

**NORTHEAST INDIANA  
INNOVATION CENTER, INC.**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2015**

**With Summarized Information for December 31, 2014**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Northeast Indiana Innovation Center, Inc.  
Fort Wayne, Indiana

We have audited the accompanying consolidated financial statements of Northeast Indiana Innovation Center, Inc., (a nonprofit organization) and affiliates which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities and cash flows for the year 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 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 of 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 auditors' 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 consolidated financial position of Northeast Indiana Innovation Center, Inc. and affiliates as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

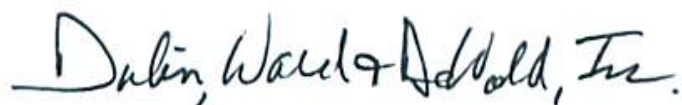
## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position, consolidating schedule of activities – unrestricted, consolidating schedule of changes in net assets – unrestricted, consolidated schedule of functional expenses, and consolidating schedule of program services are presented for the 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 consolidated 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 consolidated financial statements as a whole.

### *Report on Summarized Comparative Information*

We have previously audited the Northeast Indiana Innovation Center, Inc.'s 2014 consolidated financial statements, and our report dated June 25, 2015 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Fort Wayne, Indiana  
July 20, 2016

**NORTHEAST INDIANA INNOVATION CENTER, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
December 31, 2015 with Summarized Information for December 31, 2014

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,016,208	\$ 1,745,817
Certificates of deposit	100,000	175,000
Receivables:		
Trade - net of allowance for doubtful accounts of \$15,000 (2015 and 2014)	230,424	182,646
Pledges - net	101,803	90,303
Note	-	5,237
Refundable income taxes	-	6,500
Inventory	4,965	5,577
Prepaid expenses	26,855	21,565
Investments	348,055	679,873
Property and equipment - net	10,261,820	10,567,975
Construction in progress	45,856	45,856
	<u>          </u>	<u>          </u>
<b>Total Assets</b>	<b>\$13,135,986</b>	<b>\$13,526,349</b>
	<u>          </u>	<u>          </u>
<b>LIABILITIES AND NET ASSETS</b>		
Line of credit	\$ 15,000	\$ 49,000
Accounts payable	97,254	39,565
Accrued liabilities	57,991	57,184
Income tax payable	6,152	-
Deferred revenue	7,946	6,910
Deposits	62,035	55,864
Capital lease	37,465	-
Leasehold mortgage note payable	111,400	241,000
	<u>          </u>	<u>          </u>
<b>Total Liabilities</b>	<b>395,243</b>	<b>449,523</b>
Net Assets:		
Unrestricted:		
Controlling interest	12,289,231	12,643,272
Non-controlling interest	63,599	60,129
Total unrestricted	<u>12,352,830</u>	<u>12,703,401</u>
Temporarily restricted	387,913	373,425
	<u>          </u>	<u>          </u>
<b>Total Net Assets</b>	<b>12,740,743</b>	<b>13,076,826</b>
	<u>          </u>	<u>          </u>
<b>Total Liabilities and Net Assets</b>	<b>\$13,135,986</b>	<b>\$13,526,349</b>
	<u>          </u>	<u>          </u>

The accompanying notes are an integral part of these financial statements.

**NORTHEAST INDIANA INNOVATION CENTER, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**

Year Ended December 31, 2015 with Summarized Information for December 31, 2014

	<b>2015</b>	
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>
<b>CHANGE IN NET ASSETS</b>		
<b>Support and Revenue:</b>		
Contributions	\$ 30,952	\$ 145,000
Federal grants	37,500	-
Government fee for service	150,000	-
Incremental tax financing funds	475,085	-
Program service fees	824,915	-
Technology Service income	534,288	-
Sales - net of cost of sales of \$586,888 (2015) and \$643,233 (2014)	67,739	-
Special events	90,601	-
Less: direct benefit to donors	(10,876)	-
Interest income	2,985	403
Return on investment	144	-
Gifts in-kind	3,004	-
Other income	20,149	-
<b>Net Assets Released From Restrictions:</b>		
Satisfaction of program requirements	100,915	(100,915)
Satisfaction of time requirements	30,000	(30,000)
	<u>2,357,401</u>	<u>14,488</u>
<b>Total Support and Revenue:</b>	2,357,401	14,488
<b>Expenses:</b>		
Program services	2,225,210	-
Management and general	323,111	-
Fund raising	117,251	-
	<u>2,665,572</u>	<u>-</u>
<b>Total Expenses</b>	2,665,572	-
<b>Change in Net Assets</b>	(308,171)	14,488
<b>NET ASSETS - beginning of year</b>	12,703,401	373,425
<b>CAPITAL CONTRIBUTION</b>	5,000	-
<b>DISTRIBUTIONS</b>	47,400	-
	<u>47,400</u>	<u>-</u>
<b>NET ASSETS - end of year</b>	<u>\$ 12,352,830</u>	<u>\$ 387,913</u>

The accompanying notes are an integral part of these financial statements.

