

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

**FINANCIAL REPORT**

**December 31, 2013**



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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 Indiana Association for Community Economic Development, Inc. which comprise the statements of financial position as of December 31, 2013 and 2012, 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 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 Indiana Association for Community Economic Development, Inc. as of December 31, 2013 and 2012, 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  
September 29, 2014

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

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2013 and 2012

	<b><u>2013</u></b>	<b><u>2012</u></b>
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 462,811	\$ 300,277
Grants receivable	9,000	6,181
Accounts receivable	37,879	60,933
Prepaid expenses	1,813	-
	<u>511,503</u>	<u>367,391</u>
Assets held as fiscal agent:		
Cash and receivables - State Affordable Housing Trust	-	10,856
Cash and receivables - Statewide Conference	50,754	43,962
Cash advance IHEDA - Statewide Conference	20,000	20,000
	<u>70,754</u>	<u>74,818</u>
<b>TOTAL CURRENT ASSETS</b>	<u>582,257</u>	<u>442,209</u>
<b><u>PROPERTY AND EQUIPMENT</u></b>		
Office equipment (net of accumulated depreciation - 2013: \$19,384; 2012: \$31,600)	<u>26,590</u>	<u>13,519</u>
<b><u>OTHER ASSETS</u></b>		
CapMap diagnostic tool (net of accumulated amortization - 2013: \$20,000; 2012: \$13,846)	<u>-</u>	<u>6,154</u>
<b>TOTAL ASSETS</b>	<u>\$ 608,847</u>	<u>\$ 461,882</u>

See Notes to Financial Statements.

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

**STATEMENTS OF FINANCIAL POSITION** - continued  
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable	\$ 12,116	\$ 22,741
Accounts payable - Statewide Conference	3,000	33,837
Accounts payable IHEDA - Statewide Conference	20,000	20,000
Accrued expenses	18,601	13,216
Deferred revenue - member dues	<u>32,750</u>	<u>42,900</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>86,467</u>	<u>132,694</u>
<b><u>NET ASSETS</u></b>		
Unrestricted - undesignated	391,340	280,650
Temporarily restricted - grants and contributions	83,014	24,556
Temporarily restricted - Statewide Conference	48,026	13,126
Temporarily restricted - State Affordable Housing Trust	<u>-</u>	<u>10,856</u>
Total temporarily restricted net assets	<u>131,040</u>	<u>48,538</u>
<b>TOTAL NET ASSETS</b>	<u>522,380</u>	<u>329,188</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 608,847</u>	<u>\$ 461,882</u>

See Notes to Financial Statements.

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

**STATEMENTS OF ACTIVITIES**

Year ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>SUPPORT AND REVENUE</u></b>			
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>
<b>SUPPORT AND REVENUE BEFORE RELEASE FROM RESTRICTIONS</b>			
Release from restrictions	36,042	(36,042)	-
	<u>722,742</u>	<u>58,458</u>	<u>781,200</u>
<b>TOTAL SUPPORT AND REVENUE</b>			
<b><u>EXPENSES</u></b>			
Operating expenses:			
Membership	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>
<b>TOTAL EXPENSES</b>			
<b>CHANGE IN NET ASSETS BEFORE FISCAL AGENT ACTIVITIES</b>	99,834	58,458	158,292
<b><u>FISCAL AGENT ACTIVITIES</u></b>			
Statewide Conference income	-	192,481	192,481
Statewide Conference expenses	(157,581)	-	(157,581)
State Affordable Housing Trust Fund income	-	-	-
State Affordable Housing Trust Fund expenses	-	-	-
Land Bank income	-	-	-
Land Bank expenses	-	-	-
Release from restrictions	168,437	(168,437)	-
	<u>10,856</u>	<u>24,044</u>	<u>34,900</u>
<b>TOTAL FISCAL AGENT ACTIVITIES</b>			
<b>TOTAL CHANGE IN NET ASSETS</b>	110,690	82,502	193,192
<b><u>NET ASSETS</u></b>			
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 ACTIVITIES** - continued

