

**GROWTH ORGANIZATION OF TOPEKA /
SHAWNEE COUNTY, INC. - PUBLIC**

**Financial Statements & Accountants'
Compilation Report**

April 30, 2012

Accountants' Compilation Report



MIZE & HOUSER
COMPANY P.A.

Growth Organization of Topeka / Shawnee County, Inc.
120 S.E. 6th – Suite 110
Topeka, Kansas 66603

We have compiled the accompanying financial statements and supplemental information of Growth Organization of Topeka / Shawnee County, Inc.–Public (a division of Growth Organization of Topeka/Shawnee County, Inc.), (Go Topeka), as scheduled below. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide assurance about whether the financial statements are in accordance with the modified cash basis accounting. The budgeted revenue and expense information is presented for supplementary analysis purposes only.

Statement of Assets, Liabilities and Change in Funds–Public – Modified Cash Basis as of
April 30, 2012.

Statement of Income and Expense–Comparison to Budget–Public – Modified Cash Basis
for the one month and four month periods ended April 30, 2012.

Supplemental Schedule of Committed/Pending Incentive Offers and Site Expenditures as of
April 30, 2012.

Management is responsible for the preparation and fair presentation of the financial statements and supplemental schedule prepared in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Growth Organization of Topeka / Shawnee County, Inc.–Public.

Mize Houser & Company P.A.

Mize Houser & Company P.A.
Certified Public Accountants

July 26, 2012

BNO:rb:sc
Enclosures

Go Topeka, Inc.
Statement of Assets, Liabilities, &
Change In Funds-Public - Modified Cash Basis
April 30, 2012

Assets

Current Assets

Cash-Sales Tax		925,583
Investments-Reserved for incentive/site improvements		4,523,507
Prepaid Expenses		<u>3,478</u>
Total Current Assets		<u>5,452,568</u>

Other Assets

Land Held for Development	<u>7,250,466</u>	
Total Other Assets		<u>7,250,466</u>

Total Assets		<u><u>12,703,034</u></u>
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Liabilities and Fund Balance

Current Liabilities

DBE Carryover	201,579	
Incentives Liabilities	1,573,958	
Due To GTCC	<u>53,249</u>	
Total Current Liabilities		1,828,786

Fund Balances

Opening Fund Balance	9,943,843	
Excess-Current Year	<u>930,405</u>	
		<u>10,874,248</u>

Total Liabilities and Fund Balance		<u><u>12,703,034</u></u>
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Go Topeka, Inc.
Statement of Income and Expense - Public
Modified Cash Basis
April 30, 2012

	Current Period			Year to Date		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenue						
Sales Tax	-	416,667	(416,667)	1,666,667	1,666,668	(1)
Investment Income	(284)	1,250	(1,534)	1,053	5,000	(3,947)
Investment MV Change	(38)	-	(38)	371	-	371
Other Program Revenue	4,235	475	3,760	17,061	3,142	13,919
Total Revenues	<u>3,912</u>	<u>418,392</u>	<u>(414,480)</u>	<u>1,685,152</u>	<u>1,674,810</u>	<u>10,342</u>
Expenses						
Program Expenses						
Business Retention	14,717	18,815	4,097	53,644	72,289	18,645
New Business Attraction	38,375	65,794	27,419	183,747	267,526	83,779
Workforce Development	7,491	10,850	3,358	28,605	43,530	14,925
Government Relations Consultant	1,543	2,000	458	6,064	7,500	1,437
Research & Governmt'l Relations	7,752	9,195	1,443	35,915	41,767	5,852
Entrepreneurial & Minority Bus Dev	17,265	24,062	6,797	105,499	176,270	70,770
Small Business Innovation Center	735	916	181	2,910	8,172	5,262
Site/Prospect Support	17,210	8,044	(9,166)	27,902	29,976	2,074
* Incentives & Site Expend - Direct	108,423	108,423	-	260,739	260,739	-
* Less: Site Expenditures Capitalized	(4,256)	(4,256)	-	(8,364)	(8,364)	-
Total Program Expenses	<u>209,255</u>	<u>243,842</u>	<u>34,588</u>	<u>696,660</u>	<u>899,404</u>	<u>202,744</u>
General & Administrative Expenses	17,124	16,957	(167)	58,086	67,828	9,742
Total Expenses	<u>226,378</u>	<u>260,799</u>	<u>34,421</u>	<u>754,747</u>	<u>967,232</u>	<u>212,486</u>
Transfer to Visioning	0	0	0	0	60,000	60,000
Revenues over (under) Expenses	<u>(222,466)</u>	<u>157,593</u>	<u>(380,059)</u>	<u>930,405</u>	<u>647,578</u>	<u>282,828</u>

