



*Certified Public Accountants*

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

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CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY  
CONSOLIDATED FINANCIAL STATEMENTS  
Years Ended December 31, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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.

### **Emphasis of Matter**

As described in Note 2 to the financial statements, the Organization has changed its method of accounting for leases effective January 1, 2022 due to the adoption of Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 842, Leases. Our opinion is not modified with respect to this matter.

### **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 within one year after the date that the financial statements are issued or available to be 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 20-23 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, 2022 and 2021 is fairly stated, in all material respects, in relation to the financial statements as a whole.

*B T & Co., P.A.*

April 27, 2023  
Topeka, Kansas

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2022 and 2021

<u>ASSETS</u>	2022	2021
Current assets:		
Cash and cash equivalents	\$ 9,906,789	\$ 8,534,667
ETLC restricted cash	1,627,355	1,667,221
Investments	6,229,820	6,182,838
Grants receivable	11,225	11,170
Accounts receivable	498	10,130
Due from Greater Topeka Partnership Foundation	1,500	-
Prepaid expenses	60,403	53,333
Total current assets	17,837,590	16,459,359
Property and equipment, net	4,129,724	4,222,582
Other assets:		
Right of use operating lease asset	178,035	-
Land held for economic development	1,787,305	1,787,305
Total assets	\$ 23,932,654	\$ 22,469,246
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Lease liability - current	\$ 41,927	\$ -
Accounts payable	81,484	82,574
Due to Greater Topeka Partnership Foundation	-	2,500
Due to Greater Topeka Partnership	271,152	210,594
Due to Visit Topeka	3,400	-
Deferred revenue	15,600,075	14,353,396
Other current liabilities	44,041	22,170
Total current liabilities	16,042,079	14,671,234
Other liabilities:		
KFCP Improvement Fund	430,934	483,934
Lease liability - long-term	138,183	-
Long-term debt, net of loan fees	6,202,537	6,192,810
Total liabilities	22,813,733	21,347,978
Net assets:		
Without donor restrictions:		
Undesignated	(668,384)	(666,037)
Board designated	1,787,305	1,787,305
Total net assets	1,118,921	1,121,268
Total liabilities and net assets	\$ 23,932,654	\$ 22,469,246

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, 2022 and 2021

	2022	2021
Support and revenues:		
JEDO grant revenue	\$ 3,687,323	\$ 4,827,152
Other grant revenue	52,152	95,701
Other income	347,673	36,749
Sponsorship revenue	210,478	148,985
Event revenue	40,500	37,962
Interest and investment income	66,655	24,937
Affiliate support revenue	240,726	260,710
Advertising income	-	3,000
	4,645,507	5,435,196
Total support and revenues		
Expenses:		
Program expenses:		
Economic development	3,413,943	4,351,823
Events	47,943	56,342
East Topeka Learning Center (ETLC)	226,709	477,237
Marketing	389,947	371,980
	4,078,542	5,257,382
Total program expenses		
Supporting services expense:		
General and administrative	569,312	574,512
	569,312	574,512
Total supporting services expense		
Total expenses	4,647,854	5,831,894
Change in net assets	(2,347)	(396,698)
Net assets, beginning of year	1,121,268	1,517,966
Net assets, end of year	\$ 1,118,921	\$ 1,121,268

