

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

FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022
(With Independent Auditors' Report)

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Schauer & Associates, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

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, 2023 and 2022, 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, 2023 and 2022, 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 18 - 21 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.

Schauwer & Associates PC

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

September 10, 2024

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31	
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 214,415	\$ 248,776
Cash and cash equivalents - restricted	1,220,654	1,559,139
Accounts receivable	29,526	59,442
Current portion of reimbursement receivable	18,458	18,458
Current portion of notes receivable	20,750	26,434
Current portion of notes receivable - related party	119,611	160,722
Prepaid expenses	15,988	16,442
Prepaid income tax	12,440	
Total Current Assets	<u>1,651,842</u>	<u>2,089,413</u>
 PROPERTY AND EQUIPMENT, at cost		
Land	49,916	49,916
Airport park	2,757,230	2,757,230
Buildings and improvements	970,422	970,422
Furniture and equipment	168,511	169,931
	<u>3,946,079</u>	<u>3,947,499</u>
Less accumulated depreciation	680,573	573,212
Net Property and Equipment	<u>3,265,506</u>	<u>3,374,287</u>
 OTHER ASSETS		
Investment in Precision Stock	75,000	75,000
Investment in SEPA	7,323,813	7,039,520
Right-of-use lease asset	44,531	55,973
Reimbursement receivable, less current portion	115,051	133,509
Notes receivable, less current portion	3,674,053	3,376,347
Notes receivable - related party, less current portion	228,958	348,570
Total Other Assets	<u>11,461,406</u>	<u>11,028,919</u>
 TOTAL ASSETS	 <u><u>\$ 16,378,754</u></u>	 <u><u>\$ 16,492,619</u></u>

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

LIABILITIES AND NET ASSETS

	December 31	
	2023	2022
CURRENT LIABILITIES		
Accounts payable	\$ 588,317	\$ 366,192
Real estate taxes payable	1,601	1,496
Current portion of due to city and county	140,361	187,156
Accrued expenses	16,825	20,391
Deferred rent revenue	7,390	7,239
Current portion of deferred reimbursement	18,458	18,458
Current portion of capital lease payable	3,577	9,286
Current portion of lease liability	11,991	11,642
Income taxes payable		3,950
Total Current Liabilities	<u>788,520</u>	<u>625,810</u>
 LONG-TERM LIABILITIES		
Due to city and county, less current portion	6,767,886	6,667,662
Deferred reimbursement, less current portion	115,051	133,509
Capital lease payable, less current portion	1,194	4,771
Lease liability, less current portion	32,540	44,331
Total Long-Term Liabilities	<u>6,916,671</u>	<u>6,850,273</u>
 Total Liabilities	<u>7,705,191</u>	<u>7,476,083</u>
 NET ASSETS		
Without donor restrictions	7,452,909	7,457,397
With donor restrictions	1,220,654	1,559,139
Total Net Assets	<u>8,673,563</u>	<u>9,016,536</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 16,378,754</u></u>	 <u><u>\$ 16,492,619</u></u>

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

	December 31, 2023			December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS						
Contributions - City of Jamestown	\$ 398,610	\$ 1,014,322	\$ 1,412,932	\$ 327,637	\$ 632,511	\$ 960,148
Contributions - Stutsman County	96,600	265,306	361,906	80,949	140,002	220,951
Grants					400,000	400,000
Rents	77,317		77,317	69,263		69,263
Reimbursement	18,458		18,458	18,458		18,458
Increase in SEPA investment	284,293		284,293	276,279		276,279
Expense reimbursement - SEPA				267		267
Expense reimbursement - Chamber	15,452		15,452	16,003		16,003
Miscellaneous	1,944		1,944	700		700
Released from restrictions	1,618,113	(1,618,113)		203,973	(203,973)	
Total Support, Revenue and Reclassifications	2,510,787	(338,485)	2,172,302	993,529	968,540	1,962,069
EXPENSES						
Project services, grants	1,745,041		1,745,041	403,492		403,492
Operational costs	669,243		669,243	597,318		597,318
Repayment of lease income	100,991		100,991	4,361		4,361
Total Expenses	2,515,275		2,515,275	1,005,171		1,005,171
CHANGE IN NET ASSETS	(4,488)	(338,485)	(342,973)	(11,642)	968,540	956,898
NET ASSETS, January 1	7,457,397	1,559,139	9,016,536	7,469,039	590,599	8,059,638
NET ASSETS, December 31	\$ 7,452,909	\$ 1,220,654	\$ 8,673,563	\$ 7,457,397	\$ 1,559,139	\$ 9,016,536