	<b>2015</b>		<b>2014</b>
	<b>Total</b>		<b>Total</b>
\$	175,952	\$	172,738
	37,500		-
	150,000		175,000
	475,085		420,237
	824,915		753,277
	534,288		536,147
	67,739		56,281
	90,601		80,500
	(10,876)		(5,688)
	3,388		3,545
	144		274,793
	3,004		-
	20,149		3,876
	-		-
	-		-
	<hr/>		<hr/>
	2,371,889		2,470,706
	2,225,210		1,987,429
	323,111		277,329
	117,251		112,054
	<hr/>		<hr/>
	2,665,572		2,376,812
	<hr/>		<hr/>
	(293,683)		93,894
	13,076,826		13,018,932
	5,000		-
	47,400		36,000
	<hr/>		<hr/>
	<u>\$12,740,743</u>		<u>\$13,076,826</u>

**NORTHEAST INDIANA INNOVATION CENTER, INC.**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
Year Ended December 31, 2015 with Summarized Information for December 31, 2014

	2015			2014	
	Unrestricted Controlling Interest	Non- Controlling Interest	Temporarily Restricted	Total	Total
<b>NET ASSETS - beginning of year</b>	\$ 12,643,272	\$ 60,129	\$ 373,425	\$ 13,076,826	\$ 13,018,932
<b>CAPITAL CONTRIBUTION</b>	-	5,000	-	5,000	-
<b>DISTRIBUTIONS</b>	-	(47,400)	-	(47,400)	(36,000)
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	<u>(354,041)</u>	<u>45,870</u>	<u>14,488</u>	<u>(293,683)</u>	<u>93,894</u>
<b>NET ASSETS - end of year</b>	<u><u>\$ 12,289,231</u></u>	<u><u>\$ 63,599</u></u>	<u><u>\$ 387,913</u></u>	<u><u>\$ 12,740,743</u></u>	<u><u>\$ 13,076,826</u></u>

The accompanying notes are an integral part of these financial statements.



**NORTHEAST INDIANA INNOVATION CENTER, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

Year Ended December 31, 2015 with Summarized Information for December 31, 2014

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (293,683)	\$ 93,894
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	397,519	392,279
Provision for bad debts	1,280	2,856
Change in present value discount	-	(548)
Change in assets and liabilities:		
(Increase) decrease in:		
Trade receivable	(49,058)	36,169
Pledges receivable	(11,500)	79,400
Notes receivable	5,237	12,178
Refundable income tax	6,500	-
Inventory	612	5,410
Prepaid expenses	(5,290)	(19,783)
Increase (decrease) in:		
Accounts payable	57,689	(27,982)
Accrued liabilities	807	24,245
Income tax payable	6,152	-
Deferred revenue	1,036	(3,872)
Deposits	6,171	(118)
	123,472	594,128
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Distributions paid	(47,400)	(36,000)
Purchase of investments	(2)	(30,005)
Distribution from investment	331,820	-
Purchase of property and equipment	(45,985)	(102,078)
(Purchase)/redemption of certificates of deposit	75,000	(175,000)
	313,433	(343,083)

(continued)

The accompanying notes are an integral part of these financial statements.

**NORTHEAST INDIANA INNOVATION CENTER, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

Year Ended December 31, 2015 with Summarized Information for December 31, 2014

	<b>2015</b>	<b>2014</b>
(continued)		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in line of credit	\$ (34,000)	\$ (16,000)
Payment on capital lease	(7,914)	-
Capital contribution	5,000	-
Payments on leasehold mortgage note payable	<u>(129,600)</u>	<u>(122,400)</u>
<b>Cash Flows from Financing Activities</b>	<u>(166,514)</u>	<u>(138,400)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	270,391	112,645
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<u>1,745,817</u>	<u>1,633,172</u>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<u><u>\$ 2,016,208</u></u>	<u><u>\$ 1,745,817</u></u>

The accompanying notes are an integral part of these financial statements.

**NORTHEAST INDIANA INNOVATION CENTER, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2015 and 2014

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Northeast Indiana Innovation Center, Inc. (the Organization) is a business incubator dedicated to growing and developing ideas and businesses through shared office services; organized networking; mentorship; technical and business advisory assistance; marketing and grant research; business plan support; training services; and capital access/formation. Business operations commenced in April 2000. Program services commenced in August 2001.

**Principles of Consolidation**

The consolidated financial statements include the accounts of Northeast Indiana Innovation Center, Inc., Innovative Property Management Group, LLC, Innovative Technology Group, LLC, and Innovative Livestock Group, LLC. All significant intercompany balances and transactions have been eliminated in these financial statements.

