

**JAMESTOWN/STUTSMAN
DEVELOPMENT CORPORATION**
(a non-profit organization)

FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019
(With Independent Auditors' Report)

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Schauer & Associates, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors

**JAMESTOWN/STUTSMAN
DEVELOPMENT CORPORATION**

Jamestown, North Dakota

We have audited the accompanying financial statements of **JAMESTOWN / STUTSMAN DEVELOPMENT CORPORATION** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express not such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As disclosed in Note 1 to the financial statements, **JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION** records the community share notes receivable at the total amount to be repaid. In our opinion, the community share notes receivable are programmatic loans that should be recorded at their current present value with a contribution expense also being recorded to conform with accounting principles generally accepted in the United States of America. Quantification of the effects on the financial statements of the preceding practice is not practicable.

Qualified Opinion

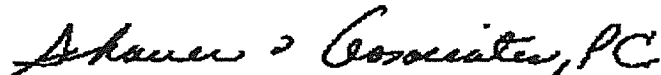
In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of **JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION** as of December 31, 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of **JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION** as of December 31, 2019, were audited by other auditors whose opinion dated April 1, 2020, on those financial statements was qualified because of the departure from generally accepted accounting principles described in the Basis for Qualified Opinion paragraph.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information found on pages 16 - 19 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements except for the effects on the supplementary information of the auditor's qualification.



SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants
Jamestown, North Dakota

April 12, 2021

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31	
	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 202,492	\$ 171,070
Cash and cash equivalents - restricted	225,484	174,516
Accounts receivable	380,549	44,082
Current portion of notes receivable	46,120	82,838
Current portion of notes receivable - related party	78,500	78,500
Prepaid expenses	16,649	24,957
Total Current Assets	949,794	575,963
 PROPERTY AND EQUIPMENT, at cost (Note 1)		
Land	49,916	2,106,488
Airport park	2,879,424	2,860,307
Buildings and improvements	949,103	934,278
Road and rail improvements		97,000
Furniture and equipment	125,307	137,389
	4,003,750	6,135,462
Less accumulated depreciation	389,092	389,389
Net Property and Equipment	3,614,658	5,746,073
 OTHER ASSETS		
Investment in Precision Stock	75,000	75,000
Investment in SEPA	6,281,916	4,367,904
Notes receivable, less current portion	2,323,857	2,066,072
Notes receivable, less current portion - related party	464,458	490,625
Total Other Assets	9,145,231	6,999,601
 TOTAL ASSETS	\$ 13,709,683	\$ 13,321,637

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

LIABILITIES AND NET ASSETS

	December 31	
	2020	2019
CURRENT LIABILITIES		
Accounts payable	\$ 358,452	\$ 52,217
Real estate taxes payable	3,819	4,679
Interest payable		284
Current portion of due to city and county	124,620	161,338
Accrued expenses	20,210	12,582
Deferred rent revenue	7,272	7,114
Current maturities of long-term debt		5,793
Current portion of capital lease payable	1,982	3,230
Total Current Liabilities	<u>516,355</u>	<u>247,237</u>
LONG-TERM LIABILITIES		
Due to city and county, less current portion	5,891,168	5,640,408
Capital lease payable, less current portion	7,768	1,034
Total Long-Term Liabilities	<u>5,898,936</u>	<u>5,641,442</u>
Total Liabilities	<u>6,415,291</u>	<u>5,888,679</u>
NET ASSETS		
Without donor restrictions	7,068,908	7,258,442
With donor restrictions	225,484	174,516
Total Net Assets	<u>7,294,392</u>	<u>7,432,958</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,709,683</u>	<u>\$ 13,321,637</u>