Go Topeka, Inc.
Committed/Pending Incentive Offers and Site Expenditures
April 30, 2012

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Totals</u>
Cash:								
Committed - Performance Based:								
Alorica	98,325	90,000	90,000	90,000	90,000	90,000	90,000	638,325
Del Monte	42,000	42,000	42,000	42,000				168,000
Frito-Lay	0	0						0
U.S Foodservice	0							0
LB Steel	71,786	71,786	71,786					215,358
PTMW	161,000	94,500						255,500
Allen Foods	110,334	110,334						220,668
Schendel Pest	18,000	19,800	21,600	21,600	6,000	3,600	1,800	92,400
Home Depot	22,500	130,500						153,000
Goodyear	194,000							194,000
Mars Escrow - Employment Incentive	478,125	637,500	637,500	637,500	159,375			2,550,000
Total Committed - Performance Based	1,196,070	1,196,420	862,886	791,100	255,375	93,600	91,800	4,487,251
Mars Improvements/Training Incentives (A)	818,402	755,556						1,573,958
Total Committed	2,014,472	1,951,976	862,886	791,100	255,375	93,600	91,800	6,061,209
Expected:								
Site Improvements								0
Confidential Pending Cash Incentives	100,000	100,000	100,000	100,000	100,000	100,000	100,000	700,000
Dev. & Maintenance	100,000	100,000	100,000	100,000	100,000	100,000	100,000	700,000
Total Expected	2,114,472	2,051,976	962,886	891,100	355,375	193,600	191,800	6,761,209
Under Consideration:								
Land Acquisitions	4,954,500							4,954,500
Confidential Pending Cash Incentives	0	0	0	0	0	0	0	0
Total Under Consideration	4,954,500	0	0	0	0	0	0	4,954,500
Total Cash	7,068,972	2,051,976	962,886	891,100	355,375	193,600	191,800	11,715,709
Expected:								
Confidential Pending Incentives	0	0	0	0	0	0	0	0
Total Land	0	0	0	0	0	0	0	0

Notes:
(A) Portion of Mars Incentive recorded as a liability on the Statement of Assets, Liabilities & Change in Funds

**GROWTH ORGANIZATION OF TOPEKA /
SHAWNEE COUNTY, INC. - PUBLIC**

**Financial Statements & Accountants'
Compilation Report**

May 31, 2012

Accountants' Compilation Report



MIZE & HOUSER
COMPANY P.A.

Growth Organization of Topeka / Shawnee County, Inc.
120 S.E. 6th – Suite 110
Topeka, Kansas 66603

We have compiled the accompanying financial statements and supplemental information of Growth Organization of Topeka / Shawnee County, Inc.–Public (a division of Growth Organization of Topeka/Shawnee County, Inc.), (Go Topeka), as scheduled below. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide assurance about whether the financial statements are in accordance with the modified cash basis accounting. The budgeted revenue and expense information is presented for supplementary analysis purposes only.

Statement of Assets, Liabilities and Change in Funds–Public – Modified Cash Basis as of
May 31, 2012.

Statement of Income and Expense–Comparison to Budget–Public – Modified Cash Basis
for the one month and five month periods ended May 31, 2012.

Supplemental Schedule of Committed/Pending Incentive Offers and Site Expenditures as of
May 31, 2012.

Management is responsible for the preparation and fair presentation of the financial statements and supplemental schedule prepared in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

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We are not independent with respect to Growth Organization of Topeka / Shawnee County, Inc.–Public.

Mize Houser & Company P.A.

