

Consolidated Financial Statements
and Supplementary Information

NORTHEAST INDIANA REGIONAL PARTNERSHIP, INC.
AND NORTHEAST INDIANA FOUNDATION, INC.

*Years ended December 31, 2018 and 2017
with Independent Auditor's Report*

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Consolidated Financial Statements
and Supplementary Information

Years ended December 31, 2018 and 2017

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Independent Auditor's Report

The Board of Directors
Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

We have audited the accompanying consolidated financial statements of Northeast Indiana Regional Partnership, Inc. and Northeast Indiana Foundation, Inc. which comprise the consolidated statements of financial position as of December 31, 2018 and 2017 and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Northeast Indiana Regional Partnership, Inc. and Northeast Indiana Foundation, Inc. as of December 31, 2018 and 2017 and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. The consolidating statements of financial position and consolidating statements of activities and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Haines, Asenbarger & Skiba, LLC

Fort Wayne, Indiana
March 12, 2019

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Consolidated Statements of Financial Position

| | December 31, | |
|---|---------------------|--------------|
| | 2018 | 2017 |
| Assets | | |
| Current assets: | | |
| Cash | \$ 787,444 | \$ 1,279,133 |
| Certificates of deposit | 513,490 | 543,636 |
| Accounts receivable | 141,121 | 457,600 |
| Current portion of grants receivable | 100,000 | 92,500 |
| Prepaid expenses | 57,048 | 46,920 |
| Total current assets | 1,599,103 | 2,419,789 |
| Property and equipment: | | |
| Equipment | 117,143 | 48,029 |
| Furniture and fixtures | 182,589 | 3,241 |
| Website | 330,546 | 285,393 |
| Leasehold improvements | 680,798 | - |
| Construction in progress | - | 349,446 |
| | 1,311,076 | 686,109 |
| Less accumulated depreciation | 312,724 | 113,558 |
| | 998,352 | 572,551 |
| Other assets: | | |
| Grants receivable, less current portion | - | 98,346 |
| Security deposit | 13,206 | 13,206 |
| | 13,206 | 111,552 |
| Total assets | \$ 2,610,661 | \$ 3,103,892 |
| Liabilities and net assets | | |
| Current liabilities: | | |
| Accounts payable | \$ 90,267 | \$ 168,348 |
| Accrued expenses | 47,405 | 47,088 |
| Deferred revenue | 39,495 | 92,958 |
| Total current liabilities | 177,167 | 308,394 |
| Sublease deposit | 7,825 | 15,650 |
| Total liabilities | 184,992 | 324,044 |
| Net assets: | | |
| Without donor restrictions | 2,141,261 | 2,379,727 |
| With donor restrictions | 284,408 | 400,121 |
| Total net assets | 2,425,669 | 2,779,848 |
| Total liabilities and net assets | \$ 2,610,661 | \$ 3,103,892 |

See accompanying notes.

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Consolidated Statements of Activities and Changes in Net Assets

