



Certified Public Accountants

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

CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the 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, 2021 and 2020, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 19 - 22 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 supplementary information for the years ended December 31, 2021 and 2020 is fairly stated, in all material respects, in relation to the financial statements as a whole.

BT&Co, P.A.

May 4, 2022
Topeka, Kansas

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 8,534,667	\$ 6,665,272
ETLC restricted cash	1,667,221	3,510,867
Restricted funds	-	1,426,748
Investments	6,182,838	6,178,185
Grants receivable	11,170	34,747
Accounts receivable	10,130	338,345
Prepaid expenses	53,333	23,860
Total current assets	16,459,359	18,178,024
Property and equipment, net	4,222,582	4,332,867
Other assets:		
Land held for economic development	1,787,305	1,787,305
Total assets	\$ 22,469,246	\$ 24,298,196
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 82,574	\$ 132,497
Due to Visit Topeka	-	2,125
Due to Greater Topeka Partnership Foundation	2,500	1,000
Due to Greater Topeka Partnership	210,594	178,424
Deferred grant revenue - JEDO	14,353,396	14,216,203
Other current liabilities	22,170	18,273
Improvement and training incentives	-	1,424,692
Total current liabilities	14,671,234	15,973,214
Other liabilities:		
KFCP Improvement Fund	483,934	623,934
Long-term debt, net of loan fees	6,192,810	6,183,082
Total liabilities	21,347,978	22,780,230
Net assets:		
Without donor restrictions:		
Undesignated	(666,037)	(269,339)
Board designated	1,787,305	1,787,305
Total net assets	1,121,268	1,517,966
Total liabilities and net assets	\$ 22,469,246	\$ 24,298,196

See accompanying notes to the consolidated financial statements.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	2021	2020
Support and revenues:		
JEDO grant revenue	\$ 4,827,152	\$ 4,242,891
Other grant revenue	95,701	370,044
Other income	36,749	78,151
Sponsorship revenue	148,985	85,885
Event revenue	37,962	3,670
Interest and investment income	24,937	86,877
Affiliate support revenue	260,710	193,825
Advertising income	3,000	-
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Total support and revenues	5,435,196	5,061,343
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Expenses:		
Program expenses:		
Economic development	4,351,823	8,710,516
Events	56,342	3,247
East Topeka Learning Center (ETLC)	477,237	719,425
Marketing	371,980	298,539
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Total program expenses	5,257,382	9,731,727
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Supporting services expense:		
General and administrative	574,512	735,142
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Total supporting services expense	574,512	735,142
	<hr/>	<hr/>
Total expenses	5,831,894	10,466,869
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Change in net assets	(396,698)	(5,405,526)
	<hr/>	<hr/>
Net assets, beginning of year	1,517,966	6,923,492
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Net assets, end of year	\$ 1,121,268	\$ 1,517,966
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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, 2021

	Economic Development	Events	ETLC	Marketing	General and Administrative	Total Expenses
Payroll/benefits	\$ 972,226	\$ -	\$ -	\$ -	\$ -	\$ 972,226
Other compensation	11,530	-	-	-	-	11,530
Professional services	190,765	3,700	6,430	24,945	16,792	242,632
Other employee related costs	30,540	117	-	-	-	30,657
Shared services	-	-	-	175,750	400,500	576,250
Total personnel expenses	1,205,061	3,817	6,430	200,695	417,292	1,833,295
Program/event expense	30,097	23,220	-	-	-	53,317
Sales travel	15,506	-	-	-	-	15,506
Hospitality	23,404	25,834	-	-	153	49,391
Grants/sponsor/contrib/scholar	1,261,576	-	250,000	-	-	1,511,576
Total program expenses	1,330,583	49,054	250,000	-	153	1,629,790
Occupancy	29,873	-	-	-	98,995	128,868
Office expense	10,215	2,656	12,540	505	14,446	40,362
Dues/subscriptions	47,783	-	1,500	-	21,398	70,681
Advertising	-	-	-	170,780	320	171,100
Depreciation	-	-	105,069	-	8,219	113,288
Insurance/taxes/fees	28,584	815	18,674	-	5,328	53,401
Interest expense	-	-	83,024	-	-	83,024
Bad debt expense	4,000	-	-	-	8,361	12,361
Total operational expenses	120,455	3,471	220,807	171,285	157,067	673,085
Total expenses before incentives	2,656,099	56,342	477,237	371,980	574,512	4,136,170
Business incentives	1,695,724	-	-	-	-	1,695,724
Total expenses	\$ 4,351,823	\$ 56,342	\$ 477,237	\$ 371,980	\$ 574,512	\$ 5,831,894

