

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

FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020
(With Independent Auditors' Report)

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 3
Financial Statements	
Statements of financial position	4
Statements of activities	5
Statements of functional expenses	6
Statements of cash flows	7
Notes to financial statements	8 - 16
Supplementary Information	
Detailed statements of financial position	17
Detailed statements of activities	18
Detailed statements of expenses	19
Budget versus actual - operations	20



Schauer & Associates, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
**JAMESTOWN/STUTSMAN
DEVELOPMENT CORPORATION**
Jamestown, North Dakota

Opinion

We have audited the accompanying financial statements of **JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION** 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION** 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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION's** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 generally accepted auditing standards 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, including omissions, 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 **JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION'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 to matters that we identified during the audit.

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 17 - 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the

INDEPENDENT AUDITORS' REPORT - continued

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 as a whole.

Schau & Associates, P.C.

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

March 10, 2022

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31	
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 329,867	\$ 202,492
Cash and cash equivalents - restricted	590,599	225,484
Accounts receivable	12,591	380,549
Current portion of reimbursement receivable	18,458	
Current portion of notes receivable	46,554	46,120
Current portion of notes receivable - related party	78,500	78,500
Prepaid expenses	18,065	16,649
Total Current Assets	1,094,634	949,794
 PROPERTY AND EQUIPMENT, at cost (Note 1)		
Land	116,997	49,916
Airport park	2,757,230	2,879,424
Buildings and improvements	970,422	949,103
Furniture and equipment	138,912	125,307
	3,983,561	4,003,750
Less accumulated depreciation	467,031	389,092
Net Property and Equipment	3,516,530	3,614,658
 OTHER ASSETS		
Investment in Precision Stock	75,000	75,000
Investment in SEPA	6,763,241	6,281,916
Reimbursement receivable, less current portion	151,967	
Notes receivable, less current portion	2,831,386	2,323,857
Notes receivable - related party, less current portion	385,958	464,458
Total Other Assets	10,207,552	9,145,231
 TOTAL ASSETS	\$ 14,818,716	\$ 13,709,683

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

LIABILITIES AND NET ASSETS

	December 31	
	2021	2020
CURRENT LIABILITIES		
Accounts payable	\$ 242,578	\$ 358,452
Real estate taxes payable	1,491	3,819
Current portion of due to city and county	125,054	124,620
Accrued expenses	20,430	20,210
Deferred rent revenue	7,081	7,272
Current portion of deferred reimbursement	18,458	
Current portion of capital lease payable	19,616	1,982
Income taxes payable	8,473	
Total Current Liabilities	<u>443,181</u>	<u>516,355</u>
 LONG-TERM LIABILITIES		
Due to city and county, less current portion	6,094,094	5,891,168
Deferred reimbursement, less current portion	151,967	
Capital lease payable, less current portion	<u>69,836</u>	<u>7,768</u>
Total Long-Term Liabilities	<u>6,315,897</u>	<u>5,898,936</u>
 Total Liabilities	<u>6,759,078</u>	<u>6,415,291</u>
 NET ASSETS		
Without donor restrictions	7,469,039	7,068,908
With donor restrictions	<u>590,599</u>	<u>225,484</u>
Total Net Assets	<u>8,059,638</u>	<u>7,294,392</u>
 TOTAL LIABILITIES AND NET ASSETS		
	<u>\$ 14,818,716</u>	<u>\$ 13,709,683</u>