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, 2022

	Economic Development	Events	ETLC	Marketing	General and Administrative	Total Expenses
Payroll/benefits	\$ 1,029,860	\$ -	\$ -	\$ -	\$ -	\$ 1,029,860
Other compensation	6,073	-	-	-	-	6,073
Professional services	180,944	1,395	-	-	25,986	208,325
Other employee related costs	67,727	693	-	-	530	68,950
Shared services	-	-	-	230,000	400,000	630,000
<b>Total personnel expenses</b>	<b>1,284,604</b>	<b>2,088</b>	<b>-</b>	<b>230,000</b>	<b>426,516</b>	<b>1,943,208</b>
Program/event expense	53,049	19,466	-	-	32	72,547
Sales travel	10,348	-	-	-	-	10,348
Hospitality	48,621	18,015	-	-	255	66,891
Grants/sponsor/contrib/scholar	451,423	-	-	-	-	451,423
<b>Total program expenses</b>	<b>563,441</b>	<b>37,481</b>	<b>-</b>	<b>-</b>	<b>287</b>	<b>601,209</b>
Occupancy	248,124	-	-	-	94,565	342,689
Office expense	8,996	1,193	16,942	-	8,334	35,465
Dues/subscriptions	63,291	-	1,500	150	9,556	74,497
Advertising	-	5,389	-	159,797	-	165,186
Depreciation	-	-	105,069	-	9,346	114,415
Insurance/taxes/fees	11,534	1,792	20,174	-	15,862	49,362
Interest expense	-	-	83,024	-	-	83,024
Bad debt expense	-	-	-	-	4,846	4,846
<b>Total operational expenses</b>	<b>331,945</b>	<b>8,374</b>	<b>226,709</b>	<b>159,947</b>	<b>142,509</b>	<b>869,484</b>
<b>Total expenses before incentives</b>	<b>2,179,990</b>	<b>47,943</b>	<b>226,709</b>	<b>389,947</b>	<b>569,312</b>	<b>3,413,901</b>
Business incentives	1,233,953	-	-	-	-	1,233,953
<b>Total expenses</b>	<b>\$ 3,413,943</b>	<b>\$ 47,943</b>	<b>\$ 226,709</b>	<b>\$ 389,947</b>	<b>\$ 569,312</b>	<b>\$ 4,647,854</b>

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
<b>Total personnel expenses</b>	<b>1,205,061</b>	<b>3,817</b>	<b>6,430</b>	<b>200,695</b>	<b>417,292</b>	<b>1,833,295</b>
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
<b>Total program expenses</b>	<b>1,330,583</b>	<b>49,054</b>	<b>250,000</b>	<b>-</b>	<b>153</b>	<b>1,629,790</b>
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
<b>Total operational expenses</b>	<b>120,455</b>	<b>3,471</b>	<b>220,807</b>	<b>171,285</b>	<b>157,067</b>	<b>673,085</b>
<b>Total expenses before incentives</b>	<b>2,656,099</b>	<b>56,342</b>	<b>477,237</b>	<b>371,980</b>	<b>574,512</b>	<b>4,136,170</b>
Business incentives	1,695,724	-	-	-	-	1,695,724
<b>Total expenses</b>	<b>\$ 4,351,823</b>	<b>\$ 56,342</b>	<b>\$ 477,237</b>	<b>\$ 371,980</b>	<b>\$ 574,512</b>	<b>\$ 5,831,894</b>

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, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Contributions, grants and other support	\$ 5,719,095	\$ 5,899,242
Cash paid to employees and suppliers	(3,077,705)	(4,123,810)
Cash incentives paid	(1,233,953)	(3,120,417)
Interest and dividends received	66,655	24,938
Interest paid	(73,297)	(73,296)
Net cash flows from operating activities	1,400,795	(1,393,343)
Cash flows from investing activities:		
Net purchases of investments	(46,982)	(4,653)
Purchase of property and equipment	(21,557)	(3,003)
Net cash flows from investing activities	(68,539)	(7,656)
Net increase (decrease) in cash, cash equivalents and restricted cash	1,332,256	(1,400,999)
Cash, cash equivalents and restricted cash at beginning of year	10,201,888	11,602,887
Cash, cash equivalents and restricted cash at end of year	\$ 11,534,144	\$ 10,201,888
Cash, cash equivalents and restricted cash includes:		
Cash and cash equivalents	\$ 9,906,789	\$ 8,534,667
ETLC restricted cash	1,627,355	1,667,221
	\$ 11,534,144	\$ 10,201,888
Supplemental cash flow information related to leases is as follows:		
Cash paid for amounts included in the measurement of liabilities	\$ 54,431	
Right-of-use assets obtained in exchange for new lease obligations	\$ 217,851	

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, 2022 and 2021

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 ETLIC 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 assets without donor restrictions to be used for certain purposes or projects. At December 31, 2022 and 2021, 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, 2022 and 2021, the Organization had no net assets with donor restrictions.

Consolidation

The financial statements of Growth Organization of Topeka/Shawnee County, Inc. and GO Topeka ETLIC 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, 2022 and 2021, conditional contributions, grants and contracts of \$ 15,600,075 and \$ 14,353,396, 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.

