



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B56972

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa


June 28, 2021

Board of Directors
Grant County Economic Growth Council, Inc.
301 South Adams Street
Marion, IN 46952

We have reviewed the audit report of Grant County Economic Growth Council, Inc., which was opined upon by Dulin, Ward & DeWald, Inc., Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Grant County Economic Growth Council, Inc. as of December 31, 2020 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Dulin, Ward & DeWald, Inc. prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

**GRANT COUNTY ECONOMIC
GROWTH COUNCIL, INC.**

FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

TABLE OF CONTENTS

	PAGE NO.
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses.....	6
Statements of Cash Flows	8
Notes to Financial Statements.....	9



INDEPENDENT AUDITORS' REPORT

Board of Directors
Grant County Economic Growth Council, Inc.
Marion, Indiana

We have audited the accompanying financial statements of Grant County Economic Growth Council, Inc. (a nonprofit organization) which comprise the statements 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 of 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 misstatements 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 no 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.

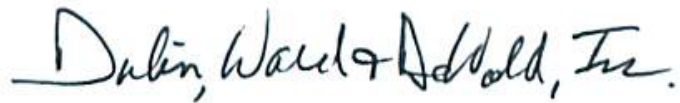
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grant County Economic Growth Council, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2019 financial statements were reviewed by us and our report thereon, dated March 3, 2020, stated that we were not aware of any material modifications that should be made to those statements for them to be in conformity with generally accepted accounting principles. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

A handwritten signature in black ink that reads "Dublin, Ward & Adold, Inc." The signature is written in a cursive, flowing style.

Fort Wayne, Indiana
April 26, 2021

GRANT COUNTY ECONOMIC GROWTH COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020	2019
	(Audited)	(Unaudited)
ASSETS		
Cash and cash equivalents - operating	\$ 126,041	\$ 58,100
Accounts receivable	2,295	3,413
Contribution receivable	90,000	-
Programmatic loans receivable:		
Revolving loan fund	78,797	33,056
COVID-19 revolving loan fund - net allowance of \$30,000 (2020)	45,749	-
Grants for Grads	1,500	-
Prepaid expenses	2,598	1,501
Deposits	550	550
Office equipment - net of accumulated depreciation of \$45,403 (2020) and \$48,915 (2019)	8,338	11,725
Land	95,499	95,499
Net investment in direct financing lease	10,390,000	10,725,000
Cash and cash equivalents - revolving loan fund	47,525	157,383
Beneficial interest	85,824	78,592
	\$10,974,716	\$11,164,819
	\$10,974,716	\$11,164,819
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 6,001	\$ 1,250
Accrued liabilities	515	917
Note payable - City of Marion	10,390,000	10,725,000
	10,396,516	10,727,167
	10,396,516	10,727,167
Net Assets:		
Without donor restrictions	287,129	248,214
With donor restrictions	291,071	189,438
	578,200	437,652
	578,200	437,652
Total Net Assets	\$10,974,716	\$11,164,819
Total Liabilities and Net Assets	\$10,974,716	\$11,164,819

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

GRANT COUNTY ECONOMIC GROWTH COUNCIL, INC.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total (Audited)	Without Donor Restrictions	With Donor Restrictions	2019 Total (Unaudited)
Operating Support, Revenues and Gains:						
Private contributions	\$ 95,150	\$ 20,000	\$ 115,150	\$ 130,250	\$ -	\$ 130,250
Government grants	110,000	90,000	200,000	40,000	-	40,000
EDIT income	118,539	-	118,539	113,967	-	113,967
Special projects	37,150	-	37,150	6,859	-	6,859
Other income	10,400	-	10,400	30	-	30
Luncheons/dinners	5,740	-	5,740	6,740	-	6,740
Less direct benefit	(1,091)	-	(1,091)	(4,949)	-	(4,949)
Rental income	15,882	-	15,882	15,880	-	15,880
Investment income - net	1,246	2,958	4,204	2,094	2,026	4,120
Gain on beneficial interest	6,113	-	6,113	8,340	-	8,340
Net Assets Released From Restrictions	<u>11,325</u>	<u>(11,325)</u>	<u>-</u>	<u>4,800</u>	<u>(4,800)</u>	<u>-</u>
Total Operating Support, Revenues and Gains	410,454	101,633	512,087	324,011	(2,774)	321,237
Operating Expenses:						
Program services	305,613	-	305,613	277,274	-	277,274
Supporting services:						
Management and general	50,232	-	50,232	52,980	-	52,980
Fundraising	15,694	-	15,694	18,746	-	18,746
Total Operating Expenses	<u>371,539</u>	<u>-</u>	<u>371,539</u>	<u>349,000</u>	<u>-</u>	<u>349,000</u>
Excess (Deficiency) of Operating Support over Operating Expenses	38,915	101,633	140,548	(24,989)	(2,774)	(27,763)