Year ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>SUPPORT AND REVENUE</u></b>			
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
	<hr/>	<hr/>	<hr/>
<b>SUPPORT AND REVENUE BEFORE RELEASE FROM RESTRICTIONS</b>	990,390	37,500	1,027,890
Release from restrictions	27,970	(27,970)	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,018,360</u>	<u>9,530</u>	<u>1,027,890</u>
<b><u>EXPENSES</u></b>			
Operating expenses:			
Membership	166,353	-	166,353
Capacity building	689,731	-	689,731
Policy and advocacy	80,072	-	80,072
Administration and organizational development	131,017	-	131,017
Fundraising	7,267	-	7,267
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	<u>1,074,440</u>	<u>-</u>	<u>1,074,440</u>
<b>CHANGE IN NET ASSETS BEFORE FISCAL AGENT ACTIVITIES</b>	(56,080)	9,530	(46,550)
<b><u>FISCAL AGENT ACTIVITIES</u></b>			
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)	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL FISCAL AGENT ACTIVITIES</b>	<u>1,567</u>	<u>5,808</u>	<u>7,375</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	(54,513)	15,338	(39,175)
<b><u>NET ASSETS</u></b>			
Beginning of year	<u>335,163</u>	<u>33,200</u>	<u>368,363</u>
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 FUNCTIONAL EXPENSES**

Year ended December 31, 2013

	<u>Membership</u>	<u>Capacity Building</u>	<u>Policy and Advocacy</u>	<u>Admin &amp; Organizational Development</u>	<u>Fundraising</u>	<u>Total</u>
Amortization expense	\$ -	\$ 6,154	\$ -	\$ -	\$ -	\$ 6,154
Bad debt expense	-	-	-	-	-	-
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
(Gain) on disposal of fixed assets	-	-	-	-	-	-
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
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
<b>TOTAL</b>	<b>\$ 199,976</b>	<b>\$ 249,300</b>	<b>\$ 45,850</b>	<b>\$ 112,303</b>	<b>\$ 15,479</b>	<b>\$ 622,908</b>

See Notes to Financial Statements.

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

**STATEMENTS OF FUNCTIONAL EXPENSES** - continued

Year ended December 31, 2012

	<u>Membership</u>	<u>Capacity Building</u>	<u>Policy and Advocacy</u>	<u>Admin &amp; Organizational Development</u>	<u>Fundraising</u>	<u>Total</u>
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/(refunds)	-	-	-	60,123	-	60,123
Depreciation expense	-	1,472	989	42	49	2,552
Dues/subscriptions	2,050	25	-	86	-	2,161
Equipment lease rental	-	5,897	3,964	167	198	10,226
Facility rental	-	13,595	-	-	-	13,595
Food & refreshments	1,064	28,978	74	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	430	6	-	963	-	1,399
Office supplies	134	421	-	2,810	-	3,365
Payroll taxes and benefits	7,231	37,680	18,174	1,070	1,267	65,422
Postage	212	356	-	535	-	1,103
Printing/copying	2,609	6,465	10	13	-	9,097
Professional fees	7,641	402,279	32,812	32,781	-	475,513
Rent	-	11,825	7,949	336	397	20,507
Salaries and wages	91,710	154,261	12,932	4,394	5,198	268,495
Staff development	315	-	-	3,185	-	3,500
Telephone/internet	-	4,567	3,071	130	153	7,921
Travel	3,578	15,750	97	6,929	5	26,359
Utilities	-	-	-	4,366	-	4,366
<b>TOTAL</b>	<b>\$ 166,353</b>	<b>\$ 689,731</b>	<b>\$ 80,072</b>	<b>\$ 131,017</b>	<b>\$ 7,267</b>	<b>\$ 1,074,440</b>

See Notes to Financial Statements.

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

**STATEMENTS OF CASH FLOWS**

Years ended December 31, 2013 and 2012

	<b><u>2013</u></b>	<b><u>2012</u></b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 193,192	\$ (39,175)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,674	8,706
(Gain)/Loss on disposal of fixed assets	-	(483)
Changes in assets and liabilities:		
(Increase) decrease in:		
Cash - Statewide Conference	(6,792)	(36,953)
Cash - State Affordable Housing Trust	10,856	309
Cash - Homeward Bound Walks	-	35,074
Grants and accounts receivable	20,235	19,593
Prepaid expense	(1,813)	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	(36,076)	(13,150)
Deferred revenue	(10,150)	33,750
Net cash provided by (used in) operating activities	<u>181,126</u>	<u>7,671</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Proceeds from sale of fixed assets	-	483
Purchase of property and equipment	<u>(18,592)</u>	<u>(8,450)</u>
Net cash provided by (used in) investing activities	<u>(18,592)</u>	<u>(7,967)</u>
Increase (decrease) in cash and cash equivalents	162,534	(296)
<b><u>CASH AND CASH EQUIVALENTS</u></b>		
Beginning of year	<u>300,277</u>	<u>300,573</u>
End of year	<u>\$ 462,811</u>	<u>\$ 300,277</u>
<b><u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u></b>		
Donated equipment	<u>\$ -</u>	<u>\$ 6,000</u>

See Notes to Financial Statements.

