



*Certified Public Accountants*

# GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. & SUBSIDIARY

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CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. & SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2019 and 2018

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Growth Organization of Topeka/Shawnee County, Inc. and Subsidiary  
Topeka, Kansas

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Growth Organization of Topeka/Shawnee County, Inc. and Subsidiary (the Organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated 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.

### **Auditors' 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 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.

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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 Growth Organization of Topeka/Shawnee County, Inc. and Subsidiary as of December 31, 2019 and 2018, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### **Change in Accounting Principle**

As described in Note 2 to the consolidated financial statements, the Organization has changed its method of accounting for revenue recognition effective January 1, 2019 due to the adoption of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* and FASB Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 24-27 is presented for purposes of additional analysis and is 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 for the years ended December 31, 2019 and 2018 is fairly stated, in all material respects, in relation to the financial statements as a whole.

*BT & Co., P.A.*

Topeka, Kansas  
August 28, 2020

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

| <u>ASSETS</u>                                | <u>2019</u>          | <u>2018</u>          |
|--|----------------------|----------------------|
| Current assets:                              |                      |                      |
| Cash and cash equivalents                    | \$ 6,586,400         | \$ 8,225,065         |
| ETLC restricted cash                         | 3,551,296            | 5,098,648            |
| Restricted funds                             | 1,477,447            | 1,701,636            |
| Investments                                  | 6,119,422            | 5,996,560            |
| Grants receivable                            | 10,340               | 22,302               |
| Accounts receivable                          | 12,412               | 830                  |
| Prepaid expenses                             | 54,152               | 54,755               |
| Due from 712 Innovations                     | 60                   | 60                   |
| Total current assets                         | <u>17,811,529</u>    | <u>21,099,856</u>    |
| Property and equipment, net                  | 4,444,849            | 2,640,637            |
| Other assets:                                |                      |                      |
| Land held for economic development           | 6,873,590            | 7,307,656            |
| Total assets                                 | <u>\$ 29,129,968</u> | <u>\$ 31,048,149</u> |
| <u>LIABILITIES AND NET ASSETS</u>            |                      |                      |
| Current liabilities:                         |                      |                      |
| Deferred grant revenue - JEDO                | \$ 13,396,289        | \$ 13,202,699        |
| Accounts payable                             | 193,504              | 105,456              |
| Grants payable                               | -                    | 2,012,500            |
| Due to Greater Topeka Chamber of Commerce    | 6,318                | 6,318                |
| Due to Greater Topeka Partnership Foundation | 9,500                | 9,500                |
| Due to Greater Topeka Partnership            | 151,481              | 189,829              |
| Improvement and training incentives          | 1,477,447            | 1,557,636            |
| Total current liabilities                    | <u>15,234,539</u>    | <u>17,083,938</u>    |
| Other liabilities:                           |                      |                      |
| KFCP Improvement and Fire Station Fund       | 798,582              | 357,769              |
| Long-term debt, net of loan fees             | 6,173,355            | 6,163,628            |
| Total liabilities                            | <u>22,206,476</u>    | <u>23,605,335</u>    |
| Net assets:                                  |                      |                      |
| Without donor restrictions                   |                      |                      |
| Undesignated                                 | 49,902               | (32,397)             |
| Board designated                             | 6,873,590            | 7,475,211            |
| Total net assets                             | <u>6,923,492</u>     | <u>7,442,814</u>     |
| Total liabilities and net assets             | <u>\$ 29,129,968</u> | <u>\$ 31,048,149</u> |

See accompanying notes to the consolidated financial statements.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

|                                     | 2019                          |                            | Total               |
|-------------------------------------|-------------------------------|----------------------------|---------------------|
|                                     | Without Donor<br>Restrictions | With Donor<br>Restrictions |                     |
| Support and revenues:               |                               |                            |                     |
| JEDO grant revenue                  | \$ 4,820,010                  | \$ -                       | \$ 4,820,010        |
| Private contributions and pledges   | 41,208                        | -                          | 41,208              |
| Other grant revenue                 | 42,193                        | -                          | 42,193              |
| Other income                        | 121,680                       | -                          | 121,680             |
| Sponsorship revenue                 | 80,675                        | -                          | 80,675              |
| Event revenue                       | 20,738                        | -                          | 20,738              |
| Interest and investment income      | 159,731                       | -                          | 159,731             |
| Affiliate support revenue           | 407,864                       | -                          | 407,864             |
| Total support and revenues:         | <u>5,694,099</u>              | <u>-</u>                   | <u>5,694,099</u>    |
| Expenses:                           |                               |                            |                     |
| Program expenses:                   |                               |                            |                     |
| Economic development                | 4,704,332                     | -                          | 4,704,332           |
| East Topeka Learning Center         | 723,078                       | -                          | 723,078             |
| Total program expenses              | <u>5,427,410</u>              | <u>-</u>                   | <u>5,427,410</u>    |
| Supporting services expense:        |                               |                            |                     |
| General and administrative expenses | 786,011                       | -                          | 786,011             |
| Total supporting expense            | <u>786,011</u>                | <u>-</u>                   | <u>786,011</u>      |
| Total expenses                      | <u>6,213,421</u>              | <u>-</u>                   | <u>6,213,421</u>    |
| Change in net assets                | (519,322)                     | -                          | (519,322)           |
| Net assets, beginning of year       | <u>7,442,814</u>              | <u>-</u>                   | <u>7,442,814</u>    |
| Net assets, end of year             | <u>\$ 6,923,492</u>           | <u>\$ -</u>                | <u>\$ 6,923,492</u> |