| | Year ended December 31, | | | | | |
|---|-------------------------------|----------------------------|--------------|-------------------------------|----------------------------|--------------|
| | 2018 | | | 2017 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support, revenues and gains | | | | | | |
| Investor revenues | \$ 1,877,490 | \$ - | \$ 1,877,490 | \$ 1,766,900 | \$ - | \$ 1,766,900 |
| Fee for service | 363,797 | - | 363,797 | 338,852 | - | 338,852 |
| Grants | 112,034 | 199,500 | 311,534 | 719,972 | 302,000 | 1,021,972 |
| Contributions and sponsorships | 526,897 | 10,500 | 537,397 | 593,225 | - | 593,225 |
| Contributed goods and services | 173,053 | - | 173,053 | 125,356 | - | 125,356 |
| Interest | 4,234 | - | 4,234 | 3,078 | - | 3,078 |
| Sublease income | 97,760 | - | 97,760 | 114,080 | - | 114,080 |
| Total support, revenues and gains before net assets released from restrictions | 3,155,265 | 210,000 | 3,365,265 | 3,661,463 | 302,000 | 3,963,463 |
| Net assets released from restrictions | 325,713 | (325,713) | - | 506,649 | (506,649) | - |
| Total support, revenues and gains | 3,480,978 | (115,713) | 3,365,265 | 4,168,112 | (204,649) | 3,963,463 |
| Expenses | | | | | | |
| Program services | 2,555,626 | - | 2,555,626 | 2,886,231 | - | 2,886,231 |
| Supporting services: | | | | | | |
| Management and general | 772,968 | - | 772,968 | 643,360 | - | 643,360 |
| Fundraising | 390,850 | - | 390,850 | 218,270 | - | 218,270 |
| Total operating expenses | 3,719,444 | - | 3,719,444 | 3,747,861 | - | 3,747,861 |
| Increase (decrease) in net assets | (238,466) | (115,713) | (354,179) | 420,251 | (204,649) | 215,602 |
| Net assets at beginning of year | 2,379,727 | 400,121 | 2,779,848 | 1,959,476 | 604,770 | 2,564,246 |
| Net assets at end of year | \$ 2,141,261 | \$ 284,408 | \$ 2,425,669 | \$ 2,379,727 | \$ 400,121 | \$ 2,779,848 |

See accompanying notes.

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Consolidated Statements of Functional Expenses

| | Year ended December 31, | | | | | | | |
|--|-------------------------|------------------------------|-------------------|---------------------|---------------------|------------------------------|-------------------|---------------------|
| | 2018 | | | | 2017 | | | |
| | Program Services | Management and General | Fundraising | Total | Program Services | Management and General | Fundraising | Total |
| Salaries and related expenses | | | | | | | | |
| Salaries | \$ 897,983 | \$ 452,651 | \$ 195,361 | \$ 1,545,995 | \$ 898,154 | \$ 392,580 | \$ 104,690 | \$ 1,395,424 |
| Payroll taxes | 68,024 | 28,009 | 13,806 | 109,839 | 69,275 | 27,678 | 7,627 | 104,580 |
| Employment benefits | 92,425 | 48,048 | 28,067 | 168,540 | 78,064 | 42,574 | 9,801 | 130,439 |
| Total salaries and related expenses | <u>1,058,432</u> | <u>528,708</u> | <u>237,234</u> | <u>1,824,374</u> | <u>1,045,493</u> | <u>462,832</u> | <u>122,118</u> | <u>1,630,443</u> |
| Other expenses | | | | | | | | |
| Bad debt | - | - | 13,700 | 13,700 | - | - | 478 | 478 |
| Conference and events | 44,848 | - | 734 | 45,582 | 28,729 | 399 | 2,156 | 31,284 |
| Dues and subscriptions | 47,127 | 6,742 | 40,763 | 94,632 | 37,884 | 2,019 | 22,468 | 62,371 |
| Grants | 8,400 | - | 5,000 | 13,400 | 26,400 | - | - | 26,400 |
| Marketing | 458,824 | 1,024 | 9,617 | 469,465 | 443,833 | 3,202 | 5,925 | 452,960 |
| Meals and entertainment | 46,207 | 5,955 | 6,355 | 58,517 | 44,859 | 12,226 | 7,279 | 64,364 |
| Miscellaneous expense (income), net | 24,853 | (23,753) | 1,810 | 2,910 | 8,963 | (16,224) | 1,274 | (5,987) |
| Office supplies | 14,077 | 2,660 | 794 | 17,531 | 5,534 | 990 | 543 | 7,067 |
| Organizational and professional development | 12,355 | 7,809 | 29,963 | 50,127 | 8,854 | 5,565 | 853 | 15,272 |
| Professional fees | 126,290 | 156,967 | 6,255 | 289,512 | 112,367 | 114,070 | 10,155 | 236,592 |
| Program supplies and expenses | 183,051 | 3,037 | 23,170 | 209,258 | 679,364 | 404 | 23,439 | 703,207 |
| Rent | 148,901 | 36,156 | 1,100 | 186,157 | 147,335 | 34,810 | 3,664 | 185,809 |
| Research and data | 72,825 | - | 88 | 72,913 | 66,140 | - | - | 66,140 |
| Technology support | 42,623 | 8,300 | 3,702 | 54,625 | 51,790 | 8,733 | 3,219 | 63,742 |
| Travel | 85,791 | 3,272 | 4,344 | 93,407 | 86,779 | 2,321 | 6,151 | 95,251 |
| Utilities | 19,127 | 3,424 | 1,616 | 24,167 | 16,921 | 2,604 | 2,053 | 21,578 |
| Total other expenses | <u>1,335,299</u> | <u>211,593</u> | <u>149,011</u> | <u>1,695,903</u> | <u>1,765,752</u> | <u>171,119</u> | <u>89,657</u> | <u>2,026,528</u> |
| Total expenses before depreciation | 2,393,731 | 740,301 | 386,245 | 3,520,277 | 2,811,245 | 633,951 | 211,775 | 3,656,971 |
| Depreciation | 161,895 | 32,667 | 4,605 | 199,167 | 74,986 | 9,409 | 6,495 | 90,890 |
| Total expenses | <u>\$ 2,555,626</u> | <u>\$ 772,968</u> | <u>\$ 390,850</u> | <u>\$ 3,719,444</u> | <u>\$ 2,886,231</u> | <u>\$ 643,360</u> | <u>\$ 218,270</u> | <u>\$ 3,747,861</u> |