**Innovative Property Management Group, LLC (IPMG)**

Innovative Property Management Group, LLC is wholly owned by Northeast Indiana Innovation Center, Inc., and was established in 2010. The intent of this entity is to provide the Organization and its clients' property management services efficiently, effectively and economically. In 2010 office cleaning was started with additional services of grounds maintenance and hvac/general maintenance to be offered in the future. IPMG is a for profit entity which creates unrelated business income or loss for the Organization.

**Innovative Technology Group, LLC (ITG)**

Innovative Technology Group, LLC, 70% owned by IPMG, was established in 2011. The intent of this entity is to provide the Organization and its clients products and services for network design, setup and support. ITG offers small and medium size companies an alternative to having their own IT department. ITG is a for profit entity which creates unrelated business income or loss for the Organization.

**Innovative Livestock Group, LLC (ILG)**

Innovative Livestock Group, LLC, 60% owned by IPMG, was established in 2015. ILG is a for profit entity which creates unrelated business income or loss for the Organization. ILG was created to be like Auto-Trader.com with EBay for livestock that is used for breeding, livestock marketing, search and sales. ILG seeks to advance livestock commerce to the modern age by connecting sellers and buyers via the internet and mobile platforms.

(continued)

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

### **Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the 50% charitable contributions deduction limitation. However, under certain Internal Revenue Code regulations, profitable, unrelated business income is subject to federal and state income tax. Such income arises from ownership of IPMG, ITG and ILG. The Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

### **Estimates**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

### **Contributions**

Contributions of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit their use. In the case of temporarily restricted support, when the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a donor restriction is satisfied in the period the gift is received, this support is reported as unrestricted revenue. By definition, permanently restricted support must be maintained in perpetuity. Restrictions on these net assets do not expire and no assets are reclassified in the statement of activities.

### **Receivables**

The Organization carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of past write-offs and collections and current credit conditions. The Organization's policy is not to accrue interest on trade receivables. Receivables over 90 days are considered for collection on a customer-by-customer basis.

Pledges are recognized as public support in the year the pledge is made. The Organization provides allowances for doubtful accounts which are based upon historical collection experience and on management's estimate of losses that will be incurred in the collection of all receivables.

(continued)

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

### **Inventories**

Inventories consist of computer equipment and supplies and are recorded using the lower of cost or market with cost being determined on the basis of first-in, first-out.

### **Investments**

Investments are reported at the lower of cost or fair value in the statement of financial position.

### **Property and Equipment**

Property and equipment is stated at cost, or if donated, at fair value at the date of the gift. Property and equipment with a cost or donated value of \$5,000 or more and an estimated useful life of two or more years are capitalized and depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method. It is not the Organization's policy to imply time restrictions expiring over the useful life of donated assets. In the absence of donor-imposed restrictions on the use of the assets, gifts of long lived assets are reported as unrestricted support.

### **Marketing**

Marketing costs are expensed in the period in which they are incurred.

### **Deferred Revenue**

Deferred revenue is made up of resident fees paid in advance.

### **Prior Year Summarized Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

### **Reclassifications**

Certain reclassifications have been made to confirm prior year's financial statements to current presentation. The reclassifications have no effect on the previously reported operational results.

### **Subsequent Events**

Management has evaluated subsequent events through July 20, 2016 the date which the financial statements were available for issue.

## 2. PLEDGES RECEIVABLE

Pledges receivable as of December 31 are as follows:

	<b>2015</b>	<b>2014</b>
Pledges receivable	\$ 102,500	\$ 91,000
Less unamortized discount (3.00%)	<u>697</u>	<u>697</u>
Net pledges receivable	<u>\$ 101,803</u>	<u>\$ 90,303</u>
Amounts due in:		
Less than one year	\$ 97,500	\$ 81,000
One to five years	<u>5,000</u>	<u>10,000</u>
	<u>\$ 102,500</u>	<u>\$ 91,000</u>

## 3. NOTE RECEIVABLE

Note receivable consists of the following at December 31:

	<b>2015</b>	<b>2014</b>
Note receivable from a client, monthly payments of \$1,076 including interest at 4.50%, secured by equipment, due July 2015.	<u>\$ -</u>	<u>\$ 5,237</u>
	<u>\$ -</u>	<u>\$ 5,237</u>

#### 4. INVESTMENTS

Investments at December 31 are summarized as follows:

	<b>2015</b>	<b>2014</b>
Centerfield Capital Partners, LP	\$ 168,180	\$ 500,000
Biopoly, LLC	100,000	100,000
Allied Payment Network, Inc.	79,850	79,850
Other small entities	<u>25</u>	<u>23</u>
	<u>\$ 348,055</u>	<u>\$ 679,873</u>