See accompanying notes to the consolidated financial statements.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

|                                     | 2018                          |                            | Total        |
|-------------------------------------|-------------------------------|----------------------------|--------------|
|                                     | Without Donor<br>Restrictions | With Donor<br>Restrictions |              |
| Support and revenues:               |                               |                            |              |
| JEDO grant revenue                  | \$ 8,803,533                  | \$ -                       | \$ 8,803,533 |
| Private contributions and pledges   | 16,153                        | (12,600)                   | 3,553        |
| Other grant revenue                 | 46,481                        | -                          | 46,481       |
| Other income                        | 41,352                        | -                          | 41,352       |
| Sponsorship revenue                 | 33,836                        | -                          | 33,836       |
| Event revenue                       | 26,072                        | -                          | 26,072       |
| Interest and investment income      | 98,072                        | -                          | 98,072       |
| Affiliate support revenue           | 629,205                       | -                          | 629,205      |
| Total support and revenues:         | 9,694,704                     | (12,600)                   | 9,682,104    |
| Expenses:                           |                               |                            |              |
| Program expenses:                   |                               |                            |              |
| Economic development                | 8,602,491                     | -                          | 8,602,491    |
| East Topeka Learning Center         | 287,674                       | -                          | 287,674      |
| Total program expenses              | 8,890,165                     | -                          | 8,890,165    |
| Supporting services expense:        |                               |                            |              |
| General and administrative expenses | 2,182,738                     | -                          | 2,182,738    |
| Total supporting expense            | 2,182,738                     | -                          | 2,182,738    |
| Total expenses                      | 11,072,903                    | -                          | 11,072,903   |
| Change in net assets                | (1,378,199)                   | (12,600)                   | (1,390,799)  |
| Net assets, beginning of year       | 8,821,013                     | 12,600                     | 8,833,613    |
| Net assets, end of year             | \$ 7,442,814                  | \$ -                       | \$ 7,442,814 |

See accompanying notes to the consolidated financial statements.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

|  | <u>Economic<br/>Development</u> | <u>East Topeka<br/>Learning Center</u> | <u>General and<br/>Administrative</u> | <u>Total<br/>Expenses</u> |
|--|---------------------------------|--|---------------------------------------|---------------------------|
| Personnel costs                          | \$ 609,765                      | \$ -                                   | \$ 160,118                            | \$ 769,883                |
| Shared services                          | -                               | -                                      | 445,558                               | 445,558                   |
| Dues and subscriptions                   | 46,598                          | 479                                    | 17,189                                | 64,266                    |
| Supplies, printing and postage           | 17,456                          | -                                      | 6,833                                 | 24,289                    |
| Rent                                     | 14,812                          | -                                      | 50,825                                | 65,637                    |
| Events                                   | 31,955                          | -                                      | 16                                    | 31,971                    |
| Hospitality and promotions               | 86,371                          | -                                      | 1,780                                 | 88,151                    |
| Advertising and research                 | 304,897                         | -                                      | 4,510                                 | 309,407                   |
| Professional services and contract labor | 193,497                         | 13,510                                 | 60,270                                | 267,277                   |
| Office expenses                          | 14,865                          | 3,742                                  | 19,393                                | 38,000                    |
| Repair and maintenance                   | 15,677                          | -                                      | 12                                    | 15,689                    |
| Depreciation and amortization            | -                               | 52,535                                 | 7,122                                 | 59,657                    |
| Professional development and training    | 81,071                          | -                                      | 2,208                                 | 83,279                    |
| Insurance, taxes and fees                | 53,557                          | 112,812                                | 10,177                                | 176,546                   |
| Grants and new initiatives               | 1,652,022                       | 540,000                                | -                                     | 2,192,022                 |
| Large incentives                         | 1,581,789                       | -                                      | -                                     | 1,581,789                 |
|  | <u>\$ 4,704,332</u>             | <u>\$ 723,078</u>                      | <u>\$ 786,011</u>                     | <u>\$ 6,213,421</u>       |
| Total expenses                           | <u>\$ 4,704,332</u>             | <u>\$ 723,078</u>                      | <u>\$ 786,011</u>                     | <u>\$ 6,213,421</u>       |

See accompanying notes to the consolidated financial statements.



GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018

|  | <u>Economic<br/>Development</u> | <u>East Topeka<br/>Learning Center</u> | <u>General and<br/>Administrative</u> | <u>Total<br/>Expenses</u> |
|--|---------------------------------|--|---------------------------------------|---------------------------|
| Personnel costs                          | \$ 815,725                      | \$ -                                   | \$ 323,964                            | \$ 1,139,689              |
| Dues and subscriptions                   | 36,872                          | -                                      | 8,972                                 | 45,844                    |
| Supplies, printing and postage           | 17,501                          | -                                      | 9,646                                 | 27,147                    |
| Rent                                     | 17,545                          | -                                      | 67,203                                | 84,748                    |
| Events                                   | 44,436                          | -                                      | 1,279                                 | 45,715                    |
| Hospitality and promotions               | 84,672                          | -                                      | 12,160                                | 96,832                    |
| Advertising and research                 | 238,263                         | -                                      | 39,210                                | 277,473                   |
| Professional services and contract labor | 202,741                         | -                                      | 106,438                               | 309,179                   |
| Office expenses                          | 30,400                          | 405                                    | 75,485                                | 106,290                   |
| Repair and maintenance                   | 7,463                           | -                                      | 20                                    | 7,483                     |
| Depreciation and amortization            | -                               | 4,082                                  | 635                                   | 4,717                     |
| Professional development and training    | 81,406                          | -                                      | 7,309                                 | 88,715                    |
| Insurance, taxes and fees                | 22,773                          | -                                      | 5,294                                 | 28,067                    |
| Interest expense                         | -                               | 33,187                                 | -                                     | 33,187                    |
| Grants and new initiatives               | 6,702,054                       | 250,000                                | -                                     | 6,952,054                 |
| Contributions                            | -                               | -                                      | 1,525,123                             | 1,525,123                 |
| Large incentives                         | 300,640                         | -                                      | -                                     | 300,640                   |
|  | <u>300,640</u>                  | <u>-</u>                               | <u>-</u>                              | <u>300,640</u>            |
| Total expenses                           | <u>\$ 8,602,491</u>             | <u>\$ 287,674</u>                      | <u>\$ 2,182,738</u>                   | <u>\$11,072,903</u>       |

