provide technical assistance and support to all walk sites.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 7 HOMEWARD BOUND WALKS - continued

All Homeward Bound benefiting agencies are voting (nonprofit 501(c)(3)) members of IACED. Revenues collected by IACED for the Homeward Bound Walks through online fundraising are reserved and disbursed to Homeward Bound benefiting agencies through local coordinating committees.