Mize Houser & Company P.A.
Certified Public Accountants

July 26, 2012

BNO:rb:sc
Enclosures

Go Topeka, Inc.
Statement of Assets, Liabilities, &
Change In Funds-Public - Modified Cash Basis
May 31, 2012

Assets

Current Assets		
Cash-Sales Tax		2,458,499
Investments-Reserved for incentive/site improvements		4,523,219
Prepaid Expenses		<u>3,044</u>
Total Current Assets		6,984,762
Other Assets		
Land Held for Development	<u>7,239,424</u>	
Total Other Assets		<u>7,239,424</u>
Total Assets		<u><u>14,224,186</u></u>

Liabilities and Fund Balance

Current Liabilities		
DBE Carryover	201,579	
Incentives Liabilities	1,573,958	
Due To GTCC	<u>57,223</u>	
Total Current Liabilities		1,832,761
Fund Balances		
Opening Fund Balance	9,943,843	
Excess-Current Year	<u>2,447,583</u>	
		<u>12,391,425</u>
Total Liabilities and Fund Balance		<u><u>14,224,186</u></u>

Go Topeka, Inc.
Statement of Income and Expense - Public
Modified Cash Basis
May 31, 2012

	Current Period			Year to Date		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenue						
Sales Tax	1,666,667	416,667	1,250,000	3,333,333	2,083,335	1,249,998
Investment Income	(18)	1,250	(1,268)	1,035	6,250	(5,215)
Investment MV Change	(101)	-	(101)	270	-	270
Other Program Revenue	3,437	8,138	(4,701)	20,498	11,280	9,218
Total Revenues	<u>1,669,985</u>	<u>426,055</u>	<u>1,243,930</u>	<u>3,355,137</u>	<u>2,100,865</u>	<u>1,254,272</u>
Expenses						
Program Expenses						
Business Retention	11,725	15,560	3,835	65,369	87,849	22,480
New Business Attraction	51,439	55,994	4,555	235,186	323,520	88,334
Workforce Development	6,883	10,858	3,975	35,488	54,388	18,900
Government Relations Consultant	1,500	1,500	-	7,564	9,000	1,437
Research & Governmt'l Relations	7,491	9,195	1,705	43,406	50,962	7,556
Entrepreneurial & Minority Bus Dev	29,636	32,263	2,627	135,135	208,533	73,398
Small Business Innovation Center	735	1,424	689	3,645	9,596	5,951
Site/Prospect Support	7,491	7,844	353	35,393	37,820	2,427
* Incentives & Site Expend - Direct	18,486	18,486	-	279,225	279,225	-
* Less: Site Expenditures Capitalized	(2,886)	(2,886)	-	(11,250)	(11,250)	-
Total Program Expenses	<u>132,500</u>	<u>150,238</u>	<u>17,739</u>	<u>829,160</u>	<u>1,049,642</u>	<u>220,482</u>
General & Administrative Expenses	20,308	16,957	(3,351)	78,394	84,785	6,391
Total Expenses	<u>152,807</u>	<u>167,195</u>	<u>14,388</u>	<u>907,554</u>	<u>1,134,427</u>	<u>226,873</u>
Transfer to Visioning	0	0	0	0	60,000	60,000
Revenues over (under) Expenses	<u><u>1,517,177</u></u>	<u><u>258,860</u></u>	<u><u>1,258,317</u></u>	<u><u>2,447,583</u></u>	<u><u>906,438</u></u>	<u><u>1,541,145</u></u>

Go Topeka, Inc.
Committed/Pending Incentive Offers and Site Expenditures
May 31, 2012

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Totals</u>
Cash:								
Committed - Performance Based:								
Alorica	98,325	90,000	90,000	90,000	90,000	90,000	90,000	638,325
Del Monte	42,000	42,000	42,000	42,000				168,000
LB Steel	71,786	71,786	71,786					215,358
PTMW	161,000	94,500						255,500
Allen Foods	110,334	110,334	21,600	21,600	6,000	3,600	1,800	220,668
Schendel Pest	0	19,800						74,400
Home Depot	22,500	130,500						153,000
Goodyear	0	132,000						132,000
Mars Escrow - Employment Incentive	478,125	637,500	637,500	637,500	159,375			2,550,000
Total Committed - Performance Based	984,070	1,328,420	862,886	791,100	255,375	93,600	91,800	4,407,251
Mars Improvements/Training Incentives (A)	818,402	755,556						1,573,958
Total Committed	1,802,472	2,083,976	862,886	791,100	255,375	93,600	91,800	5,981,209
Expected:								
Site Improvements	0							0
Confidential Pending Cash Incentives	0							0
Dev. & Maintenance	100,000	100,000	100,000	100,000	100,000	100,000	100,000	700,000
Total Expected	100,000	100,000	100,000	100,000	100,000	100,000	100,000	700,000
Total Committed and Expected	1,902,472	2,183,976	962,886	891,100	355,375	193,600	191,800	6,681,209
Under Consideration:								
Land Acquisitions	4,954,500	0	0	0	0	0	0	4,954,500
Confidential Pending Cash Incentives	0	0	0	0	0	0	0	0
Total Under Consideration	4,954,500	0	0	0	0	0	0	4,954,500
Total Cash	6,856,972	2,183,976	962,886	891,100	355,375	193,600	191,800	11,635,709
Expected:								
Confidential Pending Incentives	0	0	0	0	0	0	0	0
Total Land	0	0	0	0	0	0	0	0

