

Mid-States Corridor Regional Development
Authority

Financial Statements

Years Ended December 31, 2020 and 2019

MID-STATES CORRIDOR REGIONAL DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mid-States Corridor Regional Development Authority

We have audited the accompanying financial statements of the Mid-States Corridor Regional Development Authority, which comprise the statements of net position as of December 31, 2020 and 2019, and the related statements of activities and changes in net position, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mid-States Corridor Regional Development Authority as of December 31, 2020 and 2019, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

We also have audited, in accordance with auditing standards generally accepted in the United States of America, Mid-States Corridor Regional Development Authority's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated May 27, 2021 expressed an unmodified opinion.

Other Matters

Management has omitted the Management's Discussion and Analysis and the Budgetary Comparison Schedule that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 27, 2021 on our consideration of Mid-States Corridor Regional Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Mid-States Corridor Regional Development Authority's internal control over financial reporting and compliance.

LWG CPAs & Advisors

LWG CPAs & Advisors
Indianapolis, Indiana
May 27, 2021

**MID-STATES CORRIDOR REGIONAL
DEVELOPMENT AUTHORITY**
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 1,191,777	\$ 123,630
Accounts receivable	-	3,000
Pledge receivable	<u>1,083,500</u>	<u>4,834,330</u>
TOTAL ASSETS	<u>2,275,277</u>	<u>4,960,960</u>
LIABILITIES		
Accounts payable	<u>2,924</u>	<u>1,950</u>
TOTAL LIABILITIES	<u>2,924</u>	<u>1,950</u>
NET POSITION		
Unrestricted	<u>2,272,353</u>	<u>4,959,010</u>
TOTAL NET POSITION	<u>\$ 2,272,353</u>	<u>\$ 4,959,010</u>

The accompanying notes are an integral part of these statements

MID-STATES CORRIDOR REGIONAL DEVELOPMENT AUTHORITY

STATEMENTS OF ACTIVITIES Years Ended December 31, 2020 and 2019

	Amount	
	2020	2019
REVENUES		
Rental income	\$ 6,000	\$ 3,000
TOTAL REVENUES	6,000	3,000
EXPENSES		
Program Services		
INDOT EIS project	2,642,000	2,293,000
TOTAL PROGRAM SERVICES	2,642,000	2,293,000
Supporting Services		
Legal and professional fees	54,955	50,564
TOTAL SUPPORTING SERVICES	54,955	50,564
TOTAL EXPENSES	2,696,955	2,343,564
OPERATING INCOME (LOSS)	(2,690,955)	(2,340,564)
NON-OPERATING REVENUE		
Interest income	4,298	12,481
TOTAL NON-OPERATING REVENUE	4,298	12,481
CHANGE IN NET POSITION	(2,686,657)	(2,328,083)
NET POSITION - BEGINNING OF YEAR	4,959,010	7,287,093
NET POSITION - END OF YEAR	\$ 2,272,353	\$ 4,959,010

The accompanying notes are an integral part of these statements.

MID-STATES CORRIDOR REGIONAL DEVELOPMENT AUTHORITY

STATEMENTS OF CASH FLOWS Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Contribution proceeds	\$ 3,750,830	\$ 1,487,334
Rental income	6,000	3,000
Payments to suppliers	<u>(2,692,981)</u>	<u>(2,349,814)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,063,849</u>	<u>(859,480)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>4,298</u>	<u>12,481</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>4,298</u>	<u>12,481</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,068,147	(846,999)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>123,630</u>	<u>970,629</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,191,777</u>	<u>\$ 123,630</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	\$ (2,690,955)	\$ (2,340,564)
Decrease (increase) in assets		
Accounts receivable	3,000	(3,000)
Pledge receivable	3,750,830	1,487,334
Increase (decrease) in assets and liabilities		
Accounts payable	<u>974</u>	<u>(3,250)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,063,849</u>	<u>\$ (859,480)</u>

The accompanying notes are an integral part of these statements.

MID-STATES CORRIDOR REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

(1) Summary of significant accounting policies

Nature of Activities – The Mid-States Corridor Regional Development Authority (the “RDA” or the “Authority”) is organized under Indiana Code 37-7.6. The RDA has undertaken, together with the Indiana Department of Transportation, to conduct a review of the existing US 231 facility from the Ohio River to the I-64 Dale interchange and the potential transportation corridor through Dubois County originating at the I-64 Dale interchange and connecting with I-69 (possibly via SR 37).

Mission – The RDA was formed with the primary mission to raise and collect funds to study and eventually implement the construction of a transportation corridor through Dubois and Spencer Counties (with additional counties to be added based on the final route). The RDA will also explore ways to leverage the combination of the new transportation corridor, the attraction of employers / talent and quality of place projects to create transformative growth for the region.

Non-Exchange Transactions – Governmental Accounting Standards Board (“GASB”) No. 33 defines a non-exchange transaction, as a governmental unit that gives (or receives) value without directly receiving (or giving) equal value in return. Because the RDA receives money from local governmental units without giving equal value in return, the transactions qualify as a non-exchange transaction. On an accrual basis, expenses to grantees are recognized in the fiscal year they are granted. Amounts remaining to be reimbursed to grantees are considered grants payable.

Basis of Presentation – The financial statements of the RDA have been prepared on the accrual basis of accounting and using the economic resources measurement focus. Accordingly, the RDA recognizes revenue in the period earned and expenses in the period incurred. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Management’s Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Contributions – The RDA received contributions from multiple organizations to fund operating expenses incurred. These funds are unrestricted.