(continued)

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

GRANT COUNTY ECONOMIC GROWTH COUNCIL, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total (Audited)	Without Donor Restrictions	With Donor Restrictions	2019 Total (Unaudited)
(continued)						
Non-Operating Revenue and (Expenses)						
Redevelopment:						
Interest income	\$ 576,440	\$ -	\$ 576,440	\$ 594,321	\$ -	\$ 594,321
Interest expense	<u>(576,440)</u>	<u>-</u>	<u>(576,440)</u>	<u>(594,321)</u>	<u>-</u>	<u>(594,321)</u>
CHANGE IN NET ASSETS	38,915	101,633	140,548	(24,989)	(2,774)	(27,763)
NET ASSETS - beginning of year	<u>248,214</u>	<u>189,438</u>	<u>437,652</u>	<u>273,203</u>	<u>192,212</u>	<u>465,415</u>
NET ASSETS - end of year	<u><u>\$ 287,129</u></u>	<u><u>\$ 291,071</u></u>	<u><u>\$ 578,200</u></u>	<u><u>\$ 248,214</u></u>	<u><u>\$ 189,438</u></u>	<u><u>\$ 437,652</u></u>

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

GRANT COUNTY ECONOMIC GROWTH COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Program	Management and General	Fundraising	Total (Audited)
Salaries	\$ 106,021	\$ 24,592	\$ 11,312	\$ 141,925
Employee benefits	2,907	674	310	3,891
Payroll taxes	8,245	1,912	880	11,037
Total Salaries and Related Expenses	117,173	27,178	12,502	156,853
Professional fees	63,268	16,114	-	79,382
Bad debts	39,850	-	-	39,850
Special projects	24,302	-	-	24,302
Occupancy	11,505	2,668	1,227	15,400
Travel and promotion	13,887	-	-	13,887
Dues and subscriptions	8,136	-	-	8,136
Telephone and internet service	5,565	1,291	594	7,450
Insurance	4,335	1,005	462	5,802
Marketing	4,109	953	438	5,500
Printing and office expense	5,095	-	-	5,095
Meetings	2,700	-	-	2,700
Advertising and direct mail	1,117	-	-	1,117
Miscellaneous expense	792	170	78	1,040
Memorials	100	-	-	100
Total Expenses Before Depreciation	301,934	49,379	15,301	366,614
Depreciation	3,679	853	393	4,925
Functional Expenses - Operating per Statement of Activities	305,613	50,232	15,694	371,539
Expenses included in non-operating revenue and expenses - redevelopment:				
Interest expense	576,440	-	-	576,440
Expenses included in support, revenue and gains:				
Direct benefit	1,091	-	-	1,091
Total Functional Expenses	\$ 883,144	\$ 50,232	\$ 15,694	\$ 949,070

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

GRANT COUNTY ECONOMIC GROWTH COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Program	Management and General	Fundraising	Total (Unaudited)
Salaries	\$ 132,387	\$ 29,055	\$ 13,613	\$ 175,055
Employee benefits	3,884	852	399	5,135
Payroll taxes	10,322	2,265	1,061	13,648
Total Salaries and Related Expenses	146,593	32,172	15,073	193,838
Professional fees	17,148	12,967	-	30,115
Bad debts	450	-	-	450
Special projects	10,845	-	-	10,845
Occupancy	12,055	2,645	1,239	15,939
Travel and promotion	35,270	-	-	35,270
Dues and subscriptions	6,230	-	-	6,230
Telephone and internet service	7,887	1,731	811	10,429
Insurance	4,465	980	459	5,904
Marketing	3,781	830	389	5,000
Printing and office expense	2,907	638	299	3,844
Meetings	2,950	-	-	2,950
Advertising and direct mail	8,700	-	-	8,700
Miscellaneous expense	518	114	53	685
Grants	13,360	-	-	13,360
Total Expenses Before Depreciation	273,159	52,077	18,323	343,559
Depreciation	4,115	903	423	5,441
Functional Expenses - Operating per Statement of Activities	277,274	52,980	18,746	349,000
Expenses included in non-operating revenue and expenses - redevelopment:				
Interest expense	594,321	-	-	594,321
Expenses included in support, revenue and gains:				
Direct benefit	4,949	-	-	4,949
Total Functional Expenses	<u>\$ 876,544</u>	<u>\$ 52,980</u>	<u>\$ 18,746</u>	<u>\$ 948,270</u>