Notes:
(A) Portion of Mars Incentive recorded as a liability on the Statement of Assets, Liabilities & Change in Funds

**GROWTH ORGANIZATION OF TOPEKA /
SHAWNEE COUNTY, INC. - PUBLIC**

**Financial Statements & Accountants'
Compilation Report**

June 30, 2012

Accountants' Compilation Report



MIZE & HOUSER
& COMPANY P.A.

Growth Organization of Topeka / Shawnee County, Inc.
120 S.E. 6th – Suite 110
Topeka, Kansas 66603

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June 30, 2012.

Statement of Income and Expense–Comparison to Budget–Public – Modified Cash Basis
for the one month and six month periods ended June 30, 2012.

Supplemental Schedule of Committed/Pending Incentive Offers and Site Expenditures as of
June 30, 2012.

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Mize Houser & Company P.A.

Mize Houser & Company P.A.
Certified Public Accountants

August 7, 2012

BNO:rb:sc
Enclosures

Go Topeka, Inc.
Statement of Assets, Liabilities, &
Change In Funds-Public - Modified Cash Basis
June 30, 2012

Assets

Current Assets		
Cash-Sales Tax		3,101,648
Investments-Reserved for incentive/site improvements		4,522,888
Prepaid Expenses		<u>2,609</u>
Total Current Assets		<u>7,627,145</u>
Other Assets		
Land Held for Development	<u>7,241,656</u>	
Total Other Assets		<u>7,241,656</u>
Total Assets		<u><u>14,868,801</u></u>

Liabilities and Fund Balance

Current Liabilities		
DBE Carryover	201,579	
Other	100,000	
Incentives Liabilities	1,733,333	
Due To GTCC	<u>-18,768</u>	
Total Current Liabilities		2,016,144
Fund Balances		
Opening Fund Balance	9,943,843	
Excess-Current Year	<u>2,908,814</u>	
Total Liabilities and Fund Balance		<u><u>14,868,801</u></u>

Go Topeka, Inc.
Statement of Income and Expense - Public
Modified Cash Basis
June 30, 2012

	Current Period			Year to Date		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenue						
Sales Tax	833,333	416,667	416,666	4,166,667	2,500,002	1,666,665
Investment Income	(68)	1,250	(1,318)	967	7,500	(6,533)
Investment MV Change	(58)	-	(58)	213	-	213
Other Program Revenue	1,462	875	587	21,960	12,155	9,805
Total Revenues	<u>834,670</u>	<u>418,792</u>	<u>415,878</u>	<u>4,189,807</u>	<u>2,519,657</u>	<u>1,670,150</u>
Expenses						
Program Expenses						
Business Retention	13,923	20,090	6,167	79,292	107,939	28,647
New Business Attraction	87,776	90,944	3,168	322,961	414,463	91,502
Workforce Development	6,586	10,983	4,397	42,074	65,371	23,296
Government Relations Consultant	1,500	2,000	500	9,064	11,000	1,937
Research & Governmt'l Relations	7,710	12,695	4,986	51,115	63,658	12,542
Entrepreneurial & Minority Bus Dev	18,705	87,012	68,307	153,840	295,545	141,704
Small Business Innovation Center	735	4,451	3,716	4,380	14,047	9,667
Site/Prospect Support	2,150	9,044	6,894	37,543	46,864	9,321
* Incentives & Site Expend - Direct	223,607	223,607	-	502,832	502,832	-
* Less: Site Expenditures Capitalized	(2,232)	(2,232)	-	(13,482)	(13,482)	-
Total Program Expenses	<u>360,459</u>	<u>458,594</u>	<u>98,134</u>	<u>1,189,619</u>	<u>1,508,236</u>	<u>318,616</u>
General & Administrative Expenses	12,979	16,957	3,978	91,373	101,743	10,370
Total Expenses	<u>373,438</u>	<u>475,551</u>	<u>102,113</u>	<u>1,280,992</u>	<u>1,609,978</u>	<u>328,986</u>
Transfer to Visioning	0	0	0	0	60,000	60,000
Revenues over (under) Expenses	<u>461,232</u>	<u>(56,759)</u>	<u>517,990</u>	<u>2,908,815</u>	<u>849,679</u>	<u>2,059,136</u>