See accompanying notes to the consolidated financial statements.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2019 and 2018

|   | 2019                 | 2018                 |
|---|----------------------|----------------------|
| Cash flows from operating activities:                           |                      |                      |
| Contributions, grants and other support                         | \$ 5,728,339         | \$ 5,778,009         |
| Cash paid to employees and suppliers                            | (5,993,776)          | (9,095,883)          |
| Cash incentives paid  | (1,661,978)          | (348,640)            |
| Interest and dividends received                                 | 159,730              | 98,072               |
| Interest paid   | (89,856)             | -                    |
|   | <u>(1,857,541)</u>   | <u>(3,568,442)</u>   |
| Net cash flows from operating activities                        |                      |                      |
| Cash flows from investing activities:                           |                      |                      |
| Net purchases of investments                                    | (122,862)            | (80,687)             |
| Purchase of property and equipment                              | (1,863,869)          | (2,641,272)          |
| Reimbursements received on land held for investment             | 434,066              | -                    |
| Proceeds from long-term debt                                    | -                    | 6,500,000            |
| Loan origination fees   | -                    | (340,454)            |
|   | <u>(1,552,665)</u>   | <u>3,437,587</u>     |
| Net cash flows from investing activities                        |                      |                      |
| Net decrease in cash, cash equivalents and restricted cash      | (3,410,206)          | (130,855)            |
| Cash, cash equivalents and restricted cash at beginning of year | <u>15,025,349</u>    | <u>15,156,204</u>    |
| Cash, cash equivalents and restricted cash at end of year       | <u>\$ 11,615,143</u> | <u>\$ 15,025,349</u> |
| Cash, cash equivalents and restricted cash includes:            |                      |                      |
| Cash and cash equivalents                                       | \$ 6,586,400         | \$ 8,225,065         |
| ETLC restricted cash  | 3,551,296            | 5,098,648            |
| Restricted funds  | <u>1,477,447</u>     | <u>1,701,636</u>     |
|   | <u>\$ 11,615,143</u> | <u>\$ 15,025,349</u> |

See accompanying notes to the consolidated financial statements.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

1 - History and Organization

The Growth Organization of Topeka/Shawnee County, Inc. was organized to encourage business and industry to locate and develop within the greater Topeka area and to otherwise promote the common economic interest of greater Topeka. The Organization receives funding primarily through a grant from the Joint Economic Development Organization (JEDO) and by donations from the business community.

In 2018, the Growth Organization of Topeka/Shawnee County, Inc. set up and became the sole member of the GO Topeka ETLC Support Corporation. This entity was set up to hold and finance the East Topeka Learning Center project.

Together, the entities will be referred to as the Organization throughout the footnotes.

2 - Summary of Significant Accounting Policies

Basis of Reporting

Assets, liabilities, net assets, revenues, and expenses are recognized on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets Without Donor Restrictions* - Net assets without donor restrictions represent the portion of funds currently available to support the Organization's operations. The Organization's Board of Directors may designate a portion of net asset without donor restrictions to be used for certain purposes or projects. At December 31, 2019 and 2018, the Board has designated net assets for future incentives related to land held for economic development and certain amounts funded to restricted escrow accounts.

*Net Assets with Donor Restrictions* - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions. Resources that are restricted but have the restrictions met in the same period are reported as net assets without donor restrictions.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2 - Summary of Significant Accounting Policies (Continued)

Consolidation

The financial statements of Growth Organization of Topeka/Shawnee County, Inc. and GO Topeka ETLIC Support Corporation are consolidated in the financial statements. All intercompany balances and transactions have been eliminated in consolidation.

Revenue Recognition

Revenue from programs, events and other program services is recognized at the point in time the event or program is held.

A significant portion of the Organization's revenue is derived from contracts and grants with local governments, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization has deemed sponsorships and affiliate support revenue to be conditional contributions, and they are accounted for accordingly.

At December 31, 2019, conditional contributions, grants and contracts of \$ 13,397,244, for which \$ 13,396,289 has been received in advance, have not been recognized in the accompanying financial statements.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

The Organization's customers consist of local government agencies and private customers, primarily located within the state of Kansas. For government grants and contracts, future cash flows depend on the Organization's ability to continue to obtain local government contracts, and indirectly on the amount of funding available to these agencies for new and current government projects. Therefore, a portion of the Organization's operations is dependent upon the level and timing of government funding. As it relates to private customers, credit risk is mitigated because payment is received before, shortly after or at the time the goods or services are provided. For those program services provided before payment is received, continuing services will be considered for termination for significant non-payment, limiting future credit risk.

Fair Value Measurement

Assets recorded at fair value on the statement of financial position are categorized based upon the level of observability associated with the inputs used to measure their fair value. Fair value is defined as the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The availability of unobservable in the market, the determination of fair value requires more judgment.

The three-level hierarchy for fair value measurements is defined as follows:

- Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date.
- Level 2 – Inputs are other than quoted prices in active markets that are observable for the asset, either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 – Inputs are unobservable and significant to the asset, and include situations where there is little, if any, market activity.

Management endeavors to utilize the best available information in measuring fair value.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2 - Summary of Significant Accounting Policies (Continued)

Investments

The Organization invests in U.S. government securities money market funds, certificates of deposit and U.S. government securities. Investments, other than certificate of deposits, are stated at fair value. Certificates of deposit are carried at costs plus interest credited to date. Realized and unrealized gains and losses, dividends and interest on investments are reflected in the statement of activities.

Investment securities are exposed to various risks, such as interest rate, market fluctuation and credit risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in risks in the near term could materially affect investments and the amounts reported in the statements of financial position.

Management 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, disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Land Held for Economic Development

The Organization holds land for the development of the Kanza Fire and Central Crossing Commerce Parks in southwest Topeka, Kansas. The acquisition cost of the land and certain types of improvements are recorded as an asset on the Consolidated Statement of Financial Position. Maintenance and certain utility extension costs that result in benefits beyond the park development are expensed as incurred. Management annually reviews the land held for economic development to determine whether carrying values have been impaired.

Land held for economic development is a board designated asset.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

The Organization capitalizes all expenditures in excess of \$ 1,000 for property and equipment at cost. Depreciation is determined on the straight-line basis, with estimated useful lives as follows:

|                        |          |
|------------------------|----------|
| Equipment              | 5 years  |
| Furniture and fixtures | 7 years  |
| Building               | 39 years |

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expenses as incurred.