#### 5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<b>Northeast Indiana Innovation Center, Inc.</b>	<b>Innovative Property Management Group, LLC</b>	<b>Innovative Technology Group</b>	<b>Totals</b>	
				<b>2015</b>	<b>2014</b>
Building	\$13,210,211	\$ 81,229	\$ -	\$ 13,291,440	\$13,275,498
Leasehold improvements	185,212	-	-	185,212	173,712
Lab equipment	83,237	-	-	83,237	83,237
Office equipment	651,355	-	5,274	656,629	592,706
Vehicles	<u>8,855</u>	<u>26,183</u>	<u>-</u>	<u>35,038</u>	<u>35,038</u>
	14,138,870	107,412	5,274	14,251,556	14,160,191
Accumulated depreciation	<u>3,967,535</u>	<u>21,573</u>	<u>628</u>	<u>3,989,736</u>	<u>3,592,216</u>
	<u>\$10,171,335</u>	<u>\$ 85,839</u>	<u>\$ 4,646</u>	<u>\$ 10,261,820</u>	<u>\$ 10,567,975</u>

#### 6. LINE OF CREDIT

The Organization has available a \$200,000 line of credit agreement with First Source Bank. The note bears interest at the prime rate plus 0.5% with a minimum of 4.0% (4.0% at December 31, 2015), and is secured by all accounts held with First Source Bank. The amount outstanding under this line was \$15,000 at December 31, 2015 and \$49,000 at December 31, 2014.

The total amount of interest charged to operations on the line of credit was \$1,412 in 2015 and \$1,485 in 2014.

**7. LEASEHOLD MORTGAGE NOTE PAYABLE**

Note payable consists of the following at December 31:

	<b>2015</b>	<b>2014</b>
Note payable to 1st Source Bank in monthly installments of \$10,700 including interest at 5.67%, secured by a leasehold mortgage on real estate and all equipment, due October 2016.	\$ 111,400	\$ 241,000

The leasehold mortgage loan bears interest at 2.75% plus the one month LIBOR rate (effective rate of 5.98% at December 31, 2015). However, the Organization entered into an interest swap contract on October 8, 2009 that effectively converts the interest rate on the note to 5.67%. Under the swap agreement, the Organization pays interest at 4.00% and receives interest at the one month LIBOR rate, if applicable. The swap is designed to hedge the risk of changes in interest payments on the note caused by changes in libor.

Maturities on the notes as of December 31, 2015:

2016	\$ 111,400
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The total amount of interest charged to operations on the mortgage notes was \$9,803 in 2015 and \$18,038 in 2014.

**8. GOVERNMENT FEE FOR SERVICE CONTRACTS**

The Organization recorded income from local governments as follows:

	<b>2015</b>	<b>2014</b>
Fee for service contracts:		
Allen County Commissioners	\$ 100,000	\$ 100,000
City of Fort Wayne	<u>50,000</u>	<u>75,000</u>
	<u>\$ 150,000</u>	<u>\$ 175,000</u>



**9. FEDERAL GRANTS**

The Organization recorded income from the Small Business Administration under CFDA #59.043 - Women’s Business Ownership Assistance totaling \$37,500 during 2015.

**10. CERTIFIED TECHNOLOGY PARK INCREMENTAL TAX FINANCING FUNDS**

In 2003 the State of Indiana designated the Northeast Indiana Innovation Center as the state's fifth certified technology park. This program encourages the location of high-technology businesses within areas identified by local redevelopment commissions.

In 2008 the Organization began receiving incremental tax financing funds from the State of Indiana, passed through the Fort Wayne Redevelopment Commission. These funds are a portion of the tax revenues generated by tenants that are to be reinvested into the park and used for improvements, operation and maintenance of facilities, payment of interest and principal on bonds and other business - generating activities. Total revenues recognized for 2015 were \$475,085 and 2014 were \$420,237.

**11. NET ASSETS**

Temporarily restricted net assets are to be used for the following purposes:

	<b>2015</b>	<b>2014</b>
Annual fund	\$ 1,000	\$ 1,000
Entrepreneurship	15,000	15,000
Future periods	22,302	29,302
LEAP fund	227,611	233,123
Special event	-	23,500
GELS project	50,000	-
Student venture lab	<u>72,000</u>	<u>71,500</u>
	<u>\$ 387,913</u>	<u>\$ 373,425</u>

## 12. EMPLOYEE BENEFIT PLAN

The Organization sponsors for all eligible employees a salary reduction plan under Section 401(k) of the Internal Revenue Code and allows the employee to make voluntary contributions to the plan. The employer matches up to a 3% discretionary match. In addition, the employer may, at its discretion, make an additional profit sharing contribution to the plan. Contributions to the plan charged to operations were \$35,174 in 2015 and \$36,979 in 2014.