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

	December 31, 2020		December 31, 2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
		Total		Total
SUPPORT, REVENUE AND RECLASSIFICATIONS				
Contributions - City of Jamestown	\$ 388,363	\$ 310,998	\$ 393,460	\$ 154,303
Contributions - Stutsman County	96,600	72,214	95,532	42,902
Rents	79,891		86,703	
Increase (decrease) in SEPA investment	(328,475)	(328,475)	22,909	
Expense reimbursement - SEPA	257	257	257	257
Expense reimbursement - Chamber	11,914	11,914	14,867	14,867
Expense reimbursement - CVHD			7,800	7,800
Loss on disposition of assets	(199)	(199)		
Miscellaneous	11,797	11,797	8,314	8,314
Released from restrictions	332,244	(332,244)	37,151	(37,151)
Total Support and Revenue	<u>592,392</u>	<u>50,968</u>	<u>666,993</u>	<u>160,054</u>
		643,360		827,047
EXPENSES				
Project services, grants	175,776	175,776	191,284	191,284
Operational costs	539,511	539,511	539,854	539,854
Repayment of lease income	66,639	66,639	65,860	65,860
Total Expenses	<u>781,926</u>	<u>781,926</u>	<u>796,998</u>	<u>796,998</u>
CHANGE IN NET ASSETS	(189,534)	(138,566)	(130,005)	30,049
NET ASSETS, January 1	7,258,442	174,516	7,388,447	7,402,909
NET ASSETS, December 31	<u>\$ 7,068,908</u>	<u>\$ 225,484</u>	<u>\$ 7,258,442</u>	<u>\$ 7,432,958</u>

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

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2020 and 2019

	December 31, 2020		December 31, 2019	
	Economic Development	Management and General	Economic Development	Management and General
Expenses		Total		Total
Project services, grants	\$ 175,776	\$	\$ 191,284	\$
Repayment of lease income	66,639	66,639	65,860	65,860
Salaries	144,274	253,902	132,207	252,239
Payroll taxes	10,386	18,277	9,901	18,911
Employee benefits	31,883	56,110	29,381	57,043
Shared office space	21,176	34,154	16,399	43,155
Telephone and internet	1,242	4,968	1,156	4,624
Professional training	1,176	1,307	4,859	5,399
Travel	258	1,030	1,107	4,427
Vehicle lease	1,479	5,914	1,580	6,319
Postage and printing	270	1,078	252	1,008
Marketing and recruiting	46,883	46,883	34,847	34,847
Dues and subscriptions	3,400	3,778	4,766	5,296
Professional fees	23,995	26,661	21,571	23,968
Rent	12,325	19,880	2,125	8,499
Office supplies	1,287	1,430	1,512	1,680
Office equipment	3,849	4,277	3,970	4,411
Real estate taxes	836	1,349	382	1,006
Interest		488		769
Insurance		3,005		3,436
Bank and service charges	123	245	73	145
Meetings and conferences	4,427	4,919	11,156	12,396
Repairs and maintenance		4,677		5,592
Depreciation and amortization	22,058	44,115	21,440	42,879
Miscellaneous		1,064		1,805
	<u>\$ 573,742</u>	<u>\$ 208,184</u>	<u>\$ 555,828</u>	<u>\$ 796,998</u>
		<u>\$ 781,926</u>		<u>\$ 241,170</u>

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

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (138,566)	\$ 30,049
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	44,115	42,879
Loss on disposition of assets	199	
Loss (earnings) from equity method investment	328,475	(22,909)
(Increase) decrease in operating assets		
Accounts receivable	(336,467)	(26,640)
Prepaid expenses and deposits	8,307	(3,314)
Increase (decrease) in operating liabilities		
Accounts payable	306,235	(224,138)
Real estate taxes payable	(860)	1,073
Interest payable	(284)	(151)
Due to city and county	214,042	526,941
Accrued expenses	7,628	(535)
Deferred rent revenue	158	172
Net Cash Provided by Operating Activities	432,982	323,427
CASH FLOWS FROM INVESTING ACTIVITIES		
Collection of notes receivable	154,289	178,566
Purchase of investments	(108,314)	
Issue of notes receivable	(349,189)	(579,165)
Purchase of property and equipment	(38,945)	(1,117,174)
Net Cash Used in Investing Activities	(342,159)	(1,517,773)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from City and County for airport park project		1,092,494
Payments on capital lease payable	(2,640)	(3,073)
Payments on note payable	(5,793)	(5,736)
Net Cash Provided by (Used In) Financing Activities	(8,433)	1,083,685
Net change in cash and cash equivalents	82,390	(110,661)
Cash and cash equivalents at beginning of year	345,586	456,247
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 427,976	\$ 345,586
Cash and cash equivalents	202,492	171,070
Cash and cash equivalents - restricted	225,484	174,516
	\$ 427,976	\$ 345,586
Schedule of other cash flow information		
Cash paid during the year for interest	\$ 474	\$ 486
Noncash investing activities		
Investment in SEPA	\$ 2,134,173	\$
Transfer out land, road and rail improvements	(2,134,173)	
Purchase copier	10,704	
Finance copier	(10,704)	

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

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

1. Summary of Significant Accounting Policies

A. Nature of Activities

The **JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION** (the “Corporation”) is organized to improve business conditions of the City of Jamestown and Stutsman County, North Dakota, to attract new primary sector businesses and industry, and support existing business and industry. The Corporation is primarily supported by the City of Jamestown through sales tax revenues and Stutsman County by a dedicated mill levy.

B. Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

C. Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board.

Financial statement presentation follows the recommendation of the Accounting Standards Codification Topic 958, Accounting for Not-for-Profit Entities. The codification requires the Corporation to report 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 represent the expendable resources that are available for operations at management’s discretion. Net assets with donor restrictions represent resources restricted by donors as to purpose or by the passage of time as well as resources whose use by the Corporation is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Corporation.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

E. Use of Estimates

The presentation of the 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 and disclosures 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.

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2020 and 2019

F. Accounts Receivable

Accounts receivable are carried at original invoice amount. Management determines uncollectible amounts by identifying troubled accounts and by using historical experience. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The Corporation believes all accounts receivable at December 31, 2020 and 2019 are collectible.

G. Notes Receivable

The Corporation participates in the PACE and Flex PACE loan programs with the Bank of North Dakota. Notes receivable consist of loans receivable from businesses as part of interest buydown agreements made in accordance with the PACE and Flex PACE programs. The note receivable agreements are set up in which the business does not begin repayment on their loan from the Corporation until the original loan with the Bank of North Dakota and the participating bank is paid off. The carrying amount of the note receivable is reduced by management's best estimate of the amount that will not be collected. Management has determined all notes receivable are collectible as of December 31, 2020 and 2019.

Management has elected to record the notes receivable at the full amount that is to be repaid by the business less the allowance. Accounting principles generally accepted in the United States of America require programmatic loans to be recorded at their current present value based upon the discount rate and the terms of the agreement. Also, contribution expense should be recorded for the difference between the actual interest rate being charged to the business and the current market rate at the time of the agreement.

H. Investments - Precision Stock

The Corporation acquired 75,000 shares of no-par value common stock of Precision Results Manufacturing, Inc. in Jamestown, North Dakota in a prior year for \$75,000. The shares are to be repurchased by Precision Results Manufacturing, Inc. in the future at a mutually agreed upon time and value. This investment is accounted for at cost.

I. Investment in SEPA

The **JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION** owns a 78.01% as of December 31, 2020, and a 70.19% as of December 31, 2019 of the limited partnership interest in Spiritwood Energy Park Association, LLC (SEPA), whose purpose is to own and manage an industrial park with energy and transportation infrastructure near Spiritwood, North Dakota. This investment is accounted for as an equity investment. Under the equity method the investment is increased by the Corporation's share of the investee's earnings and reduced by distributions received. The Corporation's share of the earnings from this investment is shown as "increase (decrease) in SEPA investment" on the statement of activities.

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2020 and 2019

J. Property and Equipment

Property and equipment are carried at cost and depreciated over the estimated useful lives on the straight-line method. The estimated useful lives of the assets are as follows:

Buildings and improvements	10 to 50 years
Road and rail improvements	20 years
Furniture and equipment	3 to 10 years

The Corporation capitalizes all property and equipment in excess of \$150; maintenance and repairs that do not improve or extend the lives of the respective assets are expensed currently. Upon disposal of fixed properties, the cost and related accumulated depreciation are removed from the accounts and the gain or loss is reflected in income.

Depreciation expense aggregated \$44,115 in 2020 and \$42,879 in 2019.

K. Due to City and County

In conjunction with the City and County participating in the community portion of the PACE and Flex PACE loan programs and new jobs training loan program, the Corporation has entered into an agreement with the City and County that all loan payments, including principal and interest, and any other funds received by the Corporation shall be returned to the City and County based upon their proportion of the initial contribution. As such, this liability represents the original amount contributed by the City and County that is owed back to each. The interest portion will be paid to the City and County as it is collected.

L. Revenue and Revenue Recognition

The Corporation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a 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 met.

The Corporation recognizes revenue from reimbursement of expenses during the period the expenses were incurred.