#### Investments

The Organization invests in money market funds, mutual funds and U.S. Government Obligations. Investments are stated at fair value. 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 accounting principles generally accepted in the United States of America 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.

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

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.

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. The GO Topeka ETLIC 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, 2022 and 2021 is \$ 165,186 and \$ 171,100, respectively.

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

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.

Adoption of New Accounting Standard

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, Leases (Topic 842). The ASU and all subsequently issued clarifying ASUs replaced most existing lease guidance in U.S. GAAP. Topic 842 requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements.

The Organization elected the “package of practical expedients” under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the “hindsight” practical expedient, and therefore measured the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to and the agreement creates enforceable rights and obligations. The Organization leases a building. Under ASC 842, a contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

The adoption of FASB ASC 842 resulted in the recognition of a right-of-use asset of \$ 217,851 and an operating lease liability of \$ 217,851 at January 1, 2022. The adoption of FASB ASC 842 did not have a material impact on the Organization’s results of operations or cash flows. There was no change to net assets due to this change.

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

Reclassification

Certain prior year information was reclassified to conform to the current year presentation.

3 - Concentrations of Credit Risk

Cash and cash equivalents includes a repurchase agreement with a local bank. The repurchase agreement represents 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:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 9,906,789	\$ 8,534,667
Investments	6,229,820	6,182,838
Grants receivable	11,225	11,170
Accounts receivable	498	10,130
Due from Greater Topeka Partnership Foundation	1,500	-
Amounts available for general expenditures within one year	\$ 16,149,832	\$ 14,738,805

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 - Fair Value Measurements

The disclosure provisions of the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 820) establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:



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

- Level 1            Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2            Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3            Prices or valuations that require inputs that are both significant to fair value measurement and unobservable.

The asset or liability's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2022 and 2021.

Mutual Funds: Valued at fair value which is determined by quoted market prices on the day of valuation.  
 U.S. Government Obligations: Valued using trade prices or broker/dealer quotes on the date of valuation.

The following table summarizes the investments recorded at fair value, measured on a recurring basis, based on the valuation hierarchy as of December 31, 2022:

	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Mutual Fund:				
Treasury obligation fund	\$ 3,043,510	\$ 3,043,510	\$ -	\$ -
U.S. Government obligations	3,186,310	-	3,186,310	-
Total fair value	<u>\$ 6,229,820</u>	<u>\$ 3,043,510</u>	<u>\$ 3,186,310</u>	<u>\$ -</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, 2021:

	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Mutual Fund:				
Treasury obligation fund	\$ 3,753,324	\$ 3,753,324	\$ -	\$ -
U.S. Government obligations	1,130,735	-	1,130,735	-
Total fair value	4,884,059	<u>\$ 3,753,324</u>	<u>\$ 1,130,735</u>	<u>\$ -</u>
Certificates of deposit, at cost	<u>1,298,779</u>			
Total investments	<u>\$ 6,182,838</u>			

6 - Property and Equipment

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

	2022	2021
Cost:		
Land	\$ 251,909	\$ 251,909
Buildings	4,202,776	4,202,776
Furniture and fixtures	43,781	43,781
Equipment	13,376	11,151
Software	15,000	-
Total property and equipment	4,526,842	4,509,617
Accumulated depreciation	<u>(397,118)</u>	<u>(287,035)</u>
Net property and equipment	<u>\$ 4,129,724</u>	<u>\$ 4,222,582</u>

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

ETLC restricted cash of \$ 1,627,355 and \$ 1,667,221, as of December 31, 2022 and 2021, 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 2020, JEDO approved the release of fire station funds to be used at Mars' discretion for other improvement projects. During the years ended December 31, 2022 and 2021, Mars approved \$ 53,000 and \$ 140,000, respectively, 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 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, 2022, debt maturities are as follows:

2023	\$	-
2024		-
2025		-
2026		-
2027		107,897
Thereafter		6,392,103
Less: loan fees		(297,463)
		6,202,537
Total	\$	6,202,537

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.