Go Topeka, Inc.
Committed/Pending Incentive Offers and Site Expenditures
June 30, 2012

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Totals</u>
Cash:								
Committed - Performance Based:								
Alorica	98,325	90,000	90,000	90,000	90,000	90,000	90,000	638,325
Del Monte	42,000	42,000	42,000	42,000				168,000
LB Steel	71,786	71,786	71,786					215,358
PTMW	161,000	94,500						255,500
Allen Foods	110,334	110,334						220,668
Schendel Pest	0	19,800	21,600	21,600	6,000	3,600	1,800	74,400
Home Depot	0	153,000						153,000
Goodyear	0	132,000						132,000
Mars Escrow - Employment Incentive	318,750	637,500	637,500	637,500	159,375			2,390,625
Total Committed - Performance Based	802,195	1,350,920	862,886	791,100	255,375	93,600	91,800	4,247,876
Mars Improvements/Training Incentives (A)	977,777	755,556						1,733,333
Total Committed	1,779,972	2,106,476	862,886	791,100	255,375	93,600	91,800	5,981,209
Expected:								
Site Improvements	0							0
Confidential Pending Cash Incentives	0							0
Dev. & Maintenance	100,000	100,000	100,000	100,000	100,000	100,000	100,000	700,000
Total Expected	100,000	100,000	100,000	100,000	100,000	100,000	100,000	700,000
Total Committed and Expected	1,879,972	2,206,476	962,886	891,100	355,375	193,600	191,800	6,681,209
Under Consideration:								
Land Acquisitions	4,954,500							4,954,500
Confidential Pending Cash Incentives	0	0	0	0	0	0	0	0
Total Under Consideration	4,954,500	0	0	0	0	0	0	4,954,500
Total Cash	6,834,472	2,206,476	962,886	891,100	355,375	193,600	191,800	11,635,709
Expected:								
Confidential Pending Incentives	0	0	0	0	0	0	0	0
Total Land	0	0	0	0	0	0	0	0

Notes:

(A) Portion of Mars Incentive recorded as a liability on the Statement of Assets, Liabilities & Change in Funds

See Accountants' Compilation Report



Mayer Hoffman McCann P.C.

An Independent CPA Firm

990 SW Fairlawn Road
Topeka, Kansas 66606-2384
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785-272-2903 fx
www.mhm-pc.com

May 4, 2012

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

We have audited the financial statements of the Growth Organization of Topeka/Shawnee County, Inc. for the year ended December 31, 2011 and have issued our report thereon dated May 4, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated October 31, 2011. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT FINDINGS FROM THE AUDIT

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Growth Organization of Topeka/Shawnee County, Inc. are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the salvage values and useful lives of fixed assets is based on information, judgment and experience. We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.



Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 4, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Growth Organization of Topeka/Shawnee County, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Mayer Hoffman McCann P.C." is positioned below the "Very truly yours," text.

Mayer Hoffman McCann P.C.

**GROWTH ORGANIZATION
OF TOPEKA/SHAWNEE COUNTY, INC.**

Financial Statements

December 31, 2011 and 2010

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Financial Statements
December 31, 2011 and 2010

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Mayer Hoffman McCann P.C.

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Independent Auditors' Report

Board of Directors
Growth Organization of Topeka/Shawnee County, Inc.
Topeka, Kansas

We have audited the statements of financial position of the Growth Organization of Topeka/Shawnee County, Inc. as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Growth Organization of Topeka/Shawnee County, Inc. as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Mayer Hoffman McCann P.C.