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	December 31, 2021		December 31, 2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total		Total	
SUPPORT, REVENUE AND RECLASSIFICATIONS				
Contributions - City of Jamestown	\$ 379,773	\$ 898,861	\$ 1,278,634	\$ 388,363
Contributions - Stutsman County	91,870	197,742	289,612	96,600
Rents	68,169		68,169	79,891
Reimbursement	14,158		14,158	
Increase (decrease) in SEPA investment	321,325		321,325	(328,475)
Expense reimbursement - SEPA	257		257	257
Expense reimbursement - Chamber	12,535		12,535	11,914
Loss on disposition of assets	(28)		(28)	(199)
PPP loan forgiveness	59,200		59,200	
Miscellaneous	875		875	11,797
Released from restrictions	731,488	(731,488)	332,244	(332,244)
Total Support, Revenue and Reclassifications	<u>1,679,622</u>	<u>365,115</u>	<u>2,044,737</u>	<u>592,392</u>
				<u>50,968</u>
				<u>643,360</u>
EXPENSES				
Project services, grants	700,685		700,685	175,776
Operational costs	531,818		531,818	539,511
Repayment of lease income	46,988		46,988	66,639
Total Expenses	<u>1,279,491</u>		<u>1,279,491</u>	<u>781,926</u>
CHANGE IN NET ASSETS	400,131	365,115	765,246	(189,534)
NET ASSETS, January 1	<u>7,068,908</u>	<u>225,484</u>	<u>7,294,392</u>	<u>174,516</u>
NET ASSETS, December 31	<u>\$ 7,469,039</u>	<u>\$ 590,599</u>	<u>\$ 8,059,638</u>	<u>\$ 7,068,908</u>
				<u>\$ 225,484</u>
				<u>\$ 7,294,392</u>

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

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2021 and 2020

	December 31, 2021		December 31, 2020	
	Economic Development	Management and General	Economic Development	Management and General
Expenses	Total	Total	Total	Total
Project services, grants	\$ 700,685	\$ 700,685	\$ 175,776	\$ 175,776
Repayment of lease income	46,988	46,988	66,639	66,639
Salaries	157,743	79,802	144,274	109,628
Payroll taxes	11,760	5,950	10,386	7,891
Employee benefits	29,252	14,799	31,883	24,227
Shared office space	19,667	12,054	21,176	12,978
Telephone and internet	1,276	3,830	1,242	3,726
Professional training	1,245	139	1,176	131
Travel	140	418	258	772
Vehicle lease			1,479	4,435
Postage and printing	208	624	270	808
Marketing and recruiting	34,359		46,883	46,883
Dues and subscriptions	3,070	341	3,400	378
Professional fees	19,705	2,189	23,995	2,666
Rent	401	247	12,325	7,555
Office supplies	844	93	1,287	143
Office equipment	4,579	508	3,849	428
Real estate taxes	872	535	836	513
Interest				488
Insurance				3,005
Bank and service charges	70	70	123	122
Meetings and conferences	11,557	1,284	4,427	492
Repairs and maintenance		9,235		4,677
Depreciation and amortization	44,091	44,091	22,058	22,057
Income tax expense	8,473			
Miscellaneous		835		1,064
	<u>\$ 1,096,985</u>	<u>\$ 182,506</u>	<u>\$ 573,742</u>	<u>\$ 208,184</u>
		<u>\$ 1,279,491</u>		<u>\$ 781,926</u>

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

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 765,246	\$ (138,566)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	88,182	44,115
Loss on disposition of assets	28	199
Loss (earnings) from equity method investment	(321,325)	328,475
(Increase) decrease in operating assets		
Accounts receivable	367,958	(336,467)
Prepaid expenses	(1,416)	8,307
Increase (decrease) in operating liabilities		
Accounts payable	(115,874)	306,235
Real estate taxes payable	(2,328)	(860)
Interest payable		(284)
Due to city and county	203,360	214,042
Accrued expenses	220	7,628
Deferred rent revenue	(191)	158
Income taxes payable	8,473	
Net Cash Provided by Operating Activities	992,333	432,982
 CASH FLOWS FROM INVESTING ACTIVITIES		
Collection of notes receivable	156,515	154,289
Refund of paving for Airport Park	122,194	
Purchase of investments	(160,000)	(108,314)
Issue of notes receivable	(585,978)	(349,189)
Purchase of property and equipment	(25,121)	(38,945)
Net Cash Used in Investing Activities	(492,390)	(342,159)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease payable	(7,453)	(2,640)
Payments on note payable		(5,793)
Net Cash Used in Financing Activities	(7,453)	(8,433)
 Net change in cash and cash equivalents	492,490	82,390
Cash and cash equivalents at beginning of year	427,976	345,586
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 920,466	\$ 427,976
 Cash and cash equivalents	329,867	202,492
Cash and cash equivalents - restricted	590,599	225,484
	\$ 920,466	\$ 427,976