Income taxes

The Growth Organization of Topeka/Shawnee County, Inc. is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code and GO Topeka ETLIC Support Corporation is exempt from federal income tax under Section 501(c)(3). The Organizations are exempt from federal income taxes pursuant to Section 501(a) of the Code and have been classified as other than a private foundation.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis. All expenses are identified with a specific program or support service and are charged directly to that program or support service. There are no costs allocated across multiple functions. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Cash Defined for Statements of Cash Flows

For purposes of the statement of cash flows, the Organization considers cash held in commercial banks with original maturities of three months or less to be cash and cash equivalents.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2 - Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement

FASB Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 and have adjusted the presentation in these consolidated financial statements accordingly. The Organization adopted the new standard effective January 1, 2019, the first day of the Organization's current fiscal year using the modified retrospective approach. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenues, and therefore no changes were required to opening net assets.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on opening net assets in connection with the implementation of ASU 2018-08.

As part of the adoption of the ASC, the Organization elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. This amendment is effective for fiscal years beginning after December 15, 2018 with early adoption permitted. The Organization adopted the ASU effective January 1, 2019. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.



GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2 - Summary of Significant Accounting Policies (Continued)

Pending Accounting Pronouncement

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet 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 income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Management is currently evaluating the effect that the standard will have on the financial statements.

3 - Concentrations of Credit Risk

Cash and cash equivalents include repurchase agreements with a local bank. The repurchase agreements represent ownership interest in Federal Agency securities. Other bank deposits are generally maintained within FDIC-insured limits.

4 - Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, are:

|   | 2019          | 2018          |
|---|---------------|---------------|
| Financial assets:   |               |               |
| Cash and cash equivalents                                     | \$ 6,586,400  | \$ 8,225,065  |
| Investments   | 6,119,422     | 5,996,560     |
| Grants receivable   | 10,340        | 22,302        |
| Accounts receivable   | 12,412        | 830           |
| Amounts available for general expenditures<br>within one year | \$ 12,728,574 | \$ 14,244,757 |

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4 - Availability and Liquidity (Continued)

In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting revenue to cover a majority of the general expenditures. The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

5 - Investments and Fair Value

The following table summarizes the investments recorded at fair value based on valuation hierarchy as of December 31, 2019:

|                                | <u>Fair Value</u>   | <u>Level 1</u>     | <u>Level 2</u> | <u>Level 3</u> |
|--------------------------------|---------------------|--------------------|----------------|----------------|
| Money market fund              | \$ 3,351,777        | \$3,351,777        | \$ -           | \$ -           |
| U.S. Treasury Notes            | 280,559             | 280,559            | -              | -              |
| U.S. Treasury Bill             | 149,472             | 149,472            | -              | -              |
| Total fair value               | 3,781,808           | <u>\$3,781,808</u> | <u>\$ -</u>    | <u>\$ -</u>    |
| Certificates of deposit (cost) | <u>2,337,614</u>    |                    |                |                |
| Total investments              | <u>\$ 6,119,422</u> |                    |                |                |

The following table summarizes the investments recorded at fair value based on valuation hierarchy as of December 31, 2018:

|                                | <u>Fair Value</u>   | <u>Level 1</u>     | <u>Level 2</u> | <u>Level 3</u> |
|--------------------------------|---------------------|--------------------|----------------|----------------|
| Money market fund              | \$ 3,193,652        | \$3,193,652        | \$ -           | \$ -           |
| Total fair value               | 3,193,652           | <u>\$3,193,652</u> | <u>\$ -</u>    | <u>\$ -</u>    |
| Certificates of deposit (cost) | <u>2,802,908</u>    |                    |                |                |
| Total investments              | <u>\$ 5,996,560</u> |                    |                |                |

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

5 - Investments and Fair Value (Continued)

The fair value of the money market fund is based on the carrying value of the accounts due to its short maturity, high liquidity, and low risk of default.

U.S. Treasury notes and bills are valued at quoted market prices multiplied by the quantity held when quoted market prices are observable.

There have been no changes in the methodologies used at December 31, 2019. There were no transfers between the levels during the year. The Organization's policy is to only recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the fair value inputs are not recognized.

6 - Property and Equipment

Property and equipment consist of the following as of December 31,:

|                              | <u>2019</u>                | <u>2018</u>                |
|------------------------------|----------------------------|----------------------------|
| Cost:                        |                            |                            |
| Land                         | \$ 251,909                 | \$ 251,909                 |
| Buildings                    | 4,202,776                  | 2,342,722                  |
| Furniture and fixtures       | 42,308                     | 42,308                     |
| Equipment                    | <u>8,148</u>               | <u>4,333</u>               |
| Total property and equipment | 4,505,141                  | 2,641,272                  |
| Accumulated depreciation     | <u>(60,292)</u>            | <u>(635)</u>               |
| Net property and equipment   | <u><u>\$ 4,444,849</u></u> | <u><u>\$ 2,640,637</u></u> |

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7 - Land Held for Economic Development

The Organization owns a portion of land at the Kanza Fire and Central Crossing Commerce Parks in southwest Topeka, Kansas. The land is available for the Organization to transfer to companies for economic development.

8 - Restricted Cash and Funds

Restricted funds represent amounts held in an escrow account for certain property improvements, training, and employment incentives. The following is a summary of restricted funds:

|                      | <u>2019</u>         | <u>2018</u>         |
|----------------------|---------------------|---------------------|
| Balance, January 1   | \$ 1,701,636        | \$ 2,113,181        |
| Payments from escrow | (227,181)           | (413,993)           |
| Interest and other   | 2,992               | 2,448               |
|                      | <u>1,477,447</u>    | <u>1,701,636</u>    |
| Balance, December 31 | <u>\$ 1,477,447</u> | <u>\$ 1,701,636</u> |

Restricted cash of \$ 3,551,296 and \$ 5,098,648, as of December 31, 2019 and 2018, respectively, represents amounts held in escrow accounts for the specific purpose of funding the East Topeka Learning Center project.