Mayer Hoffman McCann P.C.
Topeka, Kansas
May 4, 2012

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Statements of Financial Position
December 31,

Assets

	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 1,125,387	\$ 2,071,571
Investments	6,443,158	7,642,763
Accrued interest receivable		5,000
Prepaid expenses	<u>86,661</u>	<u>98,099</u>
Total current assets	<u>7,655,206</u>	<u>9,817,433</u>
Property and equipment:		
Equipment	157,778	156,349
Leasehold improvements	<u>6,320</u>	<u>6,320</u>
Total property and equipment	164,098	162,669
Less accumulated depreciation	<u>(117,789)</u>	<u>(105,842)</u>
Net property and equipment	<u>46,309</u>	<u>56,827</u>
Other assets:		
Land held for economic development	<u>7,241,833</u>	<u>8,444,081</u>
Total other assets	<u>7,241,833</u>	<u>8,444,081</u>
 Total assets	 <u>\$14,943,348</u>	 <u>\$18,318,341</u>

Liabilities and Net Assets

Current liabilities:		
Deferred revenue	\$ -	\$ 5,100
Deferred JEDO grant revenue	2,984,117	8,727,718
Due to Greater Topeka Chamber of Commerce	101,253	
Due to Governor's Military Council agency fund	223,323	209,674
Improvement and training incentives	<u>2,739,108</u>	
Total current liabilities	<u>6,047,801</u>	<u>8,942,492</u>
Long-term liabilities:		
Improvement and training incentives	<u>755,555</u>	<u>-</u>
Net assets:		
Undesignated and unrestricted	898,159	931,768
Board designated	<u>7,241,833</u>	<u>8,444,081</u>
Total net assets	<u>8,139,992</u>	<u>9,375,849</u>
 Total liabilities and net assets	 <u>\$14,943,348</u>	 <u>\$18,318,341</u>

The accompanying notes are an integral part of these financial statements

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Statements of Activities
Years Ended December 31,

	<u>2011</u>	<u>2010</u>
Revenue:		
JEDO grant	\$10,326,934	\$ 6,900,848
Private contributions	341,154	366,203
Small business awards	13,333	8,841
Investment income and change in market value	(233)	32,519
Other	<u>16,039</u>	<u>78,030</u>
Total revenue	<u>10,697,227</u>	<u>7,386,441</u>
Expenses:		
Program expenses:		
Economic development	<u>11,691,991</u>	<u>3,463,729</u>
Total program expenses	<u>11,691,991</u>	<u>3,463,729</u>
Support services expenses:		
General and administrative	<u>241,093</u>	<u>209,660</u>
Total support expenses	<u>241,093</u>	<u>209,660</u>
Total program and support expenses	<u>11,933,084</u>	<u>3,673,389</u>
Change in net assets	(1,235,857)	3,713,052
Net assets at beginning of year	<u>9,375,849</u>	<u>5,662,797</u>
Net assets at end of year	<u>\$ 8,139,992</u>	<u>\$ 9,375,849</u>

The accompanying notes are an integral part of these financial statements

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Statements of Cash Flows
Years Ended December 31,

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Contributions, grants and other support	\$ 4,950,194	\$ 5,427,674
Cash paid for personnel, vendors and suppliers	(2,705,838)	(2,998,400)
Cash incentives paid	(2,620,622)	(536,935)
Interest received	<u>7,406</u>	<u>55,650</u>
Net cash (used in) provided by operating activities	<u>(368,860)</u>	<u>1,947,989</u>
Cash flows from investing activities:		
Purchase of investments	(12,735,183)	(18,031,929)
Proceeds from sale of investments	13,930,714	17,987,197
Investment in land for economic development	(1,756,872)	(3,865,005)
Purchase of property and equipment	<u>(15,983)</u>	<u>(7,336)</u>
Net cash used in investing activities	<u>(577,324)</u>	<u>(3,917,073)</u>
Net decrease in cash	(946,184)	(1,969,084)
Cash and cash equivalents at beginning of year	<u>2,071,571</u>	<u>4,040,655</u>
Cash and cash equivalents at end of year	<u>\$ 1,125,387</u>	<u>\$ 2,071,571</u>
Reconciliation of change in net assets to net cash (used in) provided by operating activities:		
Change in net assets	\$ <u>(1,235,857)</u>	\$ <u>3,713,052</u>
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Land incentives and improvements expensed	2,959,120	239,710
Depreciation	26,501	19,813
Change in market value of investments	4,074	2,631
Change in accrued interest receivable	5,000	16,000
Change in prepaid expenses	11,438	21,455
Change in due to/from Greater Topeka Chamber of Commerce	101,253	(88,071)
Change in deferred revenue	(5,100)	(20,900)
Change in deferred JEDO grant revenue	(5,743,601)	(1,900,848)
Change in due to Governor's Strategic Military Planning Commission	13,649	(54,853)
Change in improvement and training incentives payable	<u>3,494,663</u>	<u> </u>
Total adjustments	<u>866,997</u>	<u>(1,765,063)</u>
Net cash (used in) provided by operating activities	<u>\$ (368,860)</u>	<u>\$ 1,947,989</u>