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, 2020

	Economic Development	Events	ETLC	Marketing	General and Administrative	Total Expenses
Payroll/benefits	\$ 883,914	\$ -	\$ -	\$ -	\$ -	\$ 883,914
Other compensation	5,811	-	-	-	-	5,811
Professional services	178,649	-	-	21,339	39,012	239,000
Other employee related costs	37,014	64	-	-	321	37,399
Shared services	-	-	-	-	461,342	461,342
Total personnel expenses	1,105,388	64	-	21,339	500,675	1,627,466
Program/event expense	21,567	209	-	195	-	21,971
Sales travel	601	-	-	-	-	601
Hospitality	12,842	1,210	-	-	125	14,177
Grants/sponsor/contrib/scholar	1,280,719	-	500,000	-	-	1,780,719
Total program expenses	1,315,729	1,419	500,000	195	125	1,817,468
Occupancy	-	-	-	-	83,532	83,532
Office expense	5,527	-	15,030	-	24,319	44,876
Dues/subscriptions	53,581	-	1,500	4,030	4,741	63,852
Advertising	-	100	-	272,975	-	273,075
Depreciation	-	-	105,069	-	7,821	112,890
Other expenses	1,296,226	-	-	-	105,070	1,401,296
Insurance/taxes/fees	23,799	114	14,802	-	8,859	47,574
Interest expense	-	-	83,024	-	-	83,024
Bad debt expense	6,155	1,550	-	-	-	7,705
Total operational expenses	1,385,288	1,764	219,425	277,005	234,342	2,117,824
Total expenses before incentives	3,806,405	3,247	719,425	298,539	735,142	5,562,758
Business incentives	4,904,111	-	-	-	-	4,904,111
Total expenses	\$ 8,710,516	\$ 3,247	\$ 719,425	\$ 298,539	\$ 735,142	\$ 10,466,869

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, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Contributions, grants and other support	\$ 5,899,242	\$ 5,444,100
Cash paid to employees and suppliers	(4,123,810)	(4,186,452)
Cash incentives paid	(3,120,417)	(1,404,587)
Interest and dividends received	24,938	86,877
Interest paid	(73,296)	(73,297)
Net cash flows from operating activities	(1,393,343)	(133,359)
Cash flows from investing activities:		
Net purchases of investments	(4,653)	(58,763)
Purchase of property and equipment	(3,003)	(908)
Reimbursements received on land held for investment	-	180,774
Net cash flows from investing activities	(7,656)	121,103
Net decrease in cash, cash equivalents and restricted cash	(1,400,999)	(12,256)
Cash, cash equivalents and restricted cash at beginning of year	11,602,887	11,615,143
Cash, cash equivalents and restricted cash at end of year	\$ 10,201,888	\$ 11,602,887
Cash, cash equivalents and restricted cash includes:		
Cash and cash equivalents	\$ 8,534,667	\$ 6,665,272
ETLC restricted cash	1,667,221	3,510,867
Restricted funds	-	1,426,748
	\$ 10,201,888	\$ 11,602,887

See accompanying notes to the consolidated financial statements.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

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 organized 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, 2021 and 2020, the Board has designated net assets for future incentives related to land held for economic development.

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. As of December 31, 2021 and 2020, the Organization had no net assets with donor restrictions.

Consolidation

The financial statements of Growth Organization of Topeka/Shawnee County, Inc. and GO Topeka ETLC Support Corporation are consolidated in these 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.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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, 2021 and 2020, conditional contributions, grants and contracts of \$ 14,353,396 and \$ 14,216,203, respectively, have been received in advance but have not been recognized in the accompanying financial statements.

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 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)

Investments

The Organization invests in money market funds and certificates of deposit. Investments, other than certificate of deposits, are stated at fair value. Certificates of deposit are carried at cost 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 the 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.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$ 1,000, 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 expense as incurred.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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 ETLC 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. The GO Topeka ETLC Support Corporation has 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.

Advertising Expense

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2021 and 2020 is \$ 171,100 and \$ 273,075, respectively.

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.