9 - KFCP Improvement and Fire Station Fund

The Organization has an agreement with Mars requiring an amount equal to 10% of their annual property tax abatement to be paid by Mars to the Organization. The funds are to be used for Kanza Fire Commerce Park improvements and a fire station to serve the park.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

10 - Long-Term Debt

GO Topeka ETLC Support Corporation has two notes payable with Partnerships of Hope XXI, LLC for a total of \$ 6,500,000. The terms of both notes are the same with an interest rate of 1.127641% and a maturity date of July 2053. Interest only payments will be paid out on a quarterly basis on the 5<sup>th</sup> of March, June, September and December until September 5, 2027. On September 5, 2027, both interest and principal quarterly payments will begin. The notes are collateralized by the East Topeka Learning Center building.

Growth Organization of Topeka/Shawnee County, Inc. is the guarantor on the notes payable. These notes payable are intended to constitute a qualified low-income community investment for the lender and as such GO Topeka ETLC Support Corporation is required to maintain the status of a qualified active low-income community business throughout the terms of the loans.

As of December 31, 2019, debt maturities are as follows:

|                 |    |                  |
|-----------------|----|------------------|
| 2020            | \$ | -                |
| 2021            |    | -                |
| 2022            |    | -                |
| 2023            |    | -                |
| 2024            |    | -                |
| Thereafter      |    | 6,500,000        |
| Less: loan fees |    | (326,645)        |
|                 |    | <hr/>            |
| Total           | \$ | <u>6,173,355</u> |

11 - Related Party Transactions

The Greater Topeka Partnership became the sole member of the Organization, effective January 1, 2018. The initial partners in the Greater Topeka Partnership include Downtown Topeka, Inc., the Greater Topeka Chamber of Commerce, Growth Organization of Topeka/Shawnee County, Inc. and Subsidiary, and Visit Topeka. The Greater Topeka Partnership holds the controlling interest of the Greater Topeka Partnership Foundation. The Foundation is the sole member of The Topeka/Shawnee County First Opportunity Fund, LLC, Heartland Visioning, LLC, and 712 Innovations, LLC. The Greater Topeka partnership holds funds for the Governor's Military Council in 2018, however, these funds were transferred to the State of Kansas during the 2019 fiscal year.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

11 - Related Party Transactions (Continued)

The purpose of the Greater Topeka Partnership is to foster economic development and improve the quality of life in Topeka and Shawnee County, Kansas.

Due to/from:

The Organization has entered into an agreement with The Greater Topeka Partnership. On a monthly basis, the Greater Topeka Partnership pays for certain operational expenses and requests reimbursement from the Organization. These operational expenses consist of the Organization's dedicated employees' salaries and benefits, shared services employees' salaries and benefits, office rent, parking rent, payment for company credit cards, fixed asset purchases, accounting support, marketing, and any other expense in which it is deemed appropriate to be allocated across all of the subsidiaries of the Greater Topeka Partnership. The allocation was determined by completing an annual employee time allocation study. The Organization owes the Greater Topeka Partnership \$ 151,481 at December 31, 2019, which is comprised \$ 101,415 for payroll paid for the Organization, \$ 5,474 in purchases and \$ 62,735 for shared operating expenses including office and parking rent, less the amount owed to the Organization by the Greater Topeka Partnership of \$ 18,143 for revenue collected by the Greater Topeka Partnership on their behalf. The Organization owed the Greater Topeka Partnership \$ 189,829 at December 31, 2018, which is comprised of \$ 14,640 for pledges collected on their behalf, \$ 2,799 for bonuses, \$ 84,074 for payroll paid for the Organization, \$ 40,436 in fixed asset purchases and \$ 47,880 for shared operating expenses including office and parking rent.

At December 31, 2019 and 2018, the Organization owed the Greater Topeka Chamber of Commerce \$ 6,318, for reimbursement of expenses and fees for participation in Chamber events and programs.

At December 31, 2019 and 2018, the Organization owed \$ 9,500 to the Greater Topeka Partnership Foundation for pledges collected on their behalf.

At December 31, 2019 and 2018, the Organization had an amount due from 712 Innovations for \$ 60.

Revenue:

The Organization received contributions of \$ 407,864 and \$ 629,205, during the years ended December 31, 2019 and 2018, respectively from the Greater Topeka Partnership for affiliate support and reimbursement of expenses paid with private dollars.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

11 - Related Party Transactions (Continued)

Expense:

The Organization made a contribution in the amount of \$ 100,000 during the years ended December 31, 2019 and 2018, respectively to 712 Innovations, LLC, a subsidiary of the Greater Topeka Partnership Foundation. 712 Innovations, LLC was established to provide a makerspace/co-work space for economic development.

The Organization's lease payments based on its proportionate share of space under a lease agreement between Security National Properties and the Greater Topeka Partnership totaled \$ 57,632 and \$ 61,592 for the years ended December 31, 2019 and 2018, respectively. The Organization estimates that annual lease payments on its proportionate share of the space leased by the Greater Topeka Partnership will be between approximately \$ 60,000 and \$ 64,000 for each of the next five years.

12 - JEDO Grant

JEDO is a separate legal entity authorized by Kansas Statute 12-2904(a) which was created by an inter-local agreement between the Board of Commissioners of Shawnee County and the City of Topeka. The Organization has an agreement with JEDO that provides for a grant to the Organization for the purpose of providing economic development services, including research, target marketing, existing business retention and expansion, new business recruitment, minority and women-owned businesses, infrastructure development, site acquisition and development, incentive funds, workforce training and expansion, and other such activities deemed necessary and appropriate. The term of the agreement was for one year with options to extend for successive periods of one year each unless either party terminates the agreement. During 2017, JEDO approved a new grant agreement with the Organization for a three - year period commencing January 1, 2018. During 2019, JEDO approved a grant amendment allowing the contract to renew automatically every December, unless objections are brought forward.

JEDO has approved the carryover of the 2019 and 2018 unexpended grant funds. This carryover is included in the deferred JEDO grant revenue at December 31, 2019 and 2018, and includes approximately \$ 1,380,000 and \$ 1,160,000, for the minority and women-owned business program at December 31, 2019 and 2018, respectively.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

13 - Concentrations and Major Customers

The Organization received 85% and 91% of their total revenue from a grant with the Joint Economic Development Organization (JEDO) for the years ended December 31, 2019 and 2018, respectively. In the event this grant was discontinued, the activities of the Organization would be curtailed accordingly.