See accompanying notes.

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Consolidated Statements of Cash Flows

| | Year ended December 31, | |
|--|--------------------------------|---------------------|
| | 2018 | 2017 |
| Operating activities | | |
| Increase (decrease) in net assets | \$ (354,179) | \$ 215,602 |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities: | | |
| Depreciation | 199,167 | 90,890 |
| Gain on disposal of equipment | - | (472) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 316,479 | (117,012) |
| Grants and pledges receivable | 90,846 | 176,949 |
| Prepaid expenses | (10,128) | (3,672) |
| Accounts payable | (78,081) | 5,366 |
| Accrued expenses | 317 | 9,471 |
| Deferred revenue | (53,463) | (2,542) |
| Sublease deposit | (7,825) | - |
| Net cash provided by operating activities | 103,133 | 374,580 |
| Investing activities | | |
| Purchase of property and equipment | (624,968) | (443,373) |
| Proceeds from sale of property and equipment | - | 2,950 |
| Purchases of certificates of deposit | - | (1,540) |
| Proceeds from maturity of certificates of deposit | 30,146 | - |
| Net cash used in investing activities | (594,822) | (441,963) |
| Decrease in cash and cash equivalents | (491,689) | (67,383) |
| Cash and cash equivalents at beginning of year | 1,279,133 | 1,346,516 |
| Cash and cash equivalents at end of year | \$ 787,444 | \$ 1,279,133 |

See accompanying notes.

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Notes to Consolidated Financial Statements

December 31, 2018

1. Organization

The Northeast Indiana Regional Partnership, Inc. (Partnership) is an Indiana nonprofit corporation organized under Section 501(c)(6) of the Internal Revenue Code to help build a globally competitive economy in Northeast Indiana. The Partnership's mission is to build, market and sell Northeast Indiana to increase business investment in the region. Through its combined efforts in business development and its work to build a globally competitive regional product, the Partnership supports its 11 member counties: Adams, Allen, DeKalb, Huntington, Kosciusko, LaGrange, Noble, Steuben, Wabash, Wells and Whitley counties.

The Northeast Indiana Foundation, Inc. (Fund) is an Indiana nonprofit corporation organized under Section 501(c)(3) of the Internal Revenue Code. The Fund's mission is to support the Partnership through sustained leadership, collaboration, transformative initiatives and the alignment of resources toward shared regional goals. The Fund is supported through foundation grants and other contributions.