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

	<u>2021</u>	<u>2020</u>
Schedule of other cash flow information		
Cash paid during the year for interest	<u>\$ 3,046</u>	<u>\$ 474</u>
Noncash investing activities		
Investment in SEPA	\$	\$ 2,134,173
Transfer out land, road and rail improvements		(2,134,173)
PPP Loan forgiveness	59,200	
Purchase copier		10,704
Finance copier		(10,704)
Purchase vehicle	20,074	
Finance vehicle	(20,074)	

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020 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, 2021 and 2020.

Because the notes do not accrue interest during the initial term of the loan and payoff during the initial term is at their face value, rather than a discounted note, they are recorded at their original loan balance and no interest is accrued.

H. Investments in 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, 2021 and 2020, 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.

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:

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2021 and 2020

J. Property and Equipment - continued

Airport park	50 years
Buildings and improvements	10 to 50 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 \$88,182 in 2021 and \$44,115 in 2020.

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.

As of December 31, 2021, the Forms 990, *Return of Organization Exempt from Income Taxes*, and 990-T, *Exempt Organization Business Income Tax Return*, for the years ending 2018, 2019, and 2020 are subject to examination by the IRS, generally for three years after they are filed.

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2021 and 2020

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 63% and 14% of the total revenue, respectively, during the year ended December 31, 2021, and 71% and 17% of total revenue during the year ended December 31, 2020.

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). Excess funds over the insured amount is covered by a pledge of assets.

4. Investment in SEPA

The Corporation invested in Spiritwood Energy Park Association, LLC (SEPA). This investment representing 78.01% interest as of December 31, 2021 and 2020, is accounted for under the equity method as described in Note 1. Earnings (loss) of \$321,325 and (\$328,475) were recorded in the statement of activities for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, are as follows:

Condensed Balance Sheets	2021	2020
Assets	\$ 17,254,210	\$ 16,879,262
Liabilities	8,655,771	8,897,827
Members' Equity	8,598,439	7,981,435
Condensed Statements of Operations		
Revenues	\$ 1,457,815	\$ 545,980
Expenses	(1,045,913)	1,011,833
Net Income (Loss)	<u>\$ 411,902</u>	<u>\$ (465,853)</u>

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2021 and 2020

5. Notes Receivable

Notes receivable at December 31, 2021 and 2020, consist of the following:

	<u>2021</u>	<u>2020</u>
PACE and Flex PACE Community Share receivables at December 31, 2021 and 2020, 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.	\$ 2,709,909	\$ 2,155,338
New Jobs Credit receivables at December 31, 2021 and 2020, 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.	168,031	214,639
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.	464,458	542,958
	<u>3,342,398</u>	<u>2,912,935</u>
Less current portion	125,054	124,620
	<u>\$ 3,217,344</u>	<u>\$ 2,788,315</u>

Anticipated future collections on notes receivable as of December 31, 2021, is as follows:

2022	\$ 125,054
2023	123,978
2024	127,594
2025	140,605
2026	176,680
Thereafter	2,648,487
	<u>\$ 3,342,398</u>

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2021 and 2020

6. Income Taxes Payable

Income taxes payable due to unrelated business activities consist of the following as of December 31, 2021:

Income tax expense	\$8,473
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As of December 31, 2021 and 2020, the Corporation had federal net operating loss carryforwards of \$260,301 and \$425,685, respectively and state net operating loss carryforwards of \$3,209,075 and \$3,634,760, respectively, available to offset future taxable income.

7. Reimbursement Receivable/Deferred Reimbursement

The Corporation has entered into an agreement with the Jamestown Regional Airport Authority dated March 26, 2021, where they will be reimbursed at the rate of \$.70 per square foot at 0% interest over ten years with an annual payment of \$18,458.30 to recoup the costs of infrastructure development on real estate on which they have vacated an interest.