M. Income Taxes

The Corporation is a not-for-profit organization and has been recognized as tax-exempt pursuant to Section 501 (c) (6) of the Internal Revenue Code. Therefore, the Organization is not subject to income tax for Corporation related activities, however it is subject to unrelated business income tax on its portion of taxable income of activities unrelated to its tax-exempt purpose.

The Corporation's policy is to evaluate the likelihood that uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evidence.

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2020 and 2019

N. Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include building related expenses which are allocated on a square footage basis, operational costs including salaries and benefits which are allocated on the basis of estimates of time and effort.

2. Concentrations of Revenues

The **JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION** is primarily supported by the City of Jamestown through sales tax revenues and Stutsman County through a dedicated mill levy. Revenue from the City and County accounted for 71% and 17% of the total revenue, respectively, during the year ended December 31, 2020, and 66% and 17% of total revenue during the year ended December 31, 2019.

3. Concentrations of Credit Risk

The Corporation maintains its cash in bank deposit accounts which, at times may exceed federal insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC). The Corporation maintains their cash deposits in large, well-capitalized financial institutions. The Corporation has not experienced any losses in such accounts nor does the Corporation believe it is exposed to any significant credit risk on cash accounts.

4. Investment in SEPA

The Corporation invested in Spiritwood Energy Park Association, LLC. This investment representing 78.01% and 70.19% interest as of December 31, 2020 and 2019, respectively is accounted for under the equity method as described in Note 1. Earnings (loss) of (\$328,475) and \$22,909 were recorded in the statement of activities for the years ended December 31, 2020 and 2019, respectively.

Spiritwood Energy Park Association, LLC uses the accrual method of accounting. It's condensed financial statements, which were obtained from their audited financial statements as of and for the years ending December 31, 2020 and 2019, are as follows:

Condensed Balance Sheets	2020	2019
Assets	\$ 16,879,262	\$ 15,892,382
Liabilities	8,897,827	9,669,410
Members' Equity	7,981,435	6,222,972
Condensed Statements of Operations		
Revenues	\$ 545,980	\$ 1,565,349
Expenses	1,011,833	1,532,711
Net Income (Loss)	<u>\$ (465,853)</u>	<u>\$ 32,638</u>

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2020 and 2019

5. Notes Receivable

Notes receivable at December 31, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
PACE and Flex PACE Community Share receivables at December 31, 2020 and 2019, consist of receivables from businesses as part of interest buy down agreements made in accordance with the PACE and Flex PACE programs with the Bank of North Dakota. Loans bear an interest rate of 2% or 5% with terms of repayment over two or five years. All receivables are secured by a personal guarantee and / or real estate with the exceptions of the loans to the Jamestown Regional Airport Authority and the Jamestown Rowhomes Limited Partnership.	\$ 2,155,338	\$ 1,866,848
New Jobs Credit receivables at December 31, 2020 and 2019, consist of receivables from businesses that participated in the New Jobs Credit from Income Tax Withholding program. Loans bear an interest rate of 1% and are paid back in quarterly payments that coincide with the state income tax reporting requirements over a period of ten years. All loans are secured by assignment of New Jobs Tax credit from income tax withholding.	214,639	282,062
0% note receivable from Spiritwood Energy Park Association, LLC (a related party), dated March 17, 2015, due in monthly payments of \$6,542 starting two years from the date of the note.	<u>542,958</u>	<u>569,125</u>
	2,912,935	2,718,035
Less current portion	<u>124,620</u>	<u>161,338</u>
	<u>\$ 2,788,315</u>	<u>\$ 2,556,697</u>

Anticipated future collections on notes receivable as of December 31, 2020, is as follows:

2021	\$ 124,620
2022	125,254
2023	123,997
2024	129,795
2025	140,623
Thereafter	<u>2,268,645</u>
	<u>\$ 2,912,935</u>

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2020 and 2019

6. Long-Term Debt / Special Assessments

	<u>2019</u>
3.36% special assessments payable, due in annual installments of \$5,765 (plus interest) to February 15, 2020, secured by real estate	\$ 5,793
Less current portion	<u>5,793</u>
	<u>\$</u>

Total interest expense for the years ended December 31, 2020 and 2019 was \$0 and \$543, respectively.