14 - 401(k) Retirement Plan

The Organization established a 401(k) retirement plan in which eligibility is reached when an employee has completed ninety days of continuous employment and is over the age 21. The 401(k) retirement plan is sponsored by the Greater Topeka Partnership.

The Organization's 401(k) retirement plan expense was \$ 38,146 and \$ 49,019 for the years ended December 31, 2019 and 2018, respectively.

15 - Incentives

The Organization enters into various incentive agreements covering several years and generally requiring maintenance of employment levels and other obligations. For the years ended December 31, 2019 and 2018, the Organization paid a net amount of \$ 1,661,978 and \$ 348,640 for cash incentives and amounts recouped from employers that did not maintain employment levels or meet other requirements.

At December 31, 2019, the Organization also has outstanding contingent incentive commitments to various companies expected to be payable as follows:

|            |    |                         |
|------------|----|-------------------------|
| 2020       | \$ | 114,400                 |
| 2021       |    | 1,148,800               |
| 2022       |    | 713,800                 |
| 2023       |    | 696,200                 |
| 2024       |    | 431,400                 |
| Thereafter |    | <u>350,000</u>          |
| Total      | \$ | <u><u>3,454,600</u></u> |



GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

15 - Incentives (Continued)

Improvements and training incentive liability includes the following at December 31,:

|  | 2019         | 2018         |
|--|--------------|--------------|
| Funded and held in escrow (see Note 8)     | \$ 1,477,447 | \$ 1,701,636 |
| Less board designated employment incentive | -            | (144,000)    |
| Balance, December 31                       | \$ 1,477,447 | \$ 1,557,636 |

16 - Subsequent Events

The Organization has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements are available to be issued.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the pandemic.

It is unknown how long the adverse conditions associated with the pandemic will last and what the complete financial effect will be to the Organization. Accordingly, while management cannot quantify the financial and other impacts to the Organization as of December 31, 2019, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.

Additionally, it is reasonably possible that estimates made in the Organization's financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including a significant decrease in revenue.

SUPPLEMENTARY INFORMATION

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2019

|  | Growth Organization<br>of Topeka/Shawnee<br>County, Inc. | GO Topeka<br>ETLC Support<br>Corporation | Eliminations | Consolidated         |
|--|--|--|--------------|----------------------|
| <u>ASSETS</u>                                |  |  |              |                      |
| Current assets:                              |  |  |              |                      |
| Cash and cash equivalents                    | \$ 6,586,400   | \$ -                                     | \$ -         | \$ 6,586,400         |
| ETLC restricted cash                         | -  | 3,551,296                                | -            | 3,551,296            |
| Investments                                  | 6,119,422  | -  | -            | 6,119,422            |
| Grants receivable                            | 10,340   | -  | -            | 10,340               |
| Accounts receivable                          | 12,412   | -  | -            | 12,412               |
| Prepaid expenses                             | 54,152   | -  | -            | 54,152               |
| Due from 712 Innovations                     | 60   | -  | -            | 60                   |
| Restricted funds                             | 1,477,447  | -  | -            | 1,477,447            |
| Total current assets                         | <u>14,260,233</u>  | <u>3,551,296</u>                         | <u>-</u>     | <u>17,811,529</u>    |
| Property and equipment, net                  | <u>42,699</u>  | <u>4,402,150</u>                         | <u>-</u>     | <u>4,444,849</u>     |
| Other assets:                                |  |  |              |                      |
| Land held for economic development           | <u>6,873,590</u>   | <u>-</u>                                 | <u>-</u>     | <u>6,873,590</u>     |
| Total other assets                           | <u>6,873,590</u>   | <u>-</u>                                 | <u>-</u>     | <u>6,873,590</u>     |
| Total assets                                 | <u>\$ 21,176,522</u>                                     | <u>\$ 7,953,446</u>                      | <u>\$ -</u>  | <u>\$ 29,129,968</u> |
| <u>LIABILITIES AND NET ASSETS</u>            |  |  |              |                      |
| Current liabilities:                         |  |  |              |                      |
| Deferred grant revenue - JEDO                | 13,396,289   | -  | \$ -         | \$ 13,396,289        |
| Accounts payable                             | 182,655  | 10,849                                   | -            | 193,504              |
| Grants payable                               | -  | -  | -            | -                    |
| Due to Greater Topeka Chamber of Commerce    | 6,318  | -  | -            | 6,318                |
| Due to Greater Topeka Partnership Foundation | 9,500  | -  | -            | 9,500                |
| Due to Greater Topeka Partnership            | 151,481  | -  | -            | 151,481              |
| Intercompany due to/from                     | (2,729,244)  | 2,729,244                                | -            | -                    |
| Improvement and training incentives          | 1,477,447  | -  | -            | 1,477,447            |
| Total current liabilities                    | <u>12,494,446</u>  | <u>2,740,093</u>                         | <u>-</u>     | <u>15,234,539</u>    |
| Other liabilities:                           |  |  |              |                      |
| KFCP Improvement and Fire Station Fund       | 798,582  | -  | -            | 798,582              |
| Long-term debt, net of loan fees             | -  | 6,173,355                                | -            | 6,173,355            |
| Total liabilities                            | <u>13,293,028</u>  | <u>8,913,448</u>                         | <u>-</u>     | <u>22,206,476</u>    |
| Net assets:                                  |  |  |              |                      |
| Without donor restrictions                   |  |  |              |                      |
| Undesignated                                 | 1,009,904  | (960,002)                                | -            | 49,902               |
| Board designated                             | 6,873,590  | -  | -            | 6,873,590            |
| Total net assets                             | <u>7,883,494</u>   | <u>(960,002)</u>                         | <u>-</u>     | <u>6,923,492</u>     |
| Total liabilities and net assets             | <u>\$ 21,176,522</u>                                     | <u>\$ 7,953,446</u>                      | <u>\$ -</u>  | <u>\$ 29,129,968</u> |