The Partnership and the Fund together launched Vision 2020, which is a regional initiative focused on aligning Northeast Indiana's economic development efforts around five key areas: 21st Century Talent, Competitive Business Climate, Entrepreneurship, Infrastructure and Quality of Life. Vision 2020 has been recast as Vision 2030. Where Vision 2020 focused on creating a movement, Vision 2030 focuses on action. The region has targeted that by 2030, Northeast Indiana should increase per capita personal income annually against the national average, increase the population of Northeast Indiana to 1 million residents and increase postsecondary educational attainment to more than 60 percent in order to sustain the region's economy. Vision 2030 builds on the successes of its predecessor yet streamlines some of the processes to encourage greater community engagement and more nimble pursuit of action.

2. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred.

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Principles of Consolidation

The consolidated financial statements include the accounts of the Partnership and the Fund (collectively Organization), both of which are under common control and board of directors. Significant interorganization accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Organization maintains cash accounts at local banks. From time to time during the year, the Organization's cash accounts exceeded federally insured limits.

Certificates of Deposit

Certificates of deposit are recorded at cost plus accrued interest, which approximates fair value.

Property and Equipment

Property and equipment are stated at cost or if donated, at fair market value at date of donation, except for property and equipment that has been impaired. For impaired assets, the carrying amount is reduced to the estimated fair market value. There were no impaired assets as of December 31, 2018 and 2017. Property and equipment with a cost or value of \$2,000 or more and a useful life of one year or more are capitalized. Depreciation is computed by the straight-line method over the following estimated useful lives:

| | |
|------------------------|------------|
| Equipment | 5-7 years |
| Furniture and fixtures | 7-10 years |
| Website | 3-10 years |
| Leasehold improvements | 13 years |

Expenditures for normal repairs and maintenance are charged to expenses as incurred.

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions—Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions—Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Resources arising from the results of operations or assets set aside by the Board of Directors are not considered to be donor restricted.

Revenue and Accounts Receivable

Revenues consist of investments in the Organization from businesses in the region who choose to be involved in Northeast Indiana's development and economic growth. Additionally, the Organization receives fees from city and county governments to provide professional marketing services related to economic development activities and receives fees to provide economic development related administrative and programmatic support to two other organizations. The Organization recognizes revenue upon completion of services. Deferred revenue consists primarily of annual investor revenues received prior to year-end.

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Revenue and Accounts Receivable (continued)

Accounts receivable are stated at the amount billed to public entities and other investors. The Organization provides an allowance for doubtful accounts for estimated losses in the collection of accounts receivable which is based on an analysis of outstanding receivables, taking into account the age of past due accounts, an assessment of the investor's ability to pay and historical collection information.

When specific accounts are deemed uncollectible, in whole or in part, such amounts are removed from the accounts although collection efforts may continue. At December 31, 2018 and 2017, no allowance for doubtful accounts was deemed necessary by management.

Contributions and Grants Receivable

Contributions are recognized when cash, securities or other assets, an unconditional promise to give or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their fair market value. Contributions of services are recognized as revenue if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and typically need to be purchased if not provided by donation.

During 2018 and 2017, the fair market value of contributed goods and services recognized as revenue and expense in the accompanying statements of activities and changes in net assets was \$173,053 and \$125,356, respectively.

Government Grants

Support funded by government grants is recognized as the Organization performs the contracted services pursuant to grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. The Organization did not receive any government grants in 2018.

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Income Taxes

The Partnership and the Fund are organized as Indiana nonprofit corporations and have been recognized by the Internal Revenue Service as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(6) and (3), respectively and qualify for the charitable contribution deduction. The Partnership and the Fund are required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS annually. In addition, the Fund is subject to federal income tax on net income that is derived from business activities that are unrelated to its exempt purpose. We have determined that the Fund is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS in 2018 and 2017. The Fund has been classified as an organization that is not a private foundation pursuant to Section 509(a) of the Internal Revenue Code.

The Organization provides liabilities for uncertain income tax positions when a liability is probable and estimable. Management believes that it has appropriate support for any tax positions taken or expects to be taken and as such, does not have any uncertain tax positions that should be recognized, measured or disclosed in the consolidated financial statements. Management believes the Organization is no longer subject to examination by taxing authorities for years before December 31, 2015.