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

GRANT COUNTY ECONOMIC GROWTH COUNCIL, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
	(Audited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash contributions, grants and income	\$ 420,291	\$ 325,149
Cash received from programmatic investments	21,461	14,386
Cash paid to employees for wages and benefits	(157,255)	(193,860)
Cash paid out on programmatic investments	(152,500)	-
Cash paid to vendors for goods and services	<u>(172,376)</u>	<u>(171,618)</u>
Cash Flows from Operating Activities	(40,379)	(25,943)
CASH FLOWS FROM NON-OPERATING REDEVELOPMENT ACTIVITIES		
Cash received from lessee - interest portion	576,440	594,321
Cash paid on note payable City of Marion - interest portion	<u>(576,440)</u>	<u>(594,321)</u>
Cash Flows from Non-Operating Redevelopment Activity	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of office equipment	(1,538)	-
Cash received from lessee - principal portion	<u>335,000</u>	<u>320,000</u>
Cash Flows From Investing Activities	<u>333,462</u>	<u>320,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid on note payable City of Marion - principal portion	<u>(335,000)</u>	<u>(320,000)</u>
Cash Flows From Financing Activities	<u>(335,000)</u>	<u>(320,000)</u>
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(41,917)	(25,943)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - beginning of year	<u>215,483</u>	<u>241,426</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - end of year	<u>\$ 173,566</u>	<u>\$ 215,483</u>

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

GRANT COUNTY ECONOMIC GROWTH COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Grant County Economic Growth Council, Inc. (Council) was incorporated as a not-for-profit organization in April 1984 under the laws of the State of Indiana. The Council's mission is to promote a vibrant sustainable economy that attracts and empowers business growth and innovation. The Council serves as champions of collaboration and opportunity, leading the charge to make Grant County one of the best places to live, learn and work.

Measure of Operations

The statement of activities reports the changes in net assets, including changes in net assets from operating and nonoperating activities. Nonoperating activities reflect redevelopment activity on behalf of the City of Marion (see Notes 13 and 14.) All other activity is classified as operating activities.

Taxes

The Council is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Recent Accounting Guidance

During 2019 the Council adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Council's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Council recognizes revenue, and therefore, no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosure of revenue have been enhanced in accordance with the standard.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

During 2019 the Council also adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Council's financial reporting. There is no effect on net assets in connection with the implementation of ASU 2018-08.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Council considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Receivables

If considered necessary, the Council provides an allowance for doubtful receivables which is based on management's estimate of losses that will be incurred in the collection of all receivables.

Programmatic Loans Receivable

Programmatic loans receivable are stated at the amount of unpaid principal, less an allowance for loan losses, if applicable. Interest is calculated by using the simple interest method on the principal amount outstanding.

If considered necessary, an allowance for losses on loans receivable is maintained at a level considered adequate to absorb potential loan losses determined on the basis of management's review and evaluation of the loans and its judgment as to the impact of current economic conditions on the loans. The evaluation includes consideration of past loan loss experience and the current volume and condition of loans outstanding. Recognized losses are charged to the allowance and subsequent recoveries are added.

Office Equipment

Office equipment is stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation. The Council follows the policy of providing depreciation on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets. All items with a cost in excess of \$1,000 and a useful life in excess of three years are capitalized.

Reclassification

Certain reclassifications have been made to conform prior year's financial statements to current presentation. The reclassification had no effect on previously reported operating results.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

Net Asset Classifications

Net assets without donor restrictions are available for use at the discretion of the Council's management and the board of directors. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at managements discretion.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Council reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. If a donor restriction is satisfied in the period the gift is received, the support is reported as net assets without donor restrictions.

Revenue and Revenue Recognition

The Council recognizes contributions, government grants, EDIT income and special projects income as public support when cash, other assets or an unconditional promise or award is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributed property and equipment are recorded at fair value at the date of donation.

The Council recognizes revenue from luncheon/dinner fees at the time of admission.

Other income is recognized a revenue when received.