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 statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for 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.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 8,534,667	\$ 6,665,272
Investments	6,182,838	6,178,185
Grants receivable	11,170	34,747
Accounts receivable	<u>10,130</u>	<u>338,345</u>
Amounts available for general expenditures within one year	<u>\$ 14,738,805</u>	<u>\$ 13,216,549</u>

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, measured on a recurring basis, based on the valuation hierarchy as of December 31, 2021:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market fund	<u>\$ 3,993,319</u>	<u>\$ 3,993,319</u>	<u>\$ -</u>	<u>\$ -</u>
Total fair value	3,993,319	<u>\$ 3,993,319</u>	<u>\$ -</u>	<u>\$ -</u>
Certificates of deposit (cost)	<u>2,189,519</u>			
Total investments	<u>\$ 6,182,838</u>			

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

The following table summarizes the investments recorded at fair value, measured on a recurring basis, based on the valuation hierarchy as of December 31, 2020:

	Total	Level 1	Level 2	Level 3
Money market fund	\$ 3,970,540	\$ 3,970,540	\$ -	\$ -
Total fair value	3,970,540	\$ 3,970,540	\$ -	\$ -
Certificates of deposit (cost)	2,207,645			
Total investments	\$ 6,178,185			

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.

There have been no changes in the methodologies used at December 31, 2021.

6 - Property and Equipment

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

	2021	2020
Cost:		
Land	\$ 251,909	\$ 251,909
Buildings	4,202,776	4,202,776
Furniture and fixtures	43,781	43,781
Equipment	11,151	8,148
Total property and equipment	4,509,617	4,506,614
Accumulated depreciation	(287,035)	(173,747)
Net property and equipment	\$ 4,222,582	\$ 4,332,867

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.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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:

	2021	2020
Balance, January 1	\$ 1,426,748	\$ 1,477,447
Payments from escrow	(1,426,932)	(52,754)
Interest and other	184	2,055
Balance, December 31	\$ -	\$ 1,426,748

ETLC restricted cash of \$ 1,667,221 and \$ 3,510,867, as of December 31, 2021 and 2020, respectively, represents amounts held in escrow accounts for the specific purpose of funding the East Topeka Learning Center project.

9 - KFCP Improvement 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 (KFCP) improvements and a fire station to serve the park. During the year ended December 31, 2020, JEDO approved the release of fire station funds to be used at Mars' discretion for other improvement projects. During the year ended December 31, 2021, Mars approved \$ 140,000 of expenditures of these funds.

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 are due on a quarterly basis on the 5th 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.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

As of December 31, 2021, debt maturities are as follows:

2022	\$ -
2023	-
2024	-
2025	-
2026	-
Thereafter	6,500,000
Less: loan fees	<u>(307,190)</u>
Total	<u>\$ 6,192,810</u>

Loan fees are being amortized over the term of the loan using the straight-line method which approximates the effective yield method and is recorded as interest expense. Estimated interest expense for each of the next five years is \$ 9,727.

11 - Related Party Transactions

The Greater Topeka Partnership (GTP) became the sole member of the Organization, effective January 1, 2018. GTP includes Downtown Topeka, Inc., the Greater Topeka Chamber of Commerce, Growth Organization of Topeka/Shawnee County, Inc. and Subsidiary, and Visit Topeka. GTP is the sole member 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. During the year ended December 31, 2020, Heartland Visioning was dissolved. During the year ended December 31, 2021, 712 Innovations, LLC ceased operations.

The purpose of GTP 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 GTP. On a monthly basis, GTP 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 card charges, property and equipment purchases, accounting support, marketing, and any other expense which is deemed appropriate to be allocated across all of the subsidiaries of GTP. The allocation was determined by completing an annual employee time allocation study. The Organization owes GTP \$ 210,594 at December 31, 2021, which is comprised of \$ 101,139 for payroll paid for the Organization, \$ 62,051 for accounts payable billed by GTP on behalf of the Organization, and \$ 75,916 for shared operating expenses including office and parking rent, less the amount owed to the Organization by GTP of \$ 28,512 for revenue collected and receivables billed by GTP on their behalf. The Organization owes GTP \$ 178,424 at December 31, 2020, which is comprised of \$ 37,797 for payroll paid for the Organization, \$ 110,799 in reimbursable expenses paid by GTP on behalf of the Organization, and \$ 39,586 for shared operating expenses including office and parking rent, less the amount owed to the Organization by GTP of \$ 9,758 for revenue collected by GTP on their behalf.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

At December 31, 2021 and 2020 the Organization owed \$ 2,500 and \$ 1,000, respectively, to the Greater Topeka Partnership Foundation for pledges collected on their behalf.

At December 31, 2021 and 2020, the Organization owed \$ 0 and \$ 2,125, respectively, to Visit Topeka for publication funds collected on their behalf.

Revenue

The Organization received contributions of \$ 260,710 and \$ 193,825, during the years ended December 31, 2021 and 2020, respectively from GTP for affiliate support and reimbursement of expenses paid with private dollars.

Expense

The Organization made a contribution in the amount of \$ 70,000 and \$ 50,000 during the years ended December 31, 2021 and 2020, 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 719 Kansas, LLC and GTP totaled \$ 86,625 and \$ 74,361 for the years ended December 31, 2021 and 2020, respectively.