Cash and Cash Equivalents – The RDA considers all investments with maturities of three months or less, when purchased, to be cash equivalents. At times, such cash may be in excess of the FDIC insurance limit. However, additional coverage is provide by the Indiana Public Deposit Insurance Fund for funds that exceed the FDIC limits.

MID-STATES CORRIDOR REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

(1) Summary of significant accounting policies (cont.)

Accounts Receivable – The RDA has outstanding receivables in the amount of \$0 and \$3,000 as of December 31, 2020 and 2019, respectively. The recording of an allowance for doubtful accounts is not considered necessary as of December 31, 2020 and 2019.

Operating and Non-Operating Revenue – The principal operating revenue of the RDA consist of contributions. In addition the RDA considers rental income operating revenue. Operating expenses for the RDA include program services and supporting services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Net Position – Net position is comprised of the net earnings from operating and non-operating revenues, expenses and capital contributions. Net position is considered unrestricted and is available for the use of the RDA.

Subsequent events have been evaluated through the date of the Independent Auditors' Report, the date of which the financial statements were available for distribution.

(2) Commitments

Since the inception of the RDA, the board has entered into a contract with the Indiana Department of Transportation for an approved project. The funding contribution provided by the RDA will be \$7,000,000 from local funding sources for costs of the project. All funds contributed will be applied first to the cost of the Tier 1 EIS and any remaining to be applied to Tier 2 EIS. There is no formal schedule of funding at this time.

(3) Operating lease

The RDA has an executed lease dated July 1, 2019 to lease office space through June 30, 2021 at \$500 per month. The lease may be extended for an additional two-year term with the same terms. The office space is sub-leased to the contractor performing the Tier 1 EIS at the same rate through June 30, 2021 and also may be extended for an additional two-year term.

The office space was provided at a discounted rate by the lessor to support the RDA. The value of the discounted rent was estimated at \$30,500 and \$15,250 for the years ended December 31, 2020 and 2019.

(4) Pledge receivable

The RDA had received pledges from private investors of \$113,500 and \$1,334,330 as of December 31, 2020 and 2019, respectively. In addition, the RDA had received pledges from public investors of \$970,000 and \$3,500,000 as of December 31, 2020 and 2019. Private investors have made a promise to contribute money in the future as either a one-time transaction or incremental payments. These unconditional pledges were recorded as receivable and revenue in the year pledged.



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mid-States Corridor Regional Development Authority

Report on Internal Control over Financial Reporting

We have audited Mid-States Corridor Regional Development Authority's internal control over financial reporting as of December 31, 2020, based on criteria established in the Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's Responsibility for Internal Control over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting as described in its report on the same.

Auditors' Responsibility

Our responsibility is to express an opinion on the entity's internal control over financial reporting based on our audit. 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 effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgement, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

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

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, Mid-States Corridor Regional Development Authority maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in the Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)

Report on Financial Statements

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Mid-States Corridor Regional Development Authority, and our report dated May 27, 2021 expressed an unmodified opinion.

LWG CPAs & Advisors

LWG CPAs & Advisors
Indianapolis, Indiana
May 27, 2021



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

The Governing Body
Mid-States Corridor Regional Development Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mid-States Corridor Regional Development Authority as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Mid-States Corridor Regional Development Authority's basic financial statements, and have issued our report thereon dated May 27, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mid-States Corridor Regional Development Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mid-States Corridor Regional Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Mid-States Corridor Regional Development Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mid-States Corridor Regional Development Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Report on Internal Control over Financial Reporting

In addition to the audit of the financial statements of Mid-States Corridor Regional Development Authority as of and for the year ended December 31, 2020, and the related notes to the financial statements, we were also engaged to perform an audit of internal control. We have issued our opinion on internal control in our report dated May 27, 2021.

LWG CPAs & Advisors

LWG CPAs & Advisors
Indianapolis, Indiana
May 27, 2021



May 27, 2021

Board of Directors
Mid-States Corridor Regional Development Authority
212 West 6th Street
Jasper, Indiana 47546

We have audited the financial statements of the Mid-States Corridor Regional Development Authority for the year ended December 31, 2020 and have issued our report thereon dated May 27, 2021. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States and Government Auditing Standards

As communicated in our engagement letter dated March 22, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility as prescribed by professional standards, is to plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial statement. Accordingly, as part of our audit, we considered the internal control of the Mid-States Corridor Regional Development Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. In addition, as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we assessed the risk that noncompliance with certain provisions of laws, regulations, contracts, and grants could cause the financial statements to be materially misstated. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding significant control deficiencies and other matters noted during our audit in a separate letter to you dated May 27, 2021 in which none were noted.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Mid-States Corridor Regional Development Authority is included in Note 1 to the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the Mid-States Corridor Regional Development Authority's financial statements or the auditor's report. We are pleased to report that no such disagreement arose during the course of our audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the attached letter dated May 27, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultation with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Mid-States Corridor Regional Development Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted on a condition to our retention as Mid-States Corridor Regional Development Authority' auditors.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This information is intended solely for the use of the board of directors and management of the Mid-States Corridor Regional Development Authority, and is not intended to be and should not be used by anyone other than these specified parties.

LWG CPAs & Advisors

LWG CPAs & Advisors
Indianapolis, Indiana
May 27, 2021