7. Lease Agreements

Lessor

The Corporation has entered into various operating lease agreements for the rental of its office space in the CED building, pasture land, and another building. The investment in property under lease at December 31, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Building	\$ 553,963	\$ 546,794
Less accumulated depreciation	<u>167,167</u>	<u>151,766</u>
	<u>\$ 386,796</u>	<u>\$ 395,028</u>

Minimum future lease income under non-cancellable operating leases with a term in excess of one year as of December 31, 2020, for each of the subsequent years is as follows:

2021	\$ 42,624
2022	43,192
2023	44,055
2024	7,367

Lessee

In December 2020, the Corporation entered into a 39-month vehicle lease agreement with monthly payments of approximately \$648.

Effective December 2015, the Corporation entered into a 6-year land lease with Jamestown Municipal Airport Authority with annual payments of approximately \$3,843. The Corporation is granted an option to renew the lease for an additional 5-year term. The lease rate is adjusted annually based on the most current average consumer price index.

The future required annual payments under these agreements are as follows:

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2020 and 2019

7. Lease Agreements - continued

Year ending December 31,	<u>Amount</u>
2021	\$ 7,776
2022	7,776
2023	7,776
2024	1,944
	<u>\$ 25,272</u>

Rent and lease expense was \$25,794 and \$14,818 for the years ended December 31, 2020 and 2019, respectively.

8. Capital Lease

The Corporation has entered into a capital lease obligation with an unrelated party for office equipment in June 2020. The economic substance of this lease is that the Corporation is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Corporation's assets and liabilities. The lease assets is included in furniture and equipment at a capitalized cost of \$10,704, with accumulated depreciation of \$1,249 and \$10,714 at December 31, 2020 and 2019, respectively. A prior capital lease for office equipment was terminated in June of 2020 and removed from the accounts. Depreciation of the lease for the year ended December 31, 2020 and 2019, was \$1,389 and \$ 2,778, respectively. Depreciation in the amount of \$2,638 and \$2,778 of the capital leases is included in depreciation expense within the statement of activities for 2020 and 2019.

The lease obligation is payable to LEAF Capital Funding, LLC in monthly installments of approximately \$202, including interest through June 2025.

The following is a schedule of years of future minimum payments required under the capital lease together with the present value as of December 31, 2020:

Year ending December 31	<u>Amount</u>
2021	\$ 2,424
2022	2,424
2023	2,424
2024	2,424
2025	1,212
Less: amount representing interest	<u>(1,158)</u>
Present value of lease payments	<u>\$ 9,750</u>

9. Retirement Plan

The Corporation allows employees to set up their own retirement plan. The Corporation's contribution is 5.12% of eligible employees' compensation. To be eligible, an employee must be at least 21 years old, have performed services at least one year of service in the five years immediately preceding, and received total compensation in excess of \$5,000 per year. The Corporation contributed \$12,350 to the plan for the year ended December 31, 2020 and \$12,578 for the year ended December 31, 2019.

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2020 and 2019

10. Accounting for Uncertainty in Income Taxes

It is the opinion of management that the Corporation has no uncertain tax positions that would be subject to change upon examination. The federal and state income tax returns of the Corporation are subject to examination by the IRS, generally for three years after they were filed.

11. Related Party Activity

The Corporation owns 78.01% and 70.19% as of December 31, 2020 and 2019, respectively of Spiritwood Energy Park Association, LLC (SEPA). The Corporation loaned money to SEPA in 2015, see Note 5 for further details of the loan. The balance of this note receivable was \$542,958 and \$569,125 at December 31, 2020 and 2019, respectively.

12. Liquidity and Availability

The following reflects **JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION**'s financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of grantor restrictions. The following table reflects the Corporation's financial assets due within one year of the statement of financial position as of December 31, 2020 and 2019, for general expenditures:

	2020	2019
Cash and cash equivalents	\$ 202,492	\$ 171,070
Cash and cash equivalents - restricted	225,484	174,516
Accounts receivable	380,549	44,082
Current portion of notes receivable	46,120	82,838
Current portion of notes receivable - related party	78,500	78,500
Total financial assets	<u>933,145</u>	<u>551,006</u>
Grantor-imposed restrictions		
Money restricted by grantor for investment in capital assets	56,510	94,522
Money restricted for repayment to city and county	474,620	161,338
Money restricted by grantor for grants and other purposes	168,974	79,994
	<u>700,104</u>	<u>335,854</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 233,041</u>	<u>\$ 215,152</u>

In addition to financial assets available to meet general expenditures over the year, the Corporation operates with an annual budget and anticipates its general expenditures by collecting sufficient contributions from the City of Jamestown and Stutsman County, along with rental income from the Chamber. The statement of cash flows identifies the sources and uses of the Corporations cash.

13. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2020 and 2019

13. Net Assets with Donor Restrictions

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Funds received for Train ND grant	\$	\$ 11,250
Funds received for Career Builders	100,000	
Funds received for loans not yet disbursed	65,473	64,264
Funds received for Airport Park project	56,509	94,522
Other miscellaneous purposes	<u>3,502</u>	<u>4,480</u>
Total net asset with donor restrictions	<u>\$ 225,484</u>	<u>\$ 174,516</u>

Net assets with donor restrictions that were released for the use of the restricted purposes was \$332,244 and \$37,151 for the year ended December 31, 2020 and 2019, respectively.

14. Revenue Recognition in Accordance with FASB ASC 606

The Corporation's revenue from exchange transactions with all being recognized at a point in time and consist of the following:

	<u>2020</u>	<u>2019</u>
Expense reimbursement - SEPA	\$ 257	\$ 257
Expense reimbursement - Chamber	11,914	14,867
Expense reimbursement - Central Valley Health District		<u>7,800</u>
Total revenue from contracts with customers	<u>\$ 12,171</u>	<u>\$ 22,924</u>

Accounts receivable from contracts with customers were as follows:

	<u>2020</u>	<u>2019</u>
Beginning of year	\$ 1,289	\$ 2,438
End of year		1,289

15. Advertising Costs

Advertising costs are charged to operations as incurred. Advertising costs incurred for the years ended December 31, 2020 and 2019, was \$26,153 and \$13,672, respectively.

16. Subsequent Events

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact world-wide. Federal, state and local governments have implemented restrictions on travel, public gatherings, and business operations, which have negatively impacted several organizations. As the Corporation's revenues are largely subsidized by local government entities, management does not anticipate the pandemic to have impacted revenue significantly, however the full effect on the current economic situation is not yet known. The Corporation has applied for and received a Payroll Protection Program loan in 2021 for \$59,200. Subsequent events were evaluated through March 20, 2021, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
SUPPLEMENTARY INFORMATION
Years Ended December 31, 2020 and 2019

DETAILED STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31, 2020			December 31, 2019				
	Operations	Incentive	Eliminations	Total	Operations	Incentive	Eliminations	Total
CURRENT ASSETS								
Cash and cash equivalents	\$ 202,492	\$ 225,484	\$	\$ 202,492	\$ 171,070	\$	\$	\$ 171,070
Cash and cash equivalents - restricted				225,484		174,516		174,516
Accounts receivable	12,005	378,985	(10,441)	380,549	26,953	32,461	(15,332)	44,082
Current portion of notes receivable		46,120		46,120		82,838		82,838
Current portion of notes receivable - related party		78,500		78,500		78,500		78,500
Prepaid expenses	10,250	6,399		16,649	14,069	10,888		24,957
Total Current Assets	<u>224,747</u>	<u>735,488</u>	<u>(10,441)</u>	<u>949,794</u>	<u>212,092</u>	<u>379,203</u>	<u>(15,332)</u>	<u>575,963</u>
PROPERTY AND EQUIPMENT,								
at cost (Note 1)								
Land		49,916		49,916		2,106,488		2,106,488
Airport park		2,879,424		2,879,424		2,860,307		2,860,307
Buildings and improvements	395,140	553,963		949,103	387,484	546,794		934,278
Road and rail improvements						97,000		97,000
Furniture and equipment	125,307			125,307	137,389			137,389
Less accumulated depreciation	<u>520,447</u>	<u>3,483,303</u>		<u>4,003,750</u>	<u>524,873</u>	<u>5,610,589</u>		<u>6,135,462</u>
Net Property and Equipment	221,925	167,167		389,092	221,457	167,932		389,389
	<u>298,522</u>	<u>3,316,136</u>		<u>3,614,658</u>	<u>303,416</u>	<u>5,442,657</u>		<u>5,746,073</u>
OTHER ASSETS								
Investment in Precision Stock		75,000		75,000		75,000		75,000
Investment in SEPA		6,281,916		6,281,916		4,367,904		4,367,904
Notes receivable, less current portion		2,323,857		2,323,857		2,066,072		2,066,072
Notes receivable, less current portion - related party		464,458		464,458		490,625		490,625
Total Other Assets		<u>9,145,231</u>		<u>9,145,231</u>		<u>6,999,601</u>		<u>6,999,601</u>
TOTAL ASSETS	<u>\$ 523,269</u>	<u>\$ 13,196,855</u>	<u>\$ (10,441)</u>	<u>\$ 13,709,683</u>	<u>\$ 515,508</u>	<u>\$ 12,821,461</u>	<u>\$ (15,332)</u>	<u>\$ 13,321,637</u>