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2018

|  | Growth Organization<br>of Topeka/Shawnee<br>County, Inc. | GO Topeka<br>ETLC Support<br>Corporation | Eliminations | Consolidated         |
|--|--|--|--------------|----------------------|
| <u>ASSETS</u>                                |  |  |              |                      |
| Current assets:                              |  |  |              |                      |
| Cash and cash equivalents                    | \$ 8,225,065   | \$ -                                     | \$ -         | \$ 8,225,065         |
| ETLC Restricted Cash                         | -  | 5,098,648                                | -            | 5,098,648            |
| Investments                                  | 5,996,560  | -  | -            | 5,996,560            |
| Grants receivable                            | 22,302   | -  | -            | 22,302               |
| Accounts receivable                          | 830  | -  | -            | 830                  |
| Prepaid expenses                             | 54,755   | -  | -            | 54,755               |
| Due from 712 Innovations                     | 60   | -  | -            | 60                   |
| Restricted funds                             | 1,701,636  | -  | -            | 1,701,636            |
| Total current assets                         | <u>16,001,208</u>  | <u>5,098,648</u>                         | <u>-</u>     | <u>21,099,856</u>    |
| Property and equipment, net                  | <u>46,006</u>  | <u>2,594,631</u>                         | <u>-</u>     | <u>2,640,637</u>     |
| Other assets:                                |  |  |              |                      |
| Land held for economic development           | <u>7,307,656</u>   | <u>-</u>                                 | <u>-</u>     | <u>7,307,656</u>     |
| Total other assets                           | <u>7,307,656</u>   | <u>-</u>                                 | <u>-</u>     | <u>7,307,656</u>     |
| Total assets                                 | <u>\$ 23,354,870</u>                                     | <u>\$ 7,693,279</u>                      | <u>\$ -</u>  | <u>\$ 31,048,149</u> |
| <u>LIABILITIES AND NET ASSETS</u>            |  |  |              |                      |
| Current liabilities:                         |  |  |              |                      |
| Deferred grant revenue - JEDO                | 13,202,699   | -  | \$ -         | \$ 13,202,699        |
| Accounts payable                             | 46,206   | 59,250                                   | -            | 105,456              |
| Grants payable                               | 2,012,500  | -  | -            | 2,012,500            |
| Due to Greater Topeka Chamber of Commerce    | 6,318  | -  | -            | 6,318                |
| Due to Greater Topeka Partnership Foundation | 9,500  | -  | -            | 9,500                |
| Due to Greater Topeka Partnership            | 189,829  | -  | -            | 189,829              |
| Intercompany due to/from                     | (1,754,441)  | 1,754,441                                | -            | -                    |
| Improvement and training incentives          | 1,557,636  | -  | -            | 1,557,636            |
| Total current liabilities                    | <u>15,270,247</u>  | <u>1,813,691</u>                         | <u>-</u>     | <u>17,083,938</u>    |
| Other liabilities:                           |  |  |              |                      |
| KFCP Improvement and Fire Station Fund       | 357,769  | -  | -            | 357,769              |
| Long-term debt, net of loan fees             | -  | 6,163,628                                | -            | 6,163,628            |
| Total liabilities                            | <u>15,628,016</u>  | <u>7,977,319</u>                         | <u>-</u>     | <u>23,605,335</u>    |
| Net assets:                                  |  |  |              |                      |
| Without donor restrictions                   |  |  |              |                      |
| Undesignated                                 | 251,643  | (284,040)                                | -            | (32,397)             |
| Board designated                             | 7,475,211  | -  | -            | 7,475,211            |
| Total net assets                             | <u>7,726,854</u>   | <u>(284,040)</u>                         | <u>-</u>     | <u>7,442,814</u>     |
| Total liabilities and net assets             | <u>\$ 23,354,870</u>                                     | <u>\$ 7,693,279</u>                      | <u>\$ -</u>  | <u>\$ 31,048,149</u> |

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

|                                     | Growth Organization of Topeka/Shawnee County, Inc. |                         |              |              | GO Topeka ETLC Support Corporation |                         |              |              | Consolidated               |                         |              |              |
|-------------------------------------|--|-------------------------|--------------|--------------|------------------------------------|-------------------------|--------------|--------------|----------------------------|-------------------------|--------------|--------------|
|                                     | Without donor restrictions                         | With donor restrictions | Eliminations | Total        | Without donor restrictions         | With donor restrictions | Eliminations | Total        | Without donor restrictions | With donor restrictions | Eliminations | Total        |
| Support and revenues:               |  |                         |              |              |                                    |                         |              |              |                            |                         |              |              |
| JEDO grant revenue                  | \$ 4,820,010                                       | \$ -                    | \$ -         | \$ 4,820,010 | \$ -                               | \$ -                    | \$ -         | \$ -         | \$ 4,820,010               | \$ -                    | \$ -         | \$ 4,820,010 |
| Private contributions and pledges   | 1,208  | -                       | -            | 1,208        | 40,000                             | -                       | -            | 40,000       | 41,208                     | -                       | -            | 41,208       |
| Other grant revenue                 | 42,193   | -                       | -            | 42,193       | -                                  | -                       | -            | -            | 42,193                     | -                       | -            | 42,193       |
| Other income                        | 121,680  | -                       | -            | 121,680      | -                                  | -                       | -            | -            | 121,680                    | -                       | -            | 121,680      |
| Sponsorship revenue                 | 80,675   | -                       | -            | 80,675       | -                                  | -                       | -            | -            | 80,675                     | -                       | -            | 80,675       |
| Event revenue                       | 20,738   | -                       | -            | 20,738       | -                                  | -                       | -            | -            | 20,738                     | -                       | -            | 20,738       |
| Interest and investment income      | 152,615  | -                       | -            | 152,615      | 7,116                              | -                       | -            | 7,116        | 159,731                    | -                       | -            | 159,731      |
| Affiliate support revenue           | 407,864  | -                       | -            | 407,864      | -                                  | -                       | -            | -            | 407,864                    | -                       | -            | 407,864      |
| Total support and revenues:         | 5,646,983  | -                       | -            | 5,646,983    | 47,116                             | -                       | -            | 47,116       | 5,694,099                  | -                       | -            | 5,694,099    |
| Expenses:                           |  |                         |              |              |                                    |                         |              |              |                            |                         |              |              |
| Program expenses:                   |  |                         |              |              |                                    |                         |              |              |                            |                         |              |              |
| Economic development                | 4,704,332  | -                       | -            | 4,704,332    | -                                  | -                       | -            | -            | 4,704,332                  | -                       | -            | 4,704,332    |
| East Topeka Learning Center         | -  | -                       | -            | -            | 723,078                            | -                       | -            | 723,078      | 723,078                    | -                       | -            | 723,078      |
| Total program expenses              | 4,704,332  | -                       | -            | 4,704,332    | 723,078                            | -                       | -            | 723,078      | 5,427,410                  | -                       | -            | 5,427,410    |
| Supporting services expense:        |  |                         |              |              |                                    |                         |              |              |                            |                         |              |              |
| General and administrative expenses | 786,011  | -                       | -            | 786,011      | -                                  | -                       | -            | -            | 786,011                    | -                       | -            | 786,011      |
| Total supporting expense            | 786,011  | -                       | -            | 786,011      | -                                  | -                       | -            | -            | 786,011                    | -                       | -            | 786,011      |
| Total expenses                      | 5,490,343  | -                       | -            | 5,490,343    | 723,078                            | -                       | -            | 723,078      | 6,213,421                  | -                       | -            | 6,213,421    |
| Change in net assets                | 156,640  | -                       | -            | 156,640      | (675,962)                          | -                       | -            | (675,962)    | (519,322)                  | -                       | -            | (519,322)    |
| Net assets, beginning of year       | 7,726,854  | -                       | -            | 7,726,854    | (284,040)                          | -                       | -            | (284,040)    | 7,442,814                  | -                       | -            | 7,442,814    |
| Net assets, end of year             | \$ 7,883,494                                       | \$ -                    | \$ -         | \$ 7,883,494 | \$ (960,002)                       | \$ -                    | \$ -         | \$ (960,002) | \$ 6,923,492               | \$ -                    | \$ -         | \$ 6,923,492 |