Functional Expense Allocations

The costs of providing program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All allowable direct costs are charged directly to programs. All allowable joint or shared costs are allocated individually using a base most appropriate to the cost being allocated.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

Salaries and related expenses are allocated based on time spent on program or supporting services. Occupancy, telephone, insurance, depreciation, marketing and certain other miscellaneous expenses are allocated based on the salaries allocations.

Advertising

Advertising costs are charged to operations when incurred.

Subsequent Events

Management has evaluated subsequent events through April 26, 2021 the date which the financial statements were available for issue.

2. PROGRAMMATIC LOANS RECEIVABLE

Programmatic loans receivable are made up of the following:

Revolving Loan Fund – The revolving loan fund provides alternate financing options to local entrepreneurs in Grant County. The Council’s revolving loan fund currently has five loans outstanding. The average face value of these loans is \$24,000 with the average carrying amount of \$15,760. Revolving loan fund loans receivable totaled \$78,797 at December 31, 2020 and \$33,056 at December 31, 2019 and are due from companies located in Grant County, Indiana. Interest rates range from 4.5% to 6.25%, with maturity dates through 2027.

COVID-19 Revolving Loan Fund – The COVID-19 revolving loan fund was established to provide immediate financial assistance to Grant County businesses economically affected by the pandemic. These loans helped to offset costs associated with lost revenue, bills, or transitions to remote work. The Council’s COVID-19 revolving loan fund currently has eleven loans outstanding. The average face value of these loans is \$6,909 with the average carrying amount of \$6,886. COVID-19 revolving loan fund loans receivable totaled \$45,749 at December 31, 2020 after an allowance for loan losses of \$30,000 and are due from companies located in Grant County, Indiana. Interest rates are 3.0% with maturity dates through 2022.

Grants for Grads – Grants for Grads offers down payment assistance toward purchasing a house in Grant County to individuals wishing to relocate to Grant County after finishing their post-secondary education. Grants for Grads will provide up to \$7,500 per grant and currently has one loan outstanding. The average face value of this loan is \$1,500 with the average carrying amount of \$1,500. Grants for Grads loans receivable totaled \$1,500 at December 31, 2020 and is due from an individual located in Grant County, Indiana. The loan is non-interest bearing and will be forgiven if the recipient maintains the property for five years. Forgiveness occurs at 20% per year over five years.

3. STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

	2020	2019
Cash and cash equivalents - operating	\$ 126,041	\$ 58,100
Cash and cash equivalents – revolving loan fund	<u>47,525</u>	<u>157,383</u>
Total cash, cash equivalents and restricted cash	<u>\$ 173,566</u>	<u>\$ 215,483</u>

4. RETIREMENT PLAN

The Council has a SIMPLE IRA retirement plan. Contributions to the plan are made at a 3% match for all employees who are eligible and participate in the plan. Employee benefit expense under this plan totaled \$3,891 in 2020 and \$5,135 in 2019.

5. BENEFICIAL INTEREST

The beneficial interest of \$85,824 at December 31, 2020 and \$78,592 at December 31, 2019 consists of funds held by the Grant County Community Foundation (Foundation) which are the result of an agreement whereby the Council transferred assets to the Foundation and specified itself as the beneficiary of those assets. The Council may draw up to a certain percent of the value of the assets each year, but may only obtain a return of the full value of the assets upon consent of the Foundation.

Additionally, the Foundation holds investment assets, with a value of \$93,391 at December 31, 2020 and \$85,520 at December 31, 2019, for the benefit of the Council for which it has retained variance power. These investments are not recorded as assets of the Council.

6. CONTRIBUTION RECEIVABLE

The pledge receivable is due within one year.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1. Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2. Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets or quoted market prices for identical assets or liabilities in inactive markets.

Level 3. Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

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

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Beneficial Interest. Value based upon the Council's proportionate share of the Grant County Community Foundation's pooled investment portfolio.

Fair value of assets and liabilities measured on a recurring basis at December 31 are as follows:

	2020	2019
Beneficial interest – Level 3	\$ 85,824	\$ 78,592

Following is the reconciliation of activity for assets measured at fair value based on significant unobservable inputs (Level 3) for the year ending December 31:

(continued)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	2020	2019
Balance – beginning of year	\$ 78,592	\$ 68,848
Contributions	-	-
Total gains and losses included in changes in net assets:		
Interest and dividends	2,204	2,633
Investment fees	<u>(1,085)</u>	<u>(1,229)</u>
Investment income – net	1,119	1,404
Unrealized gain (loss)	6,444	8,240
Realized gain (loss)	<u>(331)</u>	<u>100</u>
Gain (loss) on beneficial interest	<u>6,113</u>	<u>8,340</u>
Balance – end of year	<u>\$ 85,824</u>	<u>\$ 78,592</u>