Functional Expenses

The cost of providing the program and other activities has been summarized on a functional basis in the accompanying consolidated statements of activities and changes in net assets. The cost of providing the programs and supporting services has been summarized on a functional basis in the accompanying consolidated statements of activities and changes in net assets and functional expenses. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance and other expenses, which are allocated on the basis of estimates of time and effort.

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

Preparation of consolidated 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 in the consolidated financial statements and accompany notes. Actual results could differ from those estimates.

Recently Issued Accounting Standards

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard is intended to address questions stemming from FASB ASU No. 2014-09, *Revenue from Contracts with Customers*, regarding its implications on the grants and contracts of not-for-profit organizations. The guidance clarifies how entities determine whether to account for a transfer of assets (or a reduction, settlement or cancellation of a liability) as an exchange transaction or a contribution. The new guidance also clarifies that a contribution is conditional if the agreement includes both a barrier (or barriers) that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. ASU 2018-08 applies to resource providers and resource recipients. The new standard is effective for the Organization in the year ending December 31, 2020. Early adoption of the amendments is permitted. The Organization is currently evaluating the impact of the adoption of the standard on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Organization's 2020 consolidated financial statements. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the effect of the pending adoption of the new standard on the consolidated financial statements.

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Change in Accounting Principle

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and have adjusted the presentation of these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

3. Liquidity and Availability

Financial assets available for general, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

| | |
|---|---------------------|
| Cash | \$ 787,444 |
| Certificates of deposit | 513,491 |
| Accounts receivable | 141,121 |
| Current portion of grants receivable without donor restrictions | 25,000 |
| | <u>\$ 1,467,056</u> |

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that obligations will be discharged. As part of the Organization's liquidity management plan, excess cash is invested in short-term investments, certificates of deposit and money market funds.

The Organization receives contributions each year from donors, which are available to help meet its cash needs for general expenditures.

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

4. Grants Receivable

Unconditional promises to give to the Organization are recorded as grants receivable at the present value of future cash flows. The present value discount rate used was 1.47 percent for 2017. The Organization's grants receivable are as follows:

| | December 31 | |
|---------------------------------|--------------------|-------------------|
| | 2018 | 2017 |
| Amounts due in: | | |
| Less than one year | \$ 100,000 | \$ 92,500 |
| One to five years | - | 100,000 |
| Gross grants receivable | 100,000 | 192,500 |
| Less discount for present value | - | 1,654 |
| Net grants receivable | \$ 100,000 | \$ 190,846 |

5. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

| | December 31 | |
|--|--------------------|-------------------|
| | 2018 | 2017 |
| Subject to expenditure for specified purpose: | | |
| 21 st Century Talent | \$ 151,183 | \$ 157,121 |
| Internships | 22,500 | 22,500 |
| FAFSA completion | 20,225 | - |
| Housing study | 10,500 | - |
| Strategic planning | - | 500 |
| | 204,408 | 180,121 |
| Subject to the passage of time: | | |
| Assets held | 5,000 | 50,000 |
| Promises to give that are not restricted by donors, but which are unavailable for expenditure until due | 75,000 | 170,000 |
| | 80,000 | 220,000 |
| | \$ 284,408 | \$ 400,121 |

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

5. Net Assets With Donor Restrictions (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

| | Year ended December 31 | |
|---------------------------------------|-------------------------------|-------------|
| | 2018 | 2017 |
| Satisfaction of purpose restrictions: | | |
| 21 st Century Talent | \$ 93,438 | \$ 159,649 |
| FAFSA completion | 19,775 | - |
| Strategic planning | 500 | - |
| Expiration of time restrictions | 212,000 | 347,000 |
| | \$ 325,713 | \$ 506,649 |

6. Leases

The Organization leases office space pursuant to a noncancelable operating lease which expires in May 2021. The Organization also leases certain office furniture and equipment pursuant to noncancelable operating leases, which expire from 2020 through 2021. Total rent expense was \$186,157 and \$185,809 in 2018 and 2017, respectively.