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

|                                     | Growth Organization of Topeka/Shawnee County, Inc. |                         |              |              | GO Topeka ETL Support Corporation |                         |              |              | Consolidated               |                         |              |              |
|-------------------------------------|--|-------------------------|--------------|--------------|-----------------------------------|-------------------------|--------------|--------------|----------------------------|-------------------------|--------------|--------------|
|                                     | Without donor restrictions                         | With donor restrictions | Eliminations | Total        | Without donor restrictions        | With donor restrictions | Eliminations | Total        | Without donor restrictions | With donor restrictions | Eliminations | Total        |
| Support and revenues:               |  |                         |              |              |                                   |                         |              |              |                            |                         |              |              |
| JEDO grant revenue                  | \$ 8,803,533                                       | \$ -                    | \$ -         | \$ 8,803,533 | \$ -                              | \$ -                    | \$ -         | \$ -         | \$ 8,803,533               | \$ -                    | \$ -         | \$ 8,803,533 |
| Private contributions and pledges   | 16,153   | (12,600)                | -            | 3,553        | -                                 | -                       | -            | -            | 16,153                     | (12,600)                | -            | 3,553        |
| Other grant revenue                 | 46,481   | -                       | -            | 46,481       | -                                 | -                       | -            | -            | 46,481                     | -                       | -            | 46,481       |
| Other income                        | 41,352   | -                       | -            | 41,352       | -                                 | -                       | -            | -            | 41,352                     | -                       | -            | 41,352       |
| Sponsorship revenue                 | 33,836   | -                       | -            | 33,836       | -                                 | -                       | -            | -            | 33,836                     | -                       | -            | 33,836       |
| Event revenue                       | 26,072   | -                       | -            | 26,072       | -                                 | -                       | -            | -            | 26,072                     | -                       | -            | 26,072       |
| Interest and investment income      | 94,438   | -                       | -            | 94,438       | 3,634                             | -                       | -            | 3,634        | 98,072                     | -                       | -            | 98,072       |
| Affiliate support revenue           | 629,205  | -                       | -            | 629,205      | -                                 | -                       | -            | -            | 629,205                    | -                       | -            | 629,205      |
| Total support and revenues:         | 9,691,070  | (12,600)                | -            | 9,678,470    | 3,634                             | -                       | -            | 3,634        | 9,694,704                  | (12,600)                | -            | 9,682,104    |
| Expenses:                           |  |                         |              |              |                                   |                         |              |              |                            |                         |              |              |
| Program expenses:                   |  |                         |              |              |                                   |                         |              |              |                            |                         |              |              |
| Economic development                | 8,602,491  | -                       | -            | 8,602,491    | -                                 | -                       | -            | -            | 8,602,491                  | -                       | -            | 8,602,491    |
| East Topeka Learning Center         | -  | -                       | -            | -            | 287,674                           | -                       | -            | 287,674      | 287,674                    | -                       | -            | 287,674      |
| Total program expenses              | 8,602,491  | -                       | -            | 8,602,491    | 287,674                           | -                       | -            | 287,674      | 8,890,165                  | -                       | -            | 8,890,165    |
| Supporting services expense:        |  |                         |              |              |                                   |                         |              |              |                            |                         |              |              |
| General and administrative expenses | 2,182,738  | -                       | -            | 2,182,738    | -                                 | -                       | -            | -            | 2,182,738                  | -                       | -            | 2,182,738    |
| Total supporting expense            | 2,182,738  | -                       | -            | 2,182,738    | -                                 | -                       | -            | -            | 2,182,738                  | -                       | -            | 2,182,738    |
| Total expenses                      | 10,785,229   | -                       | -            | 10,785,229   | 287,674                           | -                       | -            | 287,674      | 11,072,903                 | -                       | -            | 11,072,903   |
| Change in net assets                | (1,094,159)  | (12,600)                | -            | (1,106,759)  | (284,040)                         | -                       | -            | (284,040)    | (1,378,199)                | (12,600)                | -            | (1,390,799)  |
| Net assets, beginning of year       | 8,821,013  | 12,600                  | -            | 8,833,613    | -                                 | -                       | -            | -            | 8,821,013                  | 12,600                  | -            | 8,833,613    |
| Net assets, end of year             | \$ 7,726,854                                       | \$ -                    | \$ -         | \$ 7,726,854 | \$ (284,040)                      | \$ -                    | \$ -         | \$ (284,040) | \$ 7,442,814               | \$ -                    | \$ -         | \$ 7,442,814 |