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

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2023 and 2022

	December 31, 2023			December 31, 2022		
	Economic Development	Management and General	Total	Economic Development	Management and General	Total
Expenses						
Project services, grants	\$ 1,745,041	\$	\$ 1,745,041	\$ 403,492	\$	\$ 403,492
Repayment of lease income	100,991		100,991	4,361		4,361
Salaries	199,166	106,429	305,595	179,809	76,178	255,987
Payroll taxes	15,260	8,154	23,414	13,535	5,735	19,270
Employee benefits	41,687	22,276	63,963	31,199	13,218	44,417
Shared office space	28,046	15,763	45,236	25,764	15,791	41,555
Telephone and internet	947	2,842	3,789	1,156	3,470	4,626
Professional training	6,041	671	6,712	453	50	503
Travel	1,333	4,000	5,333	254	764	1,018
Postage and printing	318	952	1,270	206	617	823
Marketing and recruiting	20,017		20,017	27,720		27,720
Dues and subscriptions	2,798	310	3,108	2,828	315	3,143
Professional fees	36,629	4,070	40,699	24,313	2,702	27,015
Rent	2,594	1,589	4,183	2,518	1,543	4,061
Office supplies	2,274	253	2,527	1,091	121	1,212
Office equipment	4,008	446	4,454	4,244	472	4,716
Real estate taxes	953	584	1,537	882	541	1,423
Interest		948	948		2,108	2,108
Insurance		3,054	3,054		3,723	3,723
Bank and service charges	91	92	183	70	70	140
Meetings and conferences	14,885	1,654	16,539	19,017	2,113	21,130
Repairs and maintenance		7,292	7,292		13,526	13,526
Depreciation	54,390	54,391	108,781	53,090	53,090	106,180
Income tax expense				12,430		12,430
Miscellaneous		609	609		592	592
	<u>\$ 2,277,469</u>	<u>\$ 236,379</u>	<u>\$ 2,515,275</u>	<u>\$ 808,432</u>	<u>\$ 196,739</u>	<u>\$ 1,005,171</u>

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

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (342,973)	\$ 956,898
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	108,781	106,180
Earnings from equity method investment	(284,293)	(276,279)
(Increase) decrease in operating assets		
Accounts receivable	29,916	(46,851)
Prepaid expenses	454	1,623
Increase (decrease) in operating liabilities		
Accounts payable	222,125	123,650
Real estate taxes payable	105	5
Due to city and county	53,429	635,670
Accrued expenses	(3,566)	(39)
Deferred rent revenue	151	158
Income taxes payable	(16,390)	(4,523)
Net Cash Provided by (Used In) Operating Activities	<u>(232,261)</u>	<u>1,496,492</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Collection of notes receivable	344,090	184,768
Issue of notes receivable	(475,389)	(754,406)
Purchase of property and equipment		(31,018)
Net Cash Used in Investing Activities	<u>(131,299)</u>	<u>(600,656)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease payable	(9,286)	(8,387)
Net Cash Used in Financing Activities	<u>(9,286)</u>	<u>(8,387)</u>
Net change in cash and cash equivalents	(372,846)	887,449
Cash and cash equivalents at beginning of year	<u>1,807,915</u>	<u>920,466</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,435,069</u>	<u>\$ 1,807,915</u>
Cash and cash equivalents	\$ 214,415	\$ 248,776
Cash and cash equivalents - restricted	<u>1,220,654</u>	<u>1,559,139</u>
	<u>\$ 1,435,069</u>	<u>\$ 1,807,915</u>

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

Schedule of other cash flow information

Cash paid during the year for interest

	2023	2022
	\$ 948	\$ 2,108

Noncash investing activities

Investment in SEPA

	\$ 284,293	\$ 276,279
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JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

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 financial statements of **JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION** have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which 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: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of management and the board of directors.