8. Lease Receivable

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, 2021 and 2020, is as follows:

	2021	2020
Building	\$ 562,787	\$ 553,963
Less accumulated depreciation	224,160	167,167
	\$ 338,627	\$ 386,796

Minimum future lease income under non-cancellable operating leases with a term in excess of one year as of December 31, 2021, for each of the subsequent years is as follows:

2022	\$ 51,914
2023	53,040
2024	7,367

9. Lease Assets

The Corporation has entered into lease obligations with unrelated parties for office equipment and a vehicle. The economic substance of the leases 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 are included in furniture and equipment at a cost of \$30,778, with accumulated depreciation of \$13,491 and \$3,390 at December 31, 2021 and 2020, respectively. Depreciation of the leases in the amount of \$9,566 and \$2,141 is included in depreciation expense within the statement of activities for 2021 and 2020, respectively.

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2021 and 2020

9. Lease Assets - continued

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

The lease obligation for the vehicle is payable to Ford Credit in monthly payments of \$648 through February 2024.

The Corporation has a land lease with Jamestown Regional Airport Authority dated June 1, 2018 to May 31, 2027. The initial terms were 96.68 acres at \$112.17 per acres with a 3% annual adjustment. In 2021, the acres were decreased to 90.63 acres.

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, 2021:

Year ending December 31	Vehicle	Copier	Land Lease
2022	\$ 7,776	\$ 2,424	\$ 11,303
2023	7,776	2,424	11,642
2024	1,296	2,424	11,991
2025		1,212	12,351
2026			12,722
2027			5,366
	<u>16,848</u>	<u>8,484</u>	<u>65,375</u>
Less: amount representing interest		(716)	
Present value of lease payments	<u>\$ 16,848</u>	<u>\$ 7,768</u>	<u>\$ 65,375</u>

Rent and lease expense was \$12,843 and \$25,794 for the years ended December 31, 2021 and 2020, respectively.

10. 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 \$11,932 to the plan for the year ended December 31, 2021 and \$12,350 for the year ended December 31, 2020.

11. 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.

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2021 and 2020

12. Liquidity and Availability

The following reflects JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION's financial assets as of December 31, 2021 and 2020, 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, 2021 and 2020, for general expenditures:

	2021	2020
Cash and cash equivalents	\$ 329,867	\$ 202,492
Cash and cash equivalents - restricted	590,599	225,484
Accounts receivable	12,591	380,549
Current portion of notes receivable	46,554	46,120
Current portion of notes receivable - related party	78,500	78,500
Total financial assets	<u>1,058,111</u>	<u>933,145</u>
Money restricted by grantor for investment in capital assets	45,266	56,510
Current portion of notes receivable	125,054	474,620
Money restricted by grantor for grants and other purposes	545,333	168,974
	<u>715,653</u>	<u>700,104</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 342,458</u>	<u>\$ 233,041</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.

	2021	2020
Subject to expenditure for specified purpose:		
Funds received for Intern program	\$ 64,428	\$ 100,000
Funds received for Career Builders		65,473
Funds received for loans not yet disbursed	229,664	56,509
Funds received for Airport Park project	45,266	
Funds received for residential infrastructure	43,195	
Funds received for James Valley Career & Technology Center	131,500	
Funds received for Buffalo City Park/Bison World	75,537	
Other miscellaneous purposes	1,009	3,502
	<u>\$ 590,599</u>	<u>\$ 225,484</u>
Total net asset with donor restrictions	<u>\$ 590,599</u>	<u>\$ 225,484</u>

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2021 and 2020

13. Net Assets with Donor Restrictions - continued

Net assets with donor restrictions that were released for the use of the restricted purposes was \$731,488 and \$332,244 for the year ended December 31, 2021 and 2020, 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:

	2021	2020
Expense reimbursement - SEPA	\$ 257	\$ 257
Expense reimbursement - Chamber	12,535	11,914
Total revenue from contracts with customers	<u>\$ 12,792</u>	<u>\$ 12,171</u>

15. Advertising Costs

Advertising costs are charged to operations as incurred. Advertising costs incurred for the years ended December 31, 2021 and 2020, was \$19,688 and \$26,153, respectively.