The accompanying notes are an integral part of these financial statements

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Notes to Financial Statements December 31, 2011 and 2010

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.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the accompanying financial statements.

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent the portion of funds available to support of the Organization's operations.

Temporarily restricted and permanently restricted net assets represent funds that are subject to donor restrictions, if any.

Investments

Investments consist of U.S. government securities, money market funds, certificates of deposit, and U.S. government securities. Investments are stated at fair value. Realized and unrealized gains and losses, dividends and interest on investments is 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.

Property and Equipment

The Organization capitalizes all expenditures in excess of \$2,000 for property and equipment at cost. Depreciation is determined on the straight-line basis, with estimated useful lives as follows:

Equipment	3 - 5 years
Leasehold improvements	5-10 years

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

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Notes to Financial Statements December 31, 2011 and 2010

2. Summary of Significant Accounting Policies (continued)

Management annually reviews property and equipment to determine whether carrying values have been impaired.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code, is exempt from federal income taxes pursuant to Section 501(a) of the Code, and has been classified as other than a private foundation.

The Organization's present accounting policy for the evaluation of uncertain tax positions is to review those positions on an annual basis. A liability would be recorded in the financial statements during the period which, based on all available evidence, management believes it is more likely than not that the tax position would not be sustained upon examination by taxing authorities and the liability would be incurred by the Organization.

The Organization files income tax returns in the U.S. federal and Kansas jurisdictions. The Organization is generally no longer subject to federal and state income tax examinations by taxing authorities for years before 2008. There are currently no examinations of the Organization's income tax returns in progress.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and services benefited.

Cash Defined For Statement 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.

Management Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash

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

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Notes to Financial Statements
December 31, 2011 and 2010

4. Investments and fair value

Investments consist of the following at December 31.

	<u>2011</u>	<u>2010</u>
U.S. government securities money market funds	\$ 3,541,791	\$ 1,437,141
Certificates of deposit	1,701,367	1,899,985
U.S. government securities	<u>1,200,000</u>	<u>4,305,637</u>
Total investments	<u>\$6,443,158</u>	<u>\$ 7,642,763</u>

Financial reporting standards establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The following table summarizes the best valuation of financial instruments by the above pricing levels as of December 31, 2011:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury bills	\$ 1,200,000	\$ -	\$1,200,000	\$ -
Money market funds	<u>3,541,791</u>	<u>3,541,791</u>	-	-
Total	<u>\$ 4,741,791</u>	<u>\$ 3,541,791</u>	<u>\$1,200,000</u>	<u>\$ -</u>

The following table summarizes the best valuation of financial instruments by the above pricing levels as of December 31, 2010:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury bills	\$ 1,998,440	\$ -	\$1,998,440	\$ -
Money market funds	1,437,141	1,437,141	-	-
U.S. Treasury bonds and notes	<u>2,307,197</u>	-	<u>2,307,197</u>	-
Total	<u>\$ 5,742,778</u>	<u>\$ 1,437,141</u>	<u>\$4,305,637</u>	<u>\$ -</u>

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Notes to Financial Statements

December 31, 2011 and 2010

4. Investments and fair value (continued)

The fair value of the money market funds is based on the carrying value of the accounts due to their short maturity, high liquidity and low risk of default. U.S. treasury bills, bonds and notes are valued using proprietary valuation models incorporating live data from active market makers and inter-dealer brokers as reported on electronic communication network. The valuation models incorporate benchmark yields, reported trades, broker/dealer quotes, bids, offers and other data.