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

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2013

**NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Association**

The Indiana Association for Community Economic Development ("IACED" / "Association") 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 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.

**Membership:** Community building and connecting is IACED's work to network and connect members. IACED uses a number of strategies 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. IACED organizes regional membership meetings annually across the state. These meetings are an opportunity to meet members, understand their business, local issues, review successful outcomes, and discuss challenges.

IACED partners with the Indiana Housing and Community Development Authority ("IHCDA") to deliver the annual Statewide Conference on Housing and Community Economic Development. The annual conference showcases national and local experts on a variety of affordable housing and community development subjects. IACED members took advantage of the ample opportunities to learn from these innovative thinkers and reflective practitioners.

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.

**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.

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

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2013

**NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES** - continued

Nature of Association - continued

**Capacity Building:** Training and technical assistance are aligned services to build the capacity of community economic development practitioners and the organizations employing them. IACED is delivers a robust program of training for member organization staff and others in the community development movement. 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 service are the primary sources of this service. IACED provides technical assistance in the following categorical areas: board governance, financial management, planning, program/project delivery and development, 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. IACED seeks opportunities to fund members and their work.

IACED plays the 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 serves as the fiscal agent and program manager for member initiatives to help launch innovation.

Significant accounting policies followed by the Association 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, the Association has no permanently restricted net assets.

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

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2013

**NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**- continued

**B. Cash and Cash Equivalents**

The Association's 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.

**C. 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, 2013, 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:

<b><u>Funding Sources</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
IN Housing & Community Dev. Authority	17%	47%
Lilly Endowment	22%	17%

**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, 2013 and 2012, 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, 2013 and 2012.

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

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2013

**NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**- continued

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.

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.

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

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2013

**NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**- continued

J. Tax Status

The Association 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.

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. Although the Association 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, 2010.

K. 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.

L. Evaluation of Subsequent Events

The Association's management has evaluated subsequent events through September 29, 2014, which is the date the financial statements were available to be issued.

**NOTE 2 COMMITMENTS**

Effective August 1, 2006, IACED entered into a five-year agreement to lease office space. The lease expired in August 2011 and was extended for one year expiring on 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.



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**NOTES TO FINANCIAL STATEMENTS**

December 31, 2013

**NOTE 2 COMMITMENTS** - continued

Total rent expense for the years ended December 31, 2013 and 2012 was \$15,280 and \$20,507, respectively.

Future minimum lease payments as of December 31, 2013 are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 15,165
2015	15,792
2016	15,924
2017	13,818
2018	<u>-</u>
Total	<u>\$ 60,699</u>

**NOTE 3 RELATED PARTIES**

At December 31, 2013 and 2012, 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 2013 and 2012.

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 2013 and 2012.

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**NOTES TO FINANCIAL STATEMENTS**

December 31, 2013

**NOTE 4 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:

	<b><u>2013</u></b>	<b><u>2012</u></b>
Unrestricted:		
Undesignated	\$ <u>391,340</u>	\$ <u>280,650</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")	-	8,070
Lilly Endowment, Inc.	-	16,486
	<u>83,014</u>	<u>24,556</u>
Fiscal Agent:		
Statewide Conference	48,026	13,126
State Affordable Housing Trust Campaign	-	10,856
	<u>48,026</u>	<u>23,982</u>
Total temporarily restricted	<u>\$ 131,040</u>	<u>\$ 48,538</u>

**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.

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**NOTES TO FINANCIAL STATEMENTS**

December 31, 2013

**NOTE 6 STATE AFFORDABLE HOUSING TRUST FUND CAMPAIGN**

IACED served as the reporting entity and administrator for the State Affordable Housing Trust Fund 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.