16. Commitments

The Corporation has a commitment to provide an incentive package consisting of loans and grants in the amount of \$2,514,000 to a company that will construct and operate a soybean crushing plant.

17. 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. Subsequent events were evaluated through March 10, 2022, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
SUPPLEMENTARY INFORMATION
Years Ended December 31, 2021 and 2020

DETAILED STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31, 2021				December 31, 2020			
	Operations	Incentive	Eliminations	Total	Operations	Incentive	Eliminations	Total
CURRENT ASSETS								
Cash and cash equivalents	\$ 329,867	\$ 590,599	\$	\$ 329,867	\$ 202,492	\$ 225,484	\$	\$ 202,492
Cash and cash equivalents - restricted				590,599				225,484
Accounts receivable	10,609	7,039	(5,057)	12,591	12,005	378,985	(10,441)	380,549
Current portion of reimbursement receivable		18,458		18,458				
Current portion of notes receivable		46,554		46,554		46,120		46,120
Current portion of notes receivable - related party		78,500		78,500		78,500		78,500
Prepaid expenses	9,338	8,727		18,065	10,250	6,399		16,649
Total Current Assets	<u>349,814</u>	<u>749,877</u>	<u>(5,057)</u>	<u>1,094,634</u>	<u>224,747</u>	<u>735,488</u>	<u>(10,441)</u>	<u>949,794</u>
PROPERTY AND EQUIPMENT,								
at cost (Note 1)								
Land		116,997		116,997		49,916		49,916
Airport park		2,757,230		2,757,230		2,879,424		2,879,424
Buildings and improvements	407,636	562,786		970,422	395,140	553,963		949,103
Furniture and equipment	138,912			138,912	125,307			125,307
Less accumulated depreciation	<u>546,548</u>	<u>3,437,013</u>		<u>3,983,561</u>	<u>520,447</u>	<u>3,483,303</u>		<u>4,003,750</u>
Net Property and Equipment	<u>242,871</u>	<u>224,160</u>		<u>467,031</u>	<u>221,925</u>	<u>167,167</u>		<u>389,092</u>
	<u>303,677</u>	<u>3,212,853</u>		<u>3,516,530</u>	<u>298,522</u>	<u>3,316,136</u>		<u>3,614,658</u>
OTHER ASSETS								
Investment in Precision Stock		75,000		75,000		75,000		75,000
Investment in SEPA		6,763,241		6,763,241		6,281,916		6,281,916
Reimbursement receivable, less current portion		151,967		151,967				
Notes receivable, less current portion		2,831,386		2,831,386		2,323,857		2,323,857
Notes receivable, less current portion - related party		385,958		385,958		464,458		464,458
Total Other Assets		<u>10,207,552</u>		<u>10,207,552</u>		<u>9,145,231</u>		<u>9,145,231</u>
TOTAL ASSETS	<u>\$ 653,491</u>	<u>\$ 14,170,282</u>	<u>\$ (5,057)</u>	<u>\$ 14,818,716</u>	<u>\$ 523,269</u>	<u>\$ 13,196,855</u>	<u>\$ (10,441)</u>	<u>\$ 13,709,683</u>