## 13. OPERATING LEASES

Effective June 30, 2004, the Organization entered into a lease with Indiana - Purdue Foundation of Fort Wayne for the land at 3201 Stellhorn Road, Fort Wayne, Indiana. The term of the lease is fifty years at no cost to the Organization. The Organization may use the location to construct, maintain and operate a facility containing a high-tech business incubator. Upon termination of the lease, the facility and all other improvements on the land shall become the exclusive property of Indiana - Purdue Foundation of Fort Wayne.

The Organization leases equipment under operating leases expiring through 2018. Total rental expense under these leases was \$3,671 in 2015 and \$2,200 2014.

Minimum future lease payments under noncancelable leases having initial or remaining terms of one year or more as of December 31, 2015 for each of the next five years and in the aggregate are:

2016	\$	2,942
2017		2,576
2018 and thereafter		<u>124</u>
	\$	<u>5,642</u>

## 14. CAPITAL LEASE

The Organization leases office equipment under a capital lease expiring in December 2019. Assets under capital leases are capitalized using interest rates appropriate at the inception of the lease. The assets are depreciated over their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense. At December 31, 2015, the gross amount of equipment and related accumulated amortization recorded under the capital lease was as follows:

(continued)

**14. CAPITAL LEASE (continued)**

Telephone equipment	\$ 45,379
Less accumulated amortization	<u>5,943</u>
	<u>\$ 39,436</u>

The present value of future minimum capital lease payments is as follows:

2016	\$ 11,640
2017	11,640
2018	11,640
2019	<u>10,670</u>
Total minimum lease payments	45,590
Less amount representing interest	<u>8,125</u>
Present value of net minimum capital lease payments	<u>\$ 37,465</u>

Total amount of interest charged to operations on the capital lease was \$4,744 in 2015.

**15. STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES**

Cash used in operating activities include:

	<b>2015</b>	<b>2014</b>
Interest paid	\$ 17,200	\$ 20,154
Income taxes paid	\$ 3,100	\$ -

Noncash investing and financing activities during 2015 include the purchase of a telephone system with a value of \$45,379 via a capital lease.

**16. CONTINGENT LIABILITY**

The Organization has executed an employment agreement with its president and chief executive officer for a third four-year period commencing October 15, 2012. Certain provisions of the agreement relating to termination without cause, and constructive termination require of the Organization to provide base salary and benefits continuity to the employee for a specified period of time.

**17. RELATED PARTY TRANSACTIONS**

The Organization incurred fees for legal services in the amount of \$5,813 in 2015 and \$841 in 2014 with a firm that employs a member of the board of directors.

**18. CONCENTRATIONS AND CREDIT RISK**

The Organization maintains its cash accounts at local banks. The cash and certificate of deposit balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. As of December 31, 2015, deposits in excess of the insured amount totaled \$1,269,792.

The Organization receives a significant amount of its support from incremental tax financing. A reduction in this level of support, if it were to occur, may have an effect on the Organization's programs and activities.

**19. IN-KIND CONTRIBUTIONS**

The Organization received donated professional services and materials as follows during the year ended December 31:

	<b>2015</b>
Program	
Repairs and maintenance	\$ 2,275
Dues and subscriptions	463
Management and general	
Repairs and maintenance	225
Dues and subscriptions	41
Fund raising	
Repairs and maintenance	1,400
Special events	
Direct benefit to donors	<u>10,576</u>
Total in-kind	<u>\$ 14,980</u>

**20. INNOVATION CENTER CAMPUS - BUILDING ONE FUNDING**

The following is a summary of the financial grants and awards to the Organization to be used for the construction and operation of the Innovation Center Campus - Building One. Construction was completed on September 1, 2005.

<u>DATE</u>	<u>GRANTOR</u>	<u>AMOUNT</u>	<u>USE</u>
January 2004	U.S. Department of Housing and Urban Development - Economic Development Initiative Funds (through the city of Fort Wayne)	\$ 795,280	Construction
January 2004	U.S. Small Business Administration	\$ 975,311	Operations
February 2004	U.S. Department Of Health and Human Services	\$ 491,782	Equipment for center
February 2004	State of Indiana (through city of Fort Wayne Redevelopment Commission)	\$ 450,000	Certified Technology Park
September 2004	State of Indiana (through Indiana University - Purdue University Fort Wayne)	\$ 1,500,000	Start Up Expenditures (Quality Improvement Fund)
September 2004	State of Indiana (through Indiana University - Purdue University Fort Wayne)	\$ 5,000,000	Construction
October 2004	City of Fort Wayne	\$ 1,500,000	Construction

**21. INNOVATION CENTER CAMPUS - BUILDING TWO FUNDING**

The construction of Building Two on the Innovation Center Campus began in November 2007. Total cost of construction was \$5,820,000 with a State of Indiana grant of \$5,000,000 providing the major funding for the project. The grant was authorized by state legislators in December 2007 and was passed through Indiana University - Purdue University, Fort Wayne. The \$5,000,000 grant was received by the Organization in January 2008. The building was completed and occupied in 2009.