Net assets with donor restrictions: Net assets that 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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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 US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022.

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. Investment 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

As of December 31, 2023 and 2022, **JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION** owns 78.01% 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, 2023 and 2022

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 \$108,781 in 2023 and \$106,180 in 2022.

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, 2023, the Forms 990, *Return of Organization Exempt from Income Taxes*, and 990-T, *Exempt Organization Business Income Tax Return*, for the years ending 2020, 2021, and 2022 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, 2023 and 2022

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 and 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 65% and 17% of the total revenue, respectively, during the year ended December 31, 2023, and 57% and 13% of total revenue during the year ended December 31, 2022.

3. Concentrations of Credit Risk

The Corporation maintains its cash balances in one financial institution located in Jamestown, North Dakota. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2023 and 2022, the Corporation's uninsured cash balances totaled \$1,499,786 and \$1,583,901, respectively. Excess funds over the insured amount are covered by a pledge of assets. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

4. Investment in SEPA

The Corporation invested in Spiritwood Energy Park Association, LLC (SEPA). This investment representing 78.01% interest as of December 31, 2023 and 2022, is accounted for under the equity method as described in Note 1. Earnings of \$284,293 and \$276,279 were recorded in the statement of activities for the years ended December 31, 2023 and 2022, respectively.

Spiritwood Energy Park Association, LLC uses the accrual method of accounting. Its condensed financial statements, which were obtained from their audited financial statements as of and for the years ending December 31, 2023 and 2022, are as follows:

Condensed Balance Sheets	2023	2022
Assets	\$ 28,115,144	\$ 16,963,302
Liabilities	18,798,115	8,010,704
Members' Equity	9,317,029	8,952,598
Condensed Statements of Operations		
Revenues	\$ 1,504,390	\$ 1,493,377
Expenses	(1,139,959)	(1,139,218)
Net Income	<u>\$ 364,431</u>	<u>\$ 354,159</u>

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2023 and 2022

5. Notes Receivable and Notes Receivable - Related Party

Notes receivable and notes receivable - related party at December 31, 2023 and 2022, consist of the following:

	2023	2022
PACE and Flex PACE Community Share receivables at December 31, 2023 and 2022, 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.	\$ 3,413,054	\$ 3,298,494
New Jobs Credit receivables at December 31, 2023 and 2022, 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.	31,749	104,287
15% convertible promissory notes from Bison World, Inc, with a maximum aggregate of \$20,000,000 issued through a series of unsecured promissory notes. No payments of principal or interest are scheduled pursuant to the Notes.	250,000	
0% notes 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, another note dated November 1, 2022, due in monthly payments of \$6,852	348,569	509,292
	4,043,372	3,912,073
	140,361	187,156
Less current portion	\$ 3,903,011	\$ 3,724,917

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2023 and 2022

5. Notes Receivable and Notes Receivable - Related Party - continued

Anticipated future collections on notes receivable as of December 31, 2023, is as follows:

2024	\$	140,361
2025		140,623
2026		156,081
2027		123,316
2028		85,030
Thereafter		3,397,961
	\$	<u>4,043,372</u>

6. Income Taxes Payable

Income taxes payable due to unrelated business activities consist of the following as of December 31, 2023 and 2022:

	2023	2022
Income tax expense	\$	\$ 12,430
Estimated tax payments	12,440	8,480
Income tax payable (Prepaid income taxes)	<u>\$(12,440)</u>	<u>\$ 3,950</u>

As of December 31, 2023, the Corporation had federal net operating loss carryforwards of \$19,542 and state net operating loss carryforwards of \$3,054,967 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, 2023 and 2022, is as follows:

	2023	2022
Building	\$ 562,787	\$ 562,787
Less accumulated depreciation	214,760	198,781
	<u>\$ 348,027</u>	<u>\$ 364,006</u>

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2023 and 2022

8. Lease Receivable - continued

Minimum future lease income under non-cancellable operating leases with a term in excess of one year as of December 31, 2023, for each of the subsequent years is as follows:

2024	\$ 7,390
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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 \$26,202 and \$17,884 at December 31, 2023 and 2022, respectively. Depreciation of the leases in the amount of \$8,318 and \$8,318 is included in depreciation expense within the statement of activities for 2023 and 2022, respectively.