LIABILITIES AND NET ASSETS

	December 31, 2021			December 31, 2020				
	Operations	Incentive	Eliminations	Total	Operations	Incentive	Eliminations	Total
CURRENT LIABILITIES								
Accounts payable	\$ 6,809	\$ 240,826	\$ (5,057)	\$ 242,578	\$ 3,933	\$ 364,960	\$ (10,441)	\$ 358,452
Real estate taxes payable	1,491			1,491	234	3,385		3,819
Due to city and county, less current portion		125,054		125,054		124,620		124,620
Accrued expenses	20,430			20,430	20,210			20,210
Deferred rent revenue		7,081		7,081		7,272		7,272
Current portion of deferred reimbursement		18,458		18,458				
Current portion of lease assets payable	8,314	11,302		19,616	1,982			1,982
Income taxes payable		8,473		8,473				
Total Current Liabilities	<u>37,044</u>	<u>411,194</u>	<u>(5,057)</u>	<u>443,181</u>	<u>26,359</u>	<u>500,437</u>	<u>(10,441)</u>	<u>516,355</u>
LONG-TERM LIABILITIES								
Due to city and county, less current portion		6,094,094		6,094,094		5,891,168		5,891,168
Deferred reimbursement, less current portion		151,967		151,967				
Lease assets payable, less current portion	14,057	55,779		69,836	7,768			7,768
Total Long-Term Liabilities	<u>14,057</u>	<u>6,301,840</u>		<u>6,163,930</u>	<u>7,768</u>	<u>5,891,168</u>		<u>5,898,936</u>
Total Liabilities	<u>51,101</u>	<u>6,713,034</u>	<u>(5,057)</u>	<u>6,759,078</u>	<u>34,127</u>	<u>6,391,605</u>	<u>(10,441)</u>	<u>6,415,291</u>
NET ASSETS								
Without donor restrictions	602,390	6,866,649		7,469,039	489,142	6,579,766		7,068,908
With donor restrictions		590,599		590,599		225,484		225,484
Total Net Assets	<u>602,390</u>	<u>7,457,248</u>		<u>8,059,638</u>	<u>489,142</u>	<u>6,805,250</u>		<u>7,294,392</u>
TOTAL LIABILITIES AND NET ASSETS								
	<u>\$ 653,491</u>	<u>\$ 14,170,282</u>	<u>\$ (5,057)</u>	<u>\$ 14,818,716</u>	<u>\$ 523,269</u>	<u>\$ 13,196,855</u>	<u>\$ (10,441)</u>	<u>\$ 13,709,683</u>

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
SUPPLEMENTARY INFORMATION - continued
Years Ended December 31, 2021 and 2020

DETAILED STATEMENTS OF ACTIVITIES

	December 31, 2021			December 31, 2020				
	Without Donor Operations	Restrictions Incentive	With Donor Restrictions	Total	Without Donor Operations	Restrictions Incentive	With Donor Restrictions	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS								
Contributions - City of Jamestown	\$ 379,773	\$	\$ 898,861	\$ 1,278,634	\$ 388,563	\$	\$ 310,998	\$ 699,361
Contributions - Stutsman County	91,870		197,742	289,612	96,600		72,214	168,814
Rents	16,928	51,241		68,169	1,303			79,891
Reimbursements		14,158		14,158				
Increase (decrease) in SEPA investment		321,325		321,325		(328,475)		(328,475)
Expense reimbursement - SEPA	257			257				257
Expense reimbursement - Chamber	12,535			12,535	11,914			11,914
Loss on disposition of assets	(28)			(28)	(199)			(199)
PPP loan forgiveness	59,200			59,200				
Miscellaneous	875			875	11,797			11,797
Released from restrictions		731,488	(731,488)			(332,244)		
Total Support, Revenue and Reclassifications	561,410	1,118,212	365,115	2,044,737	510,035	82,357	50,968	643,360
EXPENSES								
Project services, grants		700,685		700,685		175,776		175,776
Operational costs	454,998	76,820		531,818	486,301	53,210		539,511
Repayment of lease income		46,988		46,988		66,639		66,639
Total Expenses	454,998	824,493		1,279,491	486,301	295,625		781,926
CHANGE IN NET ASSETS	106,412	293,719	365,115	765,246	23,734	(213,268)	50,968	(138,566)
NET ASSETS, January 1	489,142	6,579,766	225,484	7,294,392	470,177	6,788,265	174,516	7,432,958
Transfer	6,836	(6,836)			(4,769)	4,769		
NET ASSETS, December 31	\$ 602,390	\$ 6,866,649	\$ 590,599	\$ 8,059,638	\$ 489,142	\$ 6,579,766	\$ 225,484	\$ 7,294,392