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

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, and 712 Innovations, LLC. 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 \$ 271,152 at December 31, 2022, which is comprised of \$ 210,477 for payroll paid for the Organization, \$ 46,770 for accounts payable billed by GTP on behalf of the Organization, and \$ 105,000 for shared operating expenses including office and parking rent in the amount of \$ 81,675, less the amount owed to the Organization by GTP of \$ 91,095 for revenue collected and receivables billed by GTP on their behalf. 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 in the amount of \$ 86,625, less the amount owed to the Organization by GTP of \$ 28,512 for revenue collected and receivables billed by GTP on their behalf.

At December 31, 2021 the Organization owed \$ 2,500 to the Greater Topeka Partnership Foundation for pledges collected on their behalf. At December 31, 2022, the Organization was owed \$ 1,500 from the Greater Topeka Partnership Foundation.

At December 31, 2022 and 2021, the Organization owed \$ 3,400 and \$ 0, respectively, to Visit Topeka for publication funds collected on their behalf.

Revenue

The Organization received contributions of \$ 240,726 and \$ 260,710, during the years ended December 31, 2022 and 2021, respectively from GTP 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)

12 - Leases

The Organization has recognized a lease liability equal to the present value of the remaining lease payments, and a right-to-use asset equal to the lease liability, subject to certain adjustments. The Organization used their incremental borrowing rate for a period comparable to the lease term to determine the present value of the lease payments. The incremental borrowing rate was determined by comparison to recent bank loans with comparable terms.

The Organization leases building space under an operating lease agreement with a term of 42 months. The operating lease contains a renewal option for 12 months. The operating lease cost is recognized on a straight-line basis over the lease term. The lease agreement does not contain any residual value guarantees or restrictive covenants.

The lease includes variable lease costs, which typically represent additional services transferred to the Organization, and are expensed in the period incurred.

The components of lease expense related to leases for the year ended December 31, 2022, are as follows:

Lease cost:	
Operating lease expense	\$ 56,506
Variable lease expense	194,658
	\$ 251,164

As of December 31, 2022, the weighted average remaining lease term for the operating lease is 3.67 years. The weighted average discount rate is 8.50%.

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the operating lease liabilities recognized on the statement of financial position are as follows at December 31, 2022:

Right of use operating leased asset	\$ 178,035
Years ending December 31:	
2023	\$ 55,249
2024	56,630
2025	58,046
2026	39,337
	209,262
Total lease payments	209,262
Less the amount representing present value discount	(29,152)
	\$ 180,110
Net operating lease liability	\$ 180,110

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

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, 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 2022 and 2021 unexpended grant funds. At December 31, 2022 the carryover fund cannot exceed \$ 15,600,000. The unexpended funds are included in deferred revenue at December 31, 2022 and 2021, and includes approximately \$ 1,311,000 and \$ 1,114,000, for the minority and women-owned business program at December 31, 2022 and 2021, respectively.

14 - Concentrations and Major Customers

The Organization received 79% and 89% of their total revenue from a grant with the Joint Economic Development Organization (JEDO) for the years ended December 31, 2022 and 2021, 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 \$ 52,700 and \$ 46,994 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, the Organization paid \$ 1,233,953 and \$ 1,695,725, respectively, for cash incentives, net of amounts recouped from employers that did not maintain employment levels or meet other requirements.



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

At December 31, 2022, the Organization has outstanding contingent incentive commitments to various companies expected to be payable as follows:

2023	\$	3,016,059
2024		1,504,387
2025		1,398,487
2026		908,187
2027		586,606
		<hr/>
Total	\$	<u>7,413,726</u>