5. 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 Organization has the right to transfer the land to companies for economic development. As of December 31, 2011 and 2010, \$7,241,833 and \$8,444,081 of land was held for transfer to third parties for development. The Organization has the option to purchase an additional 609 acres at the Kanza Fire Park location, at prices ranging from \$6,000 – \$8,000 per acre.

Land held for economic development is a board designated net asset.

6. Agency Funds

The Organization acts as an agent on behalf of the Governor's Military Council. Cash held on behalf of the Governor's Military Council is classified as both cash and a corresponding liability.

7. Related Party Transactions

The Greater Topeka Chamber of Commerce furnishes to the Organization certain services and resources, including personnel. Amounts billed to the Organization for reimbursement of such services and resources for the years ended December 31, 2011 and 2010 were approximately \$848,000 and \$884,000, respectively. At December 31, 2011 and 2010, the Organization owed the Greater Topeka Chamber of Commerce \$101,253 and \$0, respectively, under this reimbursement arrangement.

The Organization also makes lease payments based on its proportionate share of space under a lease agreement between Security National Properties and the Greater Topeka Chamber of Commerce. Total lease expense for the years ended December 31, 2011 and 2010 was \$76,444 and \$78,405, respectively.

8. JEDO Grant

JEDO is a separate legal entity authorized by Kansas Statute 12-2904(a) which was created by an interlocal agreement between the Board of Commissioners of Shawnee County and the City of Topeka. The Organization has an agreement with JEDO that provides for a grant to the Organization for the purpose of providing economic development services, including research, target marketing, existing business retention and expansion, new business recruitment, minority and women-owned businesses, infrastructure development, site acquisition and development, incentive funds, workforce training and expansion, and other such activities deemed necessary and appropriate. The term of the agreement is for one year and can be extended for successive periods of one year each unless either party terminates the agreement.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Notes to Financial Statements
December 31, 2011 and 2010

8. **JEDO Grant** (continued)

JEDO approved the carryover of the 2011 and 2010 unexpended grant funds. This carryover is included in the deferred JEDO grant revenue at December 31, 2011 and 2010, and includes approximately \$202,000 and \$391,000 for the minority and women-owned business program at December 31, 2011 and 2010.

9. **Concentrations and Major Customers**

The Organization received 97% and 94% of their total revenue from a grant with the Joint Economic Development Organization (JEDO) for the years ended December 31, 2011 and 2010, respectively. In the event this grant was discontinued, the activities of the Organization would be curtailed accordingly.

10. **401(k) Retirement Plan**

The Organization established a 401(k) retirement plan through a common paymaster agreement with the Greater Topeka Chamber of Commerce in which eligibility is reached when an employee has 1,000 hours of services, is age 21, and has completed 12 months of service. The 401(k) retirement plan is sponsored by the American Chamber of Commerce Executives.

Contributions to the retirement plan are an amount equal to 7% of an employee's total annual earnings. The employees may contribute up to 15% of their annual earnings with no minimum contribution required. Employer contributions are vested at a rate of 20% for two years of service to 100% for six years of service.

The Organization's contributions to the 401(k) retirement plan were \$36,620 and \$43,640 for the years ended December 31, 2011 and 2010.

11. **Incentives**

For the years ended December 31, 2011 and 2010, the Organization paid cash incentives totaling \$2,620,620 and \$536,935 to various organizations. These incentives are paid under agreements covering several years and generally requiring maintenance of employment levels and other obligations. In addition, the Organization provided land incentives and improvements at Kanza Fire Commerce Park with costs of \$2,959,120 in 2011 and at Central Crossing Commerce Park with costs of \$239,710 in 2010.

At December 31, 2011, the Organization has outstanding incentive commitments to various companies expected to be payable as follows:

2012	\$4,436,969
Thereafter	<u>3,916,237</u>
	<u>\$8,353,206</u>

Included in the above incentive commitments, are incentives related to land improvements and training, which are not contingent upon the maintenance of employment levels, have been accrued on the Statement of Financial Position in the amount of \$3,494,663 as of December 31, 2011.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Notes to Financial Statements
December 31, 2011 and 2010

12. Subsequent Events

The Organization has evaluated subsequent events through May 4, 2012, the date which the financial statements were available to be issued.