**22. INNOVATION CENTER CAMPUS - PHASE THREE FUNDING**

Development costs for Phase Three of the Innovation Center Campus are \$45,856 and have been recorded as construction in progress. The total construction cost of Phase Three is unknown as of December 31, 2015.

**23. COMMITMENTS**

During 2015, the Organization entered into a contract for a speaker at their 2016 special event. The agreement totaled \$25,000, of which \$12,500 has been paid as of December 31, 2015.

**24. PROVISION FOR INCOME TAXES**

The Organization has provided for income taxes as follows:

	<b>2015</b>	<b>2014</b>
Current		
Federal	\$ 8,669	\$ -
State	\$ 3,996	\$ -

**NORTHEAST INDIANA INNOVATION CENTER, INC.**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

December 31, 2015

	<b>Northeast Indiana Innovation Center, Inc.</b>	<b>Innovative Property Management Group, LLC</b>	<b>Innovative Livestock Group, LLC</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,832,540	\$ 8,863	\$ -
Certificates of deposit	100,000	-	-
Receivables:			
Trade - net of allowance for doubtful accounts of \$15,000	95,942	-	-
Accounts receivable - related party	396,392	-	4,985
Pledges - net	101,803	-	-
Inventory	-	-	-
Prepaid expenses	26,855	-	-
Investments	348,055	193,404	-
Property and equipment - net	10,171,335	85,839	-
Construction in progress	45,856	-	-
	<b>Total Assets</b>	<b>\$ 288,106</b>	<b>\$ 4,985</b>
	<b>\$ 13,118,778</b>	<b>\$ 288,106</b>	<b>\$ 4,985</b>
<b>LIABILITIES AND NET ASSETS</b>			
Line of credit	\$ 15,000	\$ -	\$ -
Accounts payable	38,907	6,965	-
Accounts payable - related party	-	401,377	-
Accrued expenses	42,633	-	-
Income tax payable	6,152	-	-
Deferred revenue	7,806	-	-
Deposits	60,835	1,200	-
Capital lease	37,465	-	-
Leasehold mortgage note payable	111,400	-	-
	<b>Total Liabilities</b>	<b>409,542</b>	<b>-</b>
	<b>320,198</b>	<b>409,542</b>	<b>-</b>
Net Assets:			
Unrestricted:			
Controlling interest	12,410,667	(121,436)	1,991
Non-controlling interest	-	-	2,994
Total unrestricted	12,410,667	(121,436)	4,985
Temporarily restricted	387,913	-	-
	<b>Total Net Assets</b>	<b>(121,436)</b>	<b>4,985</b>
	<b>12,798,580</b>	<b>(121,436)</b>	<b>4,985</b>
	<b>\$ 13,118,778</b>	<b>\$ 288,106</b>	<b>\$ 4,985</b>

See independent auditors' report.

<b>Innovative Technology Group, LLC</b>	<b>Eliminations</b>	<b>Consolidated</b>
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\$ 174,805	\$ -	\$ 2,016,208
-	-	100,000

135,334	(852)	230,424
-	(401,377)	-
-	-	101,803
4,965	-	4,965
-	-	26,855
-	(193,404)	348,055
4,646	-	10,261,820
-	-	45,856

<u>\$ 319,750</u>	<u>\$ (595,633)</u>	<u>\$ 13,135,986</u>
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\$ -	\$ -	\$ 15,000
52,234	(852)	97,254
-	(401,377)	-
15,358	-	57,991
		6,152
140	-	7,946
-	-	62,035
-	-	37,465
-	-	111,400

67,732	(402,229)	395,243

191,413	(193,404)	12,289,231
60,605	-	63,599
<u>252,018</u>	<u>(193,404)</u>	<u>12,352,830</u>
-	-	387,913

<u>252,018</u>	<u>(193,404)</u>	<u>12,740,743</u>
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<u>\$ 319,750</u>	<u>\$ (595,633)</u>	<u>\$ 13,135,986</u>
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**NORTHEAST INDIANA INNOVATION CENTER, INC.**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES - UNRESTRICTED**  
Year Ended December 31, 2015