12 - Leases

The Organization entered into a new lease agreement with Astra IC Partners, LLC during the fiscal year. Lease expense for the year ended December 31, 2021 was \$ 18,084. The lease expires February 28, 2025.

Minimum lease payments under the operating leases are as follows as of December 31, 2021:

2022	\$	54,431
2023		55,249
2024		56,630
2025		9,594
		<hr/>
Total	\$	<u><u>175,904</u></u>

13 - 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, infrastructure development, site acquisition and development,

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

incentive funds, workforce training and expansion, and other such activities deemed necessary and appropriate. The contract renews automatically every December, unless objections are brought forward.

JEDO has approved carryover of the 2021 and 2020 unexpended grant funds. The unexpended funds are included in the deferred JEDO grant revenue at December 31, 2021 and 2020, and includes approximately \$ 808,000 and \$ 1,190,000, for the minority and women-owned business program at December 31, 2021 and 2020, respectively.

14 - Concentrations and Major Customers

The Organization received 89% and 86% of their total revenue from a grant with the Joint Economic Development Organization (JEDO) for the years ended December 31, 2021 and 2020, respectively. In the event this grant was discontinued, the activities of the Organization would be curtailed accordingly.

15 - 401(k) Retirement Plan

The Organization participates in a 401(k) retirement plan which is sponsored by GTP. Eligibility is reached when an employee has completed ninety days of continuous employment and is over the age of 21.

The Organization's 401(k) retirement plan expense was \$ 46,994 and \$ 41,675 for the years ended December 31, 2021 and 2020, respectively.

16 - Incentives

The Organization enters into various incentive agreements spanning several years and generally requiring maintenance of employment levels and other obligations. For the years ended December 31, 2021 and 2020, the Organization paid \$ 3,120,417 and \$ 1,404,587, respectively, for cash incentives, net of amounts recouped from employers that did not maintain employment levels or meet other requirements.

At December 31, 2021, the Organization has outstanding contingent incentive commitments to various companies expected to be payable as follows:

2022	\$	2,534,808
2023		1,028,220
2024		1,039,020
2025		879,800
2026		447,400
		<hr/>
Total	\$	<u>5,929,248</u>

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

17 - Risks and Uncertainties

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, 2021, 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.

18 - 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.

SUPPLEMENTARY INFORMATION

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2021

	Growth Organization of Topeka/Shawnee County, Inc.	GO Topeka ETLC Support Corporation	Eliminations	Consolidated
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 8,534,528	\$ 139	\$ -	\$ 8,534,667
ETLC restricted cash	-	1,667,221	-	1,667,221
Investments	6,182,838	-	-	6,182,838
Grants receivable	11,170	-	-	11,170
Accounts receivable	10,130	-	-	10,130
Prepaid expenses	50,191	3,142	-	53,333
Total current assets	14,788,857	1,670,502	-	16,459,359
Property and equipment, net	30,570	4,192,012	-	4,222,582
Other assets:				
Land held for economic development	1,787,305	-	-	1,787,305
Total assets	\$ 16,606,732	\$ 5,862,514	\$ -	\$ 22,469,246
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable	\$ 82,574	\$ -	\$ -	\$ 82,574
Due to Greater Topeka Partnership Foundation	2,500	-	-	2,500
Due to Greater Topeka Partnership	210,594	-	-	210,594
Deferred grant revenue - JEDO	14,353,396	-	-	14,353,396
Intercompany due to/from	(1,720,356)	1,720,356	-	-
Other current liabilities	22,170	-	-	22,170
Total current liabilities	12,950,878	1,720,356	-	14,671,234
Other liabilities:				
KFCP Improvement Fund	483,934	-	-	483,934
Long-term debt, net of loan fees	-	6,192,810	-	6,192,810
Total liabilities	13,434,812	7,913,166	-	21,347,978
Net assets:				
Without donor restrictions:				
Undesignated	1,384,615	(2,050,652)	-	(666,037)
Board designated	1,787,305	-	-	1,787,305
Total net assets	3,171,920	(2,050,652)	-	1,121,268
Total liabilities and net assets	\$ 16,606,732	\$ 5,862,514	\$ -	\$ 22,469,246