Future minimum lease payments as of December 31, 2018 pursuant to operating leases that have initial or remaining noncancelable terms in excess of one year are as follows:

| | |
|------------------------|------------|
| 2019 | \$ 189,774 |
| 2020 | 187,964 |
| 2021 | 77,780 |
| Total minimum payments | \$ 455,518 |

The Organization subleases a portion of its office space to unrelated parties pursuant to sublease agreements. Sublease income was \$97,760 and \$114,080 in 2018 and 2017, respectively.

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

6. Leases (continued)

Future minimum sublease receipts as of December 31, 2018 pursuant to sublease agreements that have initial or remaining noncancelable terms in excess of one year are as follows:

| | |
|------------------------|-------------------|
| 2019 | \$ 83,084 |
| 2020 | 83,084 |
| 2021 | <u>28,595</u> |
| Total minimum payments | <u>\$ 194,763</u> |

7. Employee Benefit Plan

The Organization maintains a defined contribution salary deferral plan for the benefit of eligible employees. The plan allows for discretionary employer matching contributions. The matching contribution for 2018 and 2017 was \$28,955 and \$25,530, respectively.

8. Related Parties

Certain members of the Board of Directors are employed by organizations that have provided goods and services to the Organization. The fees and costs paid for these goods and services were based on customary and reasonable rates for such services.

9. Subsequent Events

Management has evaluated subsequent events through March 12, 2019, the date on which the consolidated financial statements were available to be issued.

Supplementary Information

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Consolidating Statement of Financial Position

December 31, 2018

| | Partnership | Fund | Eliminations | Total |
|--------------------------------------|---------------------|-------------------|---------------------|---------------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash | \$ 221,613 | \$ 565,831 | \$ - | \$ 787,444 |
| Certificates of deposit | 503,242 | 10,248 | - | 513,490 |
| Accounts receivable | 320,902 | - | (179,781) | 141,121 |
| Current portion of grants receivable | - | 137,500 | (37,500) | 100,000 |
| Prepaid expenses | 49,908 | 7,140 | - | 57,048 |
| Total current assets | <u>1,095,665</u> | <u>720,719</u> | <u>(217,281)</u> | <u>1,599,103</u> |
| Property and equipment: | | | | |
| Equipment | 117,143 | - | - | 117,143 |
| Furniture and fixtures | 182,589 | - | - | 182,589 |
| Website | 206,377 | 124,169 | - | 330,546 |
| Leasehold improvements | 680,798 | - | - | 680,798 |
| | <u>1,186,907</u> | <u>124,169</u> | <u>-</u> | <u>1,311,076</u> |
| Less accumulated depreciation | 219,598 | 93,126 | - | 312,724 |
| Total property and equipment | <u>967,309</u> | <u>31,043</u> | <u>-</u> | <u>998,352</u> |
| Other assets—security deposit | 13,206 | - | - | 13,206 |
| Total assets | <u>\$ 2,076,180</u> | <u>\$ 751,762</u> | <u>\$ (217,281)</u> | <u>\$ 2,610,661</u> |
| Liabilities and net assets | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 127,767 | \$ 179,781 | \$ (217,281) | \$ 90,267 |
| Accrued expenses | 47,405 | - | - | 47,405 |
| Deferred revenue | 39,495 | - | - | 39,495 |
| Total current liabilities | <u>214,667</u> | <u>179,781</u> | <u>(217,281)</u> | <u>177,167</u> |
| Sublease deposit | 7,825 | - | - | 7,825 |
| Total liabilities | <u>222,492</u> | <u>179,781</u> | <u>(217,281)</u> | <u>184,992</u> |
| Net assets: | | | | |
| Without donor restrictions | 1,843,188 | 298,073 | - | 2,141,261 |
| With donor restrictions | 10,500 | 273,908 | - | 284,408 |
| Total net assets | <u>1,853,688</u> | <u>571,981</u> | <u>-</u> | <u>2,425,669</u> |
| Total liabilities and net assets | <u>\$ 2,076,180</u> | <u>\$ 751,762</u> | <u>\$ (217,281)</u> | <u>\$ 2,610,661</u> |

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Consolidating Statement of Financial Position