	<b>Northeast Indiana Innovation Center, Inc.</b>	<b>Innovative Property Management Group, LLC</b>
<b>CHANGE IN NET ASSETS</b>		
<b>Support and Revenue:</b>		
Contributions	\$ 5,952	\$ -
Federal grants	37,500	-
Government fee for service	150,000	-
Incremental tax financing funds	475,085	-
Program service fees	1,007,162	-
Technology service income	-	66,300
Sales - net of cost of sales of \$586,888	-	-
Special events	90,601	-
Less: direct benefit to donors	(10,876)	-
Interest income	2,985	-
Investment income	144	108,700
Gifts in-kind	3,004	-
Other income	20,149	-
<b>Net Assets Released From Restrictions:</b>		
Satisfaction of program requirements	100,915	-
Satisfaction of time requirements	30,000	-
	1,912,621	175,000
<b>Expenses:</b>		
Program services	1,735,335	265,965
Management and general	323,111	-
Fundraising	117,251	-
	2,175,697	265,965
<b>Total Expenses</b>	<b>2,175,697</b>	<b>265,965</b>
<b>Change in Net Assets</b>	<b>(263,076)</b>	<b>(90,965)</b>
<b>NET ASSETS - beginning of year</b>	<b>12,673,743</b>	<b>(30,471)</b>
<b>CAPITAL CONTRIBUTION</b>	<b>-</b>	<b>-</b>
<b>DISTRIBUTIONS</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS - end of year</b>	<b>\$ 12,410,667</b>	<b>\$ (121,436)</b>

See independent auditors' report.

<b>Innovative Livestock Group, LLC</b>	<b>Innovative Technology Group, LLC</b>	<b>Eliminations</b>	<b>Consolidated</b>
\$ 25,000	\$ -	\$ -	\$ 30,952
-	-	-	37,500
-	-	-	150,000
-	-	-	475,085
-	-	(182,247)	824,915
-	560,388	(92,400)	534,288
-	67,739	-	67,739
-	-	-	90,601
-	-	-	(10,876)
-	-	-	2,985
-	-	(108,700)	144
-	-	-	3,004
-	-	-	20,149
-	-	-	100,915
-	-	-	30,000
<hr/>	<hr/>	<hr/>	<hr/>
25,000	628,127	(383,347)	2,357,401
30,015	468,542	(274,647)	2,225,210
-	-	-	323,111
-	-	-	117,251
<hr/>	<hr/>	<hr/>	<hr/>
30,015	468,542	(274,647)	2,665,572
(5,015)	159,585	(108,700)	(308,171)
5,000	250,433	(195,304)	12,703,401
5,000	-	-	5,000
-	158,000	(110,600)	47,400
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\$ 4,985	\$ 252,018	\$ (193,404)	\$ 12,352,830

**NORTHEAST INDIANA INNOVATION CENTER, INC.**  
**CONSOLIDATING SCHEDULE OF CHANGES IN NET ASSETS - UNRESTRICTED**  
Year Ended December 31, 2015

	Northeast Indiana Innovation Center, Inc.	Innovative Property Management Group, LLC	Innovative Livestock Group, LLC		Innovative Technology Group, LLC		Eliminations	Consolidated
			Controlling Interest	Non- Controlling Interest	Controlling Interest	Non- Controlling Interest		
Net assets - beginning	\$ 12,673,743	\$ (30,471)	\$ 5,000	\$ -	\$ 190,304	\$ 60,129	\$ (195,304)	\$ 12,703,401
Capital contribution	-	-	-	5,000	-	-	-	5,000
Distributions	-	-	-	-	(110,600)	(47,400)	110,600	(47,400)
Increase (decrease) in net assets	<u>(263,076)</u>	<u>(90,965)</u>	<u>(3,009)</u>	<u>(2,006)</u>	<u>111,709</u>	<u>47,876</u>	<u>(108,700)</u>	<u>(308,171)</u>
Net assets - ending	<u>\$ 12,410,667</u>	<u>\$ (121,436)</u>	<u>\$ 1,991</u>	<u>\$ 2,994</u>	<u>\$ 191,413</u>	<u>\$ 60,605</u>	<u>\$ (193,404)</u>	<u>\$ 12,352,830</u>

See independent auditors' report.