LIABILITIES AND NET ASSETS

	December 31, 2020			December 31, 2019				
	Operations	Incentive	Eliminations	Total	Operations	Incentive	Eliminations	Total
CURRENT LIABILITIES								
Accounts payable	3,933	\$ 364,960	\$ (10,441)	\$ 358,452	\$ 22,285	\$ 45,264	\$ (15,332)	\$ 52,217
Real estate taxes payable	234	3,585		3,819	2,384	2,295		4,679
Interest payable					284			284
Due to city and county		124,620		124,620		161,338		161,338
Accrued expenses	20,210			20,210	12,582			12,582
Deferred rent revenue		7,272		7,272		7,114		7,114
Current maturities of long-term debt								
Current portion of capital lease payable	1,982			1,982	3,532	2,261		5,793
Total Current Liabilities	<u>26,359</u>	<u>500,437</u>	<u>(10,441)</u>	<u>516,355</u>	<u>44,297</u>	<u>218,272</u>	<u>(15,332)</u>	<u>247,237</u>
LONG-TERM LIABILITIES								
Due to city and county		5,891,168		5,891,168		5,640,408		5,640,408
Capital lease payable, less current portion	7,768			7,768	1,034			1,034
Total Long-Term Liabilities	<u>7,768</u>	<u>5,891,168</u>		<u>5,898,936</u>	<u>1,034</u>	<u>5,640,408</u>		<u>5,641,442</u>
Total Liabilities	<u>34,127</u>	<u>6,391,605</u>	<u>(10,441)</u>	<u>6,415,291</u>	<u>45,331</u>	<u>5,858,680</u>	<u>(15,332)</u>	<u>5,888,679</u>
NET ASSETS								
Without donor restrictions	489,142	6,579,766		7,068,908	470,177	6,788,265		7,258,442
With donor restrictions		225,484		225,484		174,516		174,516
Total Net Assets	<u>489,142</u>	<u>6,805,250</u>		<u>7,294,392</u>	<u>470,177</u>	<u>6,962,781</u>		<u>7,432,958</u>
TOTAL LIABILITIES AND NET ASSETS								
	<u>\$ 523,269</u>	<u>\$ 13,196,855</u>	<u>\$ (10,441)</u>	<u>\$ 13,709,683</u>	<u>\$ 515,508</u>	<u>\$ 12,821,461</u>	<u>\$ (15,332)</u>	<u>\$ 13,321,637</u>

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
SUPPLEMENTARY INFORMATION - continued
Years Ended December 31, 2020 and 2019

DETAILED STATEMENTS OF ACTIVITIES

	December 31, 2020			December 31, 2019			
	Without Donor Operations	Incentive	Restrictions With Donor	Without Donor Operations	Incentive	Restrictions With Donor	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS							
Contributions - City of Jamestown	\$ 388,363	\$	\$ 310,998	\$ 393,460	\$	\$ 154,303	\$ 547,763
Contributions - Stutsman County	96,600		72,214	95,532		42,902	138,434
Rents	1,303	78,588		17,300	69,403		86,703
Increase (decrease) in SEPA investment		(328,475)			22,909		22,909
Expense reimbursement - SEPA	257			257			257
Expense reimbursement - Chamber	11,914			14,867			14,867
Expense reimbursement - CVHD				7,800			7,800
Gain (loss) on disposition of assets	(199)						
Miscellaneous	11,797			8,314			8,314
Released from restrictions		332,244	(332,244)		37,151	(37,151)	
Total Support and Revenue	510,035	82,357	50,968	537,530	129,463	160,054	827,047
EXPENSES							
Project services, grants		175,776			191,284		191,284
Operational costs	486,301	53,210		501,758	38,096		539,854
Repayment of lease income		66,639			65,860		65,860
Total Expenses	486,301	295,625		501,758	295,240		796,998
CHANGE IN NET ASSETS	23,734	(213,268)	50,968	35,772	(165,777)	160,054	30,049
NET ASSETS, January 1	470,177	6,788,265	174,516	434,405	6,954,042	14,462	7,402,909
Transfer	(4,769)	4,769					
NET ASSETS, December 31	\$ 489,142	\$ 6,579,766	\$ 225,484	\$ 470,177	\$ 6,788,265	\$ 174,516	\$ 7,432,958