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
SUPPLEMENTARY INFORMATION - continued
Years Ended December 31, 2021 and 2020

DETAILED STATEMENTS OF EXPENSES

	December 31, 2021			December 31, 2020		
	Operations	Incentive	Total	Operations	Incentive	Total
Operational Costs						
Salaries	\$ 237,545	\$	\$ 237,545	\$ 253,902	\$	\$ 253,902
Payroll taxes	17,710		17,710	18,277		18,277
Employee benefits	44,051		44,051	56,110		56,110
Shared office space	27,908	3,813	31,721	25,075	9,079	34,154
Telephone and internet	5,106		5,106	4,968		4,968
Professional training	1,384		1,384	1,307		1,307
Travel	558		558	1,030		1,030
Vehicle lease				5,914		5,914
Postage and printing	832		832	1,078		1,078
Marketing and recruiting	34,359		34,359	46,883		46,883
Dues and subscriptions	3,411		3,411	3,778		3,778
Professional fees	16,265	5,629	21,894	22,236	4,425	26,661
Rent		648	648		19,880	19,880
Office supplies	937		937	1,430		1,430
Office equipment	5,087		5,087	4,277		4,277
Real estate taxes	153	1,254	1,407	172	1,177	1,349
Interest	3,036	10	3,046	474	14	488
Insurance	2,416		2,416	3,005		3,005
Bank and service charges	140		140	245		245
Meetings and conferences	12,841		12,841	4,919		4,919
Repairs and maintenance	9,235		9,235	4,677		4,677
Depreciation and amortization	31,189	56,993	88,182	25,480	18,635	44,115
Income tax expense		8,473	8,473			
Miscellaneous	835		835	1,064		1,064
	<u>\$ 454,998</u>	<u>\$ 76,820</u>	<u>\$ 531,818</u>	<u>\$ 486,301</u>	<u>\$ 53,210</u>	<u>\$ 539,511</u>

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
SUPPLEMENTARY INFORMATION - continued
Years Ended December 31, 2021 and 2020

BUDGET VERSUS ACTUAL - OPERATIONS
Year Ended December 31, 2021

	Unaudited Budget	Actual	Favorable (Unfavorable)
SUPPORT AND REVENUE			
Contributions - City of Jamestown	\$ 404,595	\$ 379,773	\$ (24,822)
Contributions - Stutsman County	97,265	91,870	(5,395)
Contributions - other sources		59,475	59,475
Rents	16,875	16,928	53
Expense reimbursements - SEPA	260	257	(3)
Expense reimbursements - Chamber	17,000	12,535	(4,465)
Loss on disposition of assets		(28)	(28)
Miscellaneous	400	600	200
TOTAL SUPPORT AND REVENUE	<u>536,395</u>	<u>561,410</u>	<u>25,015</u>
EXPENSES			
Salaries	267,229	237,545	29,684
Payroll taxes	21,482	17,710	3,772
Employee benefits	62,582	44,051	18,531
Shared office space	39,248	27,908	11,340
Telephone and internet	4,625	5,106	(481)
Professional training	5,000	1,384	3,616
Travel	5,150	558	4,592
Vehicle lease	6,360		6,360
Postage and printing	1,250	832	418
Marketing and recruiting	55,000	34,359	20,641
Dues and subscriptions	5,300	3,411	1,889
Professional fees	22,850	16,265	6,585
Office supplies	2,400	937	1,463
Office equipment	8,863	5,087	3,776
Real estate taxes	6,650	153	6,497
Interest	500	3,036	(2,536)
Insurance	2,100	2,416	(316)
Bank and service charges	200	140	60
Meetings and conferences	13,500	12,841	659
Repairs and maintenance	5,000	9,235	(4,235)
Depreciation		31,189	(31,189)
Miscellaneous	1,000	835	165
TOTAL EXPENSES	<u>536,289</u>	<u>454,998</u>	<u>81,291</u>
CHANGE IN NET ASSETS	<u>\$ 106</u>	<u>\$ 106,412</u>	<u>\$ 106,306</u>