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 following is a schedule of years of future minimum payments required under the financing leases together with the present value as of December 31, 2023:

Year ending December 31	Vehicle	Copier	Total
2024	\$ 1,296	\$ 2,424	\$ 3,720
2025		1,212	1,212
	1,296	3,636	4,932
Less: amount representing interest	21	140	161
Present value of lease payments	<u>\$ 1,275</u>	<u>\$ 3,496</u>	<u>\$ 4,771</u>

Weighted average remaining lease term for financing leases	1.2
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The weighted average discount rate for financing leases	10.9
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The Corporation has an operating 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 acre with a 3% annual adjustment. In 2021, the acres were decreased to 90.63 acres.

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2023 and 2022

9. Lease Assets - continued

The following schedule is a schedule of years of future minimum payments required under the operating lease as of December 31, 2023:

Year ending December 31	
2024	11,991
2025	12,351
2026	12,722
2027	5,366
	<u>\$ 42,430</u>

Weighted average remaining lease term for operating leases	3.4
The weighted average discount rate for operating leases	3.0

Lease expense was \$15,815 and \$15,396 for the years ended December 31, 2023 and 2022, 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 \$14,594 and \$11,624 to the plan for the years ended December 31, 2023 and 2022, respectively.

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.

12. Availability and Liquidity

The following represents **JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION's** financial assets as of December 31, 2023 and 2022, 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, 2023 and 2022, for general expenditures:

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2023 and 2022

12. Availability and Liquidity - continued

Financial assets at year-end:	2023	2022
Cash and cash equivalents	\$ 214,415	\$ 248,776
Cash and cash equivalents - restricted	1,220,654	1,559,139
Accounts receivable	29,526	59,442
Current portion of notes receivable	20,750	26,434
Current portion of notes receivable - related party	119,611	160,722
Total financial assets	1,604,956	2,054,513
Money restricted by grantor for investment in capital assets	17,876	29,651
Current portion of notes receivable	140,361	187,156
Money restricted by grantor for grants and other purposes	1,202,778	1,529,488
Total restricted financial assets	1,361,015	1,746,295
Financial assets available to meet general expenditures over the next twelve months	\$ 243,940	\$ 308,218

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 Corporation's cash.

13. Net Assets with Donor Restrictions

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

	2023	2022
Subject to expenditure for specified purpose:		
Funds received for Intern program	\$ 61,944	\$ 90,862
Funds received for Tourism grant		100,000
Funds received for loans not yet disbursed	571,839	399,976
Funds received for Airport Park project	17,876	29,651
Funds received for residential infrastructure	38,121	38,121
Funds received for Daycare Expansion program	32,389	
Funds received for Buffalo City Park/Bison World	(11,983)	364,485
Funds received for rail switches	500,000	500,000
Paybacks to City/County	10,468	36,044
Total net asset with donor restrictions	\$ 1,220,654	\$ 1,559,139

Net assets with donor restrictions that were released for the use of the restricted purposes was \$1,618,113 and \$203,973 for the year ended December 31, 2023 and 2022, respectively.

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2023 and 2022

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:

	2023	2022
Expense reimbursement - SEPA	\$	\$ 267
Expense reimbursement - Chamber	15,452	16,003
Total revenue from contracts with customers	<u>\$ 15,452</u>	<u>\$ 16,270</u>

15. Advertising Costs

Advertising costs are charged to operations as incurred. Advertising costs incurred for the years ended December 31, 2023 and 2022, was \$13,874 and \$16,648, 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

Subsequent events were evaluated through September 10, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
SUPPLEMENTARY INFORMATION
Years Ended December 31, 2023 and 2022

DETAILED STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31, 2023					December 31, 2022				
	Operations	Incentive	Eliminations	Total		Operations	Incentive	Eliminations	Total	
CURRENT ASSETS										
Cash and cash equivalents	\$ 214,415	\$ 1,220,654	\$	\