**NORTHEAST INDIANA INNOVATION CENTER, INC.**  
**CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES**

Year Ended December 31, 2015 with Summarized Information for December 31, 2014

	<b>Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>
Salaries	\$ 545,521	\$ 118,418	\$ 84,710
Employee benefits	110,000	23,662	22,263
Payroll taxes	38,278	7,952	5,679
	<hr/>	<hr/>	<hr/>
<b>Total Salaries and Related Expenses</b>	693,799	150,032	112,652
Occupancy	273,408	35,648	-
Guaranteed salary to ITG minority owners	168,000	-	-
Repairs and maintenance	95,576	7,309	1,400
Small office equipment	86,417	9,442	-
Marketing	86,147	1,088	2,991
Travel and entertainment	54,975	4,496	-
IT management and data services	47,535	5,971	-
Employee training/improvement	38,411	9,770	-
Office supplies	43,097	3,511	-
Legal and accounting	4,621	38,639	-
Contract services	36,642	-	-
Insurance	29,226	5,229	-
Consulting fees	32,575	-	-
Printing and postage	28,153	2,961	-
Miscellaneous	26,899	2,635	-
Student scholarships and sponsorships	25,998	-	-
Dues and subscriptions	21,727	1,915	-
Telephone	18,300	1,249	-
Taxes	18,473	-	-
Interest	14,495	1,464	-
Meetings	10,422	1,105	-
Program expense	10,161	-	-
Payroll administrative fee	1,711	290	208
Bad debt expense	30	1,250	-
	<hr/>	<hr/>	<hr/>
<b>Total Expenses Before Depreciation</b>	1,866,798	284,004	117,251
Depreciation	358,412	39,107	-
	<hr/>	<hr/>	<hr/>
<b>Total Expenses</b>	<u>\$ 2,225,210</u>	<u>\$ 323,111</u>	<u>\$ 117,251</u>

See independent auditors' report.

<b>2015</b>	<b>2014</b>
<b>Total</b>	<b>Total</b>
\$ 748,649	\$ 696,850
155,925	141,249
51,909	46,115
<hr/>	<hr/>
956,483	884,214
309,056	304,979
168,000	168,000
104,285	111,344
95,859	21,282
90,226	83,006
59,471	44,695
53,506	28,542
48,181	17,674
46,608	45,984
43,260	23,891
36,642	9,055
34,455	31,914
32,575	29,151
31,114	19,918
29,534	23,595
25,998	39,980
23,642	19,351
19,549	29,362
18,473	2,865
15,959	19,523
11,527	9,457
10,161	11,907
2,209	1,988
1,280	2,856
<hr/>	<hr/>
2,268,053	1,984,533
397,519	392,279
<hr/>	<hr/>
<u>\$ 2,665,572</u>	<u>\$ 2,376,812</u>

**NORTHEAST INDIANA INNOVATION CENTER, INC.**  
**CONSOLIDATING SCHEDULE OF PROGRAM SERVICES**  
Year Ended December 31, 2015

	<b>Northeast Indiana Innovation Center, Inc.</b>	<b>Innovative Property Management Group, LLC</b>	<b>Innovative Livestock Group, LLC</b>
Salaries	\$ 366,039	\$ 20,594	\$ -
Employee benefits	59,256	-	-
Payroll taxes	24,230	2,412	-
<b>Total Salaries and Related Expenses</b>	449,525	23,006	-
Bad debt expense	-	-	-
Consulting fees	32,575	-	-
Contract services	25,082	6,560	5,000
Dues and subscriptions	17,230	2,569	-
Employee training/improvement	38,411	-	-
Guaranteed salary to ITG minority owners	-	-	-
Insurance	24,882	750	-
Interest	13,183	1,312	-
IT management and data services	53,736	904	25,000
Legal and accounting	-	646	-
Marketing	62,137	24,010	-
Management fees	-	151,347	-
Meetings	9,946	-	-
Miscellaneous	23,714	-	-
Occupancy	320,812	2,149	-
Office supplies	31,594	10,902	15
Payroll administrative fee	897	-	-
Printing and postage	26,649	-	-
Program expenses	10,161	-	-
Taxes	15,752	2,552	-
Repairs and maintenance	64,379	31,197	-
Student scholarships and sponsorships	25,998	-	-
Small office equipment	84,991	1,426	-
Telephone	11,242	799	-
Travel and entertainment	40,478	13	-
<b>Total Expenses Before Depreciation</b>	1,383,374	260,142	30,015
Depreciation	351,961	5,823	-
<b>Total Expenses</b>	<b>\$ 1,735,335</b>	<b>\$ 265,965</b>	<b>\$ 30,015</b>

See independent auditors' report.

<b>Innovative Technology Group, LLC</b>	<b>Eliminations</b>	<b>Consolidated</b>
\$ 158,888	\$ -	\$ 545,521
50,744	-	110,000
11,636	-	38,278
<hr/>	<hr/>	<hr/>
221,268	-	693,799
30	-	30
-	-	32,575
-	-	36,642
1,928	-	21,727
-	-	38,411
168,000	-	168,000
3,594	-	29,226
-	-	14,495
9,895	(42,000)	47,535
3,975	-	4,621
-	-	86,147
-	(151,347)	-
476	-	10,422
3,185	-	26,899
31,747	(81,300)	273,408
586	-	43,097
814	-	1,711
1,504	-	28,153
-	-	10,161
169	-	18,473
-	-	95,576
-	-	25,998
-	-	86,417
6,259	-	18,300
14,484	-	54,975
<hr/>	<hr/>	<hr/>
467,914	(274,647)	1,866,798
628	-	358,412
<hr/>	<hr/>	<hr/>
<u>\$ 468,542</u>	<u>\$ (274,647)</u>	<u>\$ 2,225,210</u>