December 31, 2017

| | Partnership | Fund | Eliminations | Total |
|---|---------------------|---------------------|---------------------|---------------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash | \$ 486,081 | \$ 793,052 | \$ - | \$ 1,279,133 |
| Certificates of deposit | 533,386 | 10,250 | - | 543,636 |
| Accounts receivable | 485,120 | 182,727 | (210,247) | 457,600 |
| Current portion of grants receivable | - | 92,500 | - | 92,500 |
| Prepaid expenses | 42,160 | 4,760 | - | 46,920 |
| Total current assets | 1,546,747 | 1,083,289 | (210,247) | 2,419,789 |
| Property and equipment: | | | | |
| Equipment | 48,029 | - | - | 48,029 |
| Furniture and fixtures | 3,241 | - | - | 3,241 |
| Website | 161,224 | 124,169 | - | 285,393 |
| Construction in progress | 349,446 | - | - | 349,446 |
| | 561,940 | 124,169 | - | 686,109 |
| Less accumulated depreciation | 61,821 | 51,737 | - | 113,558 |
| Total property and equipment | 500,119 | 72,432 | - | 572,551 |
| Other assets: | | | | |
| Grants receivable, less current portion | - | 98,346 | - | 98,346 |
| Security deposit | 13,206 | - | - | 13,206 |
| | 13,206 | 98,346 | - | 111,552 |
| Total assets | <u>\$ 2,060,072</u> | <u>\$ 1,254,067</u> | <u>\$ (210,247)</u> | <u>\$ 3,103,892</u> |
| Liabilities and net assets | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 126,674 | \$ 251,921 | \$ (210,247) | \$ 168,348 |
| Accrued expenses | 47,088 | - | - | 47,088 |
| Deferred revenue | 92,958 | - | - | 92,958 |
| Total current liabilities | 266,720 | 251,921 | (210,247) | 308,394 |
| Sublease deposit | 15,650 | - | - | 15,650 |
| Total liabilities | 282,370 | 251,921 | (210,247) | 324,044 |
| Net assets: | | | | |
| Without donor restrictions | 1,777,702 | 602,025 | - | 2,379,727 |
| With donor restrictions | - | 400,121 | - | 400,121 |
| Total net assets | 1,777,702 | 1,002,146 | - | 2,779,848 |
| Total liabilities and net assets | <u>\$ 2,060,072</u> | <u>\$ 1,254,067</u> | <u>\$ (210,247)</u> | <u>\$ 3,103,892</u> |

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Consolidating Statement of Activities and Changes in Net Assets

Year ended December 31, 2018

| | <u>Partnership</u> | | <u>Fund</u> | | | <u>Consolidated</u> | | <u>Total</u> |
|--|---------------------------------------|------------------------------------|---------------------------------------|------------------------------------|---------------------|---------------------------------------|------------------------------------|--------------|
| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Eliminations</u> | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | |
| Revenue | | | | | | | | |
| Investor revenues | \$ 1,877,490 | \$ - | \$ - | \$ - | \$ - | \$ 1,877,490 | \$ - | \$ 1,877,490 |
| Fee for service | 363,771 | - | 26 | - | - | 363,797 | - | 363,797 |
| Grants | 196,932 | - | 52,034 | 364,500 | (301,932) | 112,034 | 199,500 | 311,534 |
| Contributions and sponsorships | 526,897 | 10,500 | - | - | - | 526,897 | 10,500 | 537,397 |
| Contributed goods and services | 154,509 | - | 18,544 | - | - | 173,053 | - | 173,053 |
| Interest income | 3,066 | - | 1,168 | - | - | 4,234 | - | 4,234 |
| Sublease income | 125,096 | - | - | - | (27,336) | 97,760 | - | 97,760 |
| Total support, revenues and gains | | | | | | | | |
| before net assets released from restrictions | 3,247,761 | 10,500 | 71,772 | 364,500 | (329,268) | 3,155,265 | 210,000 | 3,365,265 |
| Net assets released from restrictions | - | - | 490,713 | (490,713) | - | 325,713 | (325,713) | - |
| Total support, revenues and gains | 3,247,761 | 10,500 | 562,485 | (126,213) | (329,268) | 3,480,978 | (115,713) | 3,365,265 |
| Expenses | | | | | | | | |
| Program services | 2,203,618 | - | 677,085 | - | (325,077) | 2,555,626 | - | 2,555,626 |
| Supporting services: | | | | | | | | |
| Management and general | 675,089 | - | 98,438 | - | (559) | 772,968 | - | 772,968 |
| Fundraising | 303,568 | - | 90,914 | - | (3,632) | 390,850 | - | 390,850 |
| Total operating expenses | 3,182,275 | - | 866,437 | - | (329,268) | 3,719,444 | - | 3,719,444 |
| Increase (decrease) in net assets | 65,486 | 10,500 | (303,952) | (126,213) | - | (238,466) | (115,713) | (354,179) |
| Net assets at beginning of year | 1,777,702 | - | 602,025 | 400,121 | - | 2,379,727 | 400,121 | 2,779,848 |
| Net assets at end of year | \$ 1,843,188 | \$ 10,500 | \$ 298,073 | \$ 273,908 | \$ - | \$ 2,141,261 | \$ 284,408 | \$ 2,425,669 |