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
SUPPLEMENTARY INFORMATION - continued
Years Ended December 31, 2020 and 2019

DETAILED STATEMENTS OF EXPENSES

	December 31, 2020			December 31, 2019		
	Operations	Incentive	Total	Operations	Incentive	Total
Operational Costs						
Salaries	\$ 253,902	\$	\$ 253,902	\$ 252,239	\$	\$ 252,239
Payroll taxes	18,277		18,277	18,911		18,911
Employee benefits	56,110		56,110	57,043		57,043
Shared office space	25,075	9,079	34,154	37,410	5,745	43,155
Telephone and internet	4,968		4,968	4,624		4,624
Professional training	1,307		1,307	5,399		5,399
Travel	1,030		1,030	4,427		4,427
Vehicle lease	5,914		5,914	6,319		6,319
Postage and printing	1,078		1,078	1,008		1,008
Marketing and recruiting	46,883		46,883	34,847		34,847
Dues and subscriptions	3,778		3,778	5,296		5,296
Professional fees	22,236	4,425	26,661	20,788	3,180	23,968
Rent		19,880	19,880		8,499	8,499
Office supplies	1,430		1,430	1,680		1,680
Office equipment	4,277		4,277	4,411		4,411
Real estate taxes	172	1,177	1,349		1,006	1,006
Interest	474	14	488	675	94	769
Insurance	3,005		3,005	3,436		3,436
Bank and service charges	245		245	145		145
Meetings and conferences	4,919		4,919	12,396		12,396
Repairs and maintenance	4,677		4,677	5,592		5,592
Depreciation and amortization	25,480	18,635	44,115	24,867	18,012	42,879
Miscellaneous	1,064		1,064	245	1,560	1,805
	\$ 486,301	\$ 53,210	\$ 539,511	\$ 501,758	\$ 38,096	\$ 539,854

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
SUPPLEMENTARY INFORMATION - continued
Years Ended December 31, 2020 and 2019

BUDGET VERSUS ACTUAL - OPERATIONS
Year Ended December 31, 2020

	Unaudited Budget	Actual	Favorable (Unfavorable)
SUPPORT AND REVENUE			
Contributions - City of Jamestown	\$ 393,650	\$ 388,363	\$ (5,287)
Contributions - Stutsman County	96,600	96,600	
Contributions - other sources	300	25	(275)
Rents	29,500	1,303	(28,197)
Expense reimbursements - SEPA	260	257	(3)
Expense reimbursements - Chamber	17,850	11,914	(5,936)
Loss on disposition of assets		(199)	(199)
Miscellaneous	2,000	11,772	9,772
	<u>540,160</u>	<u>510,035</u>	<u>(30,125)</u>
TOTAL SUPPORT AND REVENUE			
EXPENSES			
Salaries	252,000	253,902	(1,902)
Payroll taxes	19,350	18,277	1,073
Employee benefits	67,007	56,110	10,897
Shared office space	49,248	25,075	24,173
Telephone and internet	4,500	4,968	(468)
Professional training	5,000	1,307	3,693
Travel	5,150	1,030	4,120
Vehicle lease	6,360	5,914	446
Postage and printing	1,150	1,078	72
Marketing and recruiting	60,000	46,883	13,117
Dues and subscriptions	4,000	3,778	222
Professional fees	22,050	22,236	(186)
Office supplies	2,400	1,430	970
Office equipment	8,457	4,277	4,180
Real estate taxes	6,650	172	6,478
Interest		474	(474)
Insurance	2,100	3,005	(905)
Bank and service charges	250	245	5
Meetings and conferences	17,500	4,919	12,581
Repairs and maintenance	5,000	4,677	323
Depreciation		25,480	(25,480)
Miscellaneous	1,000	1,064	(64)
	<u>539,172</u>	<u>486,301</u>	<u>52,871</u>
TOTAL EXPENSES			
CHANGE IN NET ASSETS	<u>\$ 988</u>	<u>\$ 23,734</u>	<u>\$ 22,746</u>