8. NET ASSETS

Net assets with donor restrictions as of December 31 are restricted as follows:

	2020	2019
Revolving loan fund to be maintained for future use	<u>\$ 291,071</u>	<u>\$ 189,438</u>

Net assets released from net assets with donor restrictions are as follows:

	2020	2019
Time requirements	<u>\$ 11,325</u>	<u>\$ 4,800</u>

(continued)

8. NET ASSETS (continued)

Net assets without donor restrictions are as follows:

	2020	2019
Undesignated	\$ 201,305	\$ 169,622
Board designated endowment fund	<u>85,824</u>	<u>78,592</u>
	<u>\$ 287,129</u>	<u>\$ 248,214</u>

9. ENDOWMENT

The Council has currently invested its board designated endowment fund at the Grant County Community Foundation. The endowment has been established to support the activities of the Council. Net assets associated with the endowment fund, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Council has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council retains in perpetuity (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund not retained in perpetuity is subject to appropriation for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Council and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Council
- (7) The investment policies of the Council

(continued)

9. **ENDOWMENT** (continued)

Endowment Net Asset Composition by Type of Fund as of December 31:

	2020	2019
Net assets without donor restrictions:		
Board designated endowment fund	\$ 85,824	\$ 78,592

Changes in Endowment Net Assets for the Year Ended December 31:

	2020	2019
Net assets without donor restrictions:		
Endowment net assets – January 1	\$ 78,592	\$ 68,848
Contributions	-	-
Investment return	7,232	9,744
Appropriations	<u>-</u>	<u>-</u>
Endowment net assets – December 31	<u>\$ 85,824</u>	<u>\$ 78,592</u>

Return Objectives and Risk Parameters

The Council has adopted investment and spending policies for endowment assets that attempt to preserve the principal in terms of its purchasing power so the fund will be able to serve the Council’s needs over the long term; produce sufficient income to meet the needs of the Council; and provide long-term growth in assets as may be fairly balanced by the need for reasonable income and investment risk. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve satisfactory investment returns while gaining the risk control of diversification.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, donor-restricted and board designated endowment funds have currently been transferred to the Grant County Community Foundation for investment and management.

Spending Policy and How the Investment Objectives Relate to Spending Policy

In accordance with the agreement with the Grant County Community Foundation, the Council may draw up to 6% of the value of the assets each year.

10. OPERATING LEASE

The Council leases equipment under an operating lease expiring in 2025. Total rent expense under these leases was \$1,526 in 2020 and \$-0- in 2019.

Minimum future rental payments under the noncancelable operating lease having initial or remaining terms in excess of one year as of December 31, 2020 for each of the next five years and in the aggregate are:

2021	\$	1,248
2022		1,248
2023		1,248
2024		1,248
2025		520
2026 and thereafter		<u>-</u>
Total lease commitments	\$	<u>5,512</u>

The Council leases office space under a month to month operating lease and event space on an as needed basis. Total rent expense charged to operations was \$15,400 in 2020 and \$15,939 in 2019.

11. ADVERTISING COSTS

Advertising costs are charged to operations when incurred. The cost of advertising charged to operations was \$818 in 2020 and \$7,462 in 2019.

12. EDUCATIONAL ASSISTANCE PLAN

The Council has an educational assistance plan. Employees who have completed one year of service on the effective date will be eligible to receive no more than \$5,250 towards an educational course or course(s). A participant in the plan must remain an employee for three years after receiving the benefit or repay the Council all benefits received. No amounts were paid from this plan in 2020 or 2019.

13. NOTE PAYABLE – CITY OF MARION

As part of the 2013 effort to attract Café Valley Bakery’s \$48 million investment and 400 jobs (the Project), the Council was part of a \$11,630,000 financing by the City of Marion (City), which issued Tax Increment Financing Bonds to raise the money for the Project. The proceeds from the Bond were loaned to the Council and used to purchase and develop property for the Project on the City’s behalf. Of the 61.85 acres of land that were purchased by the Council, approximately 31% was utilized for the Project.

The note with the City calls for semi-annual interest payments with yearly principal payments beginning February 2017. The note bears interest at 5.46% and is due February 2038. As part of the transaction, the Council has indemnification and hold harmless agreements in place with the City.