Northeast Indiana Regional Partnership, Inc.
and Northeast Indiana Foundation, Inc.

Consolidating Statement of Activities and Changes in Net Assets

Year ended December 31, 2017

| | <u>Partnership</u> | | <u>Fund</u> | | | <u>Consolidated</u> | | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------------------------|------------------------------------|---------------------|---------------------------------------|------------------------------------|---------------------|
| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Eliminations</u> | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | |
| Revenue | | | | | | | | |
| Investor revenues | \$ 1,766,900 | \$ - | \$ - | \$ - | \$ - | \$ 1,766,900 | \$ - | \$ 1,766,900 |
| Fee for service | 338,852 | - | - | - | - | 338,852 | - | 338,852 |
| Grants | 172,018 | - | 847,954 | 302,000 | (300,000) | 719,972 | 302,000 | 1,021,972 |
| Contributions and sponsorships | 593,225 | - | - | - | - | 593,225 | - | 593,225 |
| Contributed goods and services | 125,356 | - | - | - | - | 125,356 | - | 125,356 |
| Interest | 2,118 | - | 960 | - | - | 3,078 | - | 3,078 |
| Sublease income | 142,016 | - | - | - | (27,936) | 114,080 | - | 114,080 |
| Total support, revenues and gains before net assets released from restrictions | 3,140,485 | - | 848,914 | 302,000 | (327,936) | 3,661,463 | 302,000 | 3,963,463 |
| Net assets released from restrictions | - | - | 506,649 | (506,649) | - | 506,649 | (506,649) | - |
| Total support, revenues and gains | 3,140,485 | - | 1,355,563 | (204,649) | (327,936) | 4,168,112 | (204,649) | 3,963,463 |
| Expenses | | | | | | | | |
| Program services | 1,787,988 | - | 1,421,988 | - | (323,745) | 2,886,231 | - | 2,886,231 |
| Supporting services: | | | | | | | | |
| Management and general | 591,572 | - | 52,347 | - | (559) | 643,360 | - | 643,360 |
| Fundraising | 188,952 | - | 32,950 | - | (3,632) | 218,270 | - | 218,270 |
| Total operating expenses | 2,568,512 | - | 1,507,285 | - | (327,936) | 3,747,861 | - | 3,747,861 |
| Increase (decrease) in net assets | 571,973 | - | (151,722) | (204,649) | - | 420,251 | (204,649) | 215,602 |
| Net assets at beginning of year | 1,205,729 | - | 753,747 | 604,770 | - | 1,959,476 | 604,770 | 2,564,246 |
| Net assets at end of year | <u>\$ 1,777,702</u> | <u>\$ -</u> | <u>\$ 602,025</u> | <u>\$ 400,121</u> | <u>\$ -</u> | <u>\$ 2,379,727</u> | <u>\$ 400,121</u> | <u>\$ 2,779,848</u> |