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2020

	Growth Organization of Topeka/Shawnee County, Inc.	GO Topeka ETLC Support Corporation	Eliminations	Consolidated
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 6,665,272	\$ -	\$ -	\$ 6,665,272
ETLC restricted cash	-	3,510,867	-	3,510,867
Investments	6,178,185	-	-	6,178,185
Grants receivable	34,747	-	-	34,747
Accounts receivable	338,345	-	-	338,345
Prepaid expenses	20,899	2,961	-	23,860
Restricted funds	1,426,748	-	-	1,426,748
Total current assets	14,664,196	3,513,828	-	18,178,024
Property and equipment, net	35,786	4,297,081	-	4,332,867
Other assets:				
Land held for economic development	1,787,305	-	-	1,787,305
Total assets	<u>\$ 16,487,287</u>	<u>\$ 7,810,909</u>	<u>\$ -</u>	<u>\$ 24,298,196</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable	\$ 132,497	\$ -	\$ -	\$ 132,497
Due to Visit Topeka	2,125	-	-	2,125
Due to Greater Topeka Partnership Foundation	1,000	-	-	1,000
Due to Greater Topeka Partnership	178,424	-	-	178,424
Deferred grant revenue - JEDO	14,216,203	-	-	14,216,203
Intercompany due to/from	(3,232,156)	3,232,156	-	-
Other current liabilities	18,273	-	-	18,273
Improvement and training incentives	1,424,692	-	-	1,424,692
Total current liabilities	12,741,058	3,232,156	-	15,973,214
Other liabilities:				
KFCP Improvement Fund	623,934	-	-	623,934
Long-term debt, net of loan fees	-	6,183,082	-	6,183,082
Total liabilities	13,364,992	9,415,238	-	22,780,230
Net assets:				
Without donor restrictions:				
Undesignated	1,334,990	(1,604,329)	-	(269,339)
Board designated	1,787,305	-	-	1,787,305
Total net assets	3,122,295	(1,604,329)	-	1,517,966
Total liabilities and net assets	<u>\$ 16,487,287</u>	<u>\$ 7,810,909</u>	<u>\$ -</u>	<u>\$ 24,298,196</u>

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

	Growth Organization of Topeka/Shawnee County, Inc.	GO Topeka ETLC Support Corporation	Eliminations	Consolidated Total
Support and revenues:				
JEDO grant revenue	\$ 4,827,152	\$ -	\$ -	\$ 4,827,152
Other grant revenue	95,701	-	-	95,701
Other income	6,534	30,215	-	36,749
Sponsorship revenue	148,985	-	-	148,985
Event revenue	37,962	-	-	37,962
Interest and investment income	24,238	699	-	24,937
Affiliate support revenue	260,710	-	-	260,710
Advertising income	3,000	-	-	3,000
Total support and revenues	5,404,282	30,914	-	5,435,196
Expenses:				
Program expenses:				
Economic development	4,351,823	-	-	4,351,823
Events	56,342	-	-	56,342
East Topeka Learning Center (ETLC)	-	477,237	-	477,237
Marketing	371,980	-	-	371,980
Total program expenses	4,780,145	477,237	-	5,257,382
Supporting services expense:				
General and administrative	574,512	-	-	574,512
Total supporting services expense	574,512	-	-	574,512
Total expenses	5,354,657	477,237	-	5,831,894
Change in net assets	49,625	(446,323)	-	(396,698)
Net assets, beginning of year	3,122,295	(1,604,329)	-	1,517,966
Net assets, end of year	\$ 3,171,920	\$ (2,050,652)	\$ -	\$ 1,121,268

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

	Growth Organization of Topeka/Shawnee County, Inc.	GO Topeka ETLC Support Corporation	Eliminations	Consolidated Total
Support and revenues:				
JEDO grant revenue	\$ 4,242,891	\$ -	\$ -	\$ 4,242,891
Other grant revenue	340,311	29,733	-	370,044
Other income	35,703	42,448	-	78,151
Sponsorship revenue	85,885	-	-	85,885
Event revenue	3,670	-	-	3,670
Interest and investment income	83,960	2,917	-	86,877
Affiliate support revenue	193,825	-	-	193,825
Total support and revenues	4,986,245	75,098	-	5,061,343
Expenses:				
Program expenses:				
Economic development	8,710,516	-	-	8,710,516
Events	3,247	-	-	3,247
East Topeka Learning Center (ETLC)	-	719,425	-	719,425
Marketing	298,539	-	-	298,539
Total program expenses	9,012,302	719,425	-	9,731,727
Supporting services expense:				
General and administrative	735,142	-	-	735,142
Total supporting services expense	735,142	-	-	735,142
Total expenses	9,747,444	719,425	-	10,466,869
Change in net assets	(4,761,199)	(644,327)	-	(5,405,526)
Net assets, beginning of year	7,883,494	(960,002)	-	6,923,492
Net assets, end of year	\$ 3,122,295	\$ (1,604,329)	\$ -	\$ 1,517,966