Also, as part of the transaction with the City, the Council entered into a direct financing lease agreement as more fully described in Note 14.

Interest charged on the note amounted to \$576,440 in 2020 and \$594,321 in 2019.

Maturities on the note payable as of December 31, 2020:

2021	\$	355,000
2022	\$	375,000
2021	\$	395,000
2022	\$	415,000
2023	\$	435,000

14. DIRECT FINANCING LEASE

In conjunction with the Bonds discussed in Note 13 the Council entered into a master lease with Cornerstone Marion, LLC, the Project’s owner, as lessor of its portion of land and the Council as lessee. Simultaneously, the Council leased the redevelopment land to the Marion Redevelopment Commission (the Commission) and Cornerstone Marion, LLC as sublessees (the Sublessees). The Sublessees are responsible for lease payments that will be sufficient to make all necessary debt service payments on the Bonds, even to the extent of the Commission being required to levy a property tax on all of the property in the City, if necessary, to make sufficient lease payments. As payments are made by the Commission under this lease to retire the Bonds, the Council will record income and debt service payments, which will offset each other.

(continued)

14. DIRECT FINANCING LEASE (continued)

This direct financing lease is for a term of 25 years and calls for lease payments equal to the sum of principal and interest due on the note with the City (see Note 13). Payment on the lease began during 2015.

Following is a summary of the components of the Council's net investment in the direct financing lease at December 31:

	2020	2019
Minimum lease payments receivable	\$ 16,295,536	\$ 17,206,975
Unearned interest	<u>(5,905,536)</u>	<u>(6,481,975)</u>
Net investment in direct financing lease	<u>\$ 10,390,000</u>	<u>\$ 10,725,000</u>

Lease payments received totaled \$911,439 in 2020 and \$914,321 in 2019.

Minimum future lease payments expected under the noncancelable lease for each of the next five years and in the aggregate are:

2021	\$ 912,603
2022	912,673
2023	911,652
2024	909,539
2025	906,335
2025 and thereafter	<u>11,742,734</u>
	<u>\$ 16,295,536</u>

15. AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, comprise the following:

	2020	2019
Cash and cash equivalents - operating	\$ 126,041	\$ 58,100
Accounts receivable	2,295	3,413
Contributions receivable	90,000	-
Programmatic loans receivable	126,046	33,056
Cash and cash equivalents – revolving loan fund	47,525	157,383
Beneficial interest	<u>85,824</u>	<u>78,592</u>
Total financial assets	477,731	330,544
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(291,071)	(189,438)
Board designated endowment	<u>(85,824)</u>	<u>(78,592)</u>
	<u>(376,895)</u>	<u>(268,030)</u>
Financial assets available to meet general expenditures within one year	\$ <u>100,836</u>	\$ <u>62,514</u>

Grant County Economic Growth Council, Inc.'s goal is generally to maintain financial assets to meet 60 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. If cash on hand were to become too low to cover 60 days expenses, the executive committee may recommend to the Board of Directors that it consider short term financing.

16. RENTAL INCOME

The Council leases a portion of its land to a company for temporary storage of materials, equipment, etc. The lease is accounted for as an operating lease and expires in December 2020 with two options to extend for an additional one-year term. The extensions result in a expiration date of December 2022. The Council recognized rent income of \$12,600 in 2020 and 2019 from this lease.

(continued)

16. RENTAL INCOME (continued)

Minimum future rental income to be received on the noncancelable operating lease as of December 31, 2020 for each of the next five years and in the aggregate are as follows:

2021	\$ 12,600
2022	12,600
2023 and thereafter	<u>-</u>
	<u>\$ 25,200</u>

The Council has a cash rental agreement on farmland which began in January 1, 2017. The lease is year to year unless terminated by either party with written notice at least ninety days prior to the December 31 end of term date. Rental income is \$3,000 per year plus a percentage of yield. The Council recognized rental income of \$3,282 in 2020 and \$3,280 in 2019.

17. CONCENTRATIONS

The Council receives a substantial portion of its support from economic development income tax. A significant reduction in the level of this support, if it were to occur, may have an effect on the Council's programs and activities.

Additionally, the Council will be dependent on the lease income derived from the lease described in Note 14 to make its loan payments to the City of Marion.

18. UNCERTAINTIES

On March 11, 2020, the COVID-19 virus had been declared a global pandemic. The extent of the impact of the COVID-19 outbreak on the financial performance of the Council will depend on future developments, including the duration and severity of the outbreak and its impact on the overall economy. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.