17 - 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, 2022

	Growth Organization of Topeka/Shawnee County, Inc.	GO Topeka ETLC Support Corporation	Eliminations	Consolidated
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 9,906,650	\$ 139	\$ -	\$ 9,906,789
ETLC restricted cash	-	1,627,355	-	1,627,355
Investments	6,229,820	-	-	6,229,820
Grants receivable	11,225	-	-	11,225
Accounts receivable	498	-	-	498
Due from Greater Topeka Partnership Foundation	1,500	-	-	1,500
Prepaid expenses	56,997	3,406	-	60,403
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	16,206,690	1,630,900	-	17,837,590
Property and equipment, net	42,783	4,086,941	-	4,129,724
Other assets:				
Right of use operating lease asset	178,035	-	-	178,035
Land held for economic development	1,787,305	-	-	1,787,305
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 18,214,813</u>	<u>\$ 5,717,841</u>	<u>\$ -</u>	<u>\$ 23,932,654</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Lease liability - current	\$ 41,927	\$ -	\$ -	\$ 41,927
Accounts payable	81,484	-	-	81,484
Due to (from) Greater Topeka Partnership	291,550	(20,398)	-	271,152
Due to Visit Topeka	3,400	-	-	3,400
Deferred revenue	15,600,075	-	-	15,600,075
Intercompany due to/from	(1,712,622)	1,712,622	-	-
Other current liabilities	44,041	-	-	44,041
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	14,349,855	1,692,224	-	16,042,079
Other liabilities:				
KFCP Improvement Fund	430,934	-	-	430,934
Lease liability - long-term	138,183	-	-	138,183
Long-term debt, net of loan fees	-	6,202,537	-	6,202,537
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	14,918,972	7,894,761	-	22,813,733
Net assets:				
Without donor restrictions:				
Undesignated	1,508,536	(2,176,920)	-	(668,384)
Board designated	1,787,305	-	-	1,787,305
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	3,295,841	(2,176,920)	-	1,118,921
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 18,214,813</u>	<u>\$ 5,717,841</u>	<u>\$ -</u>	<u>\$ 23,932,654</u>

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	<u>\$ 16,606,732</u>	<u>\$ 5,862,514</u>	<u>\$ -</u>	<u>\$ 22,469,246</u>
<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 revenue	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	<u>\$ 16,606,732</u>	<u>\$ 5,862,514</u>	<u>\$ -</u>	<u>\$ 22,469,246</u>

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF ACTIVITIES  
Year Ended December 31, 2022

	Growth Organization of Topeka/Shawnee County, Inc.	GO Topeka ETLC Support Corporation	Eliminations	Consolidated Total
Support and revenues:				
JEDO grant revenue	\$ 3,687,323	\$ -	\$ -	\$ 3,687,323
Other grant revenue	52,152	-	-	52,152
Other income	247,724	99,949	-	347,673
Sponsorship revenue	210,478	-	-	210,478
Event revenue	40,500	-	-	40,500
Interest and investment income	66,163	492	-	66,655
Affiliate support revenue	240,726	-	-	240,726
Total support and revenues	<u>4,545,066</u>	<u>100,441</u>	<u>-</u>	<u>4,645,507</u>
Expenses:				
Program expenses:				
Economic development	3,413,943	-	-	3,413,943
Events	47,943	-	-	47,943
East Topeka Learning Center (ETLC)	-	226,709	-	226,709
Marketing	389,947	-	-	389,947
Total program expenses	<u>3,851,833</u>	<u>226,709</u>	<u>-</u>	<u>4,078,542</u>
Supporting services expense:				
General and administrative	569,312	-	-	569,312
Total supporting services expense	<u>569,312</u>	<u>-</u>	<u>-</u>	<u>569,312</u>
Total expenses	<u>4,421,145</u>	<u>226,709</u>	<u>-</u>	<u>4,647,854</u>
Change in net assets	123,921	(126,268)	-	(2,347)
Net assets, beginning of year	<u>3,171,920</u>	<u>(2,050,652)</u>	<u>-</u>	<u>1,121,268</u>
Net assets, end of year	<u>\$ 3,295,841</u>	<u>\$ (2,176,920)</u>	<u>\$ -</u>	<u>\$ 1,118,921</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	<u>5,404,282</u>	<u>30,914</u>	<u>-</u>	<u>5,435,196</u>
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	<u>4,780,145</u>	<u>477,237</u>	<u>-</u>	<u>5,257,382</u>
Supporting services expense:				
General and administrative	574,512	-	-	574,512
Total supporting services expense	<u>574,512</u>	<u>-</u>	<u>-</u>	<u>574,512</u>
Total expenses	<u>5,354,657</u>	<u>477,237</u>	<u>-</u>	<u>5,831,894</u>
Change in net assets	49,625	(446,323)	-	(396,698)
Net assets, beginning of year	<u>3,122,295</u>	<u>(1,604,329)</u>	<u>-</u>	<u>1,517,966</u>
Net assets, end of year	<u>\$ 3,171,920</u>	<u>\$ (2,050,652)</u>	<u>\$ -</u>	<u>\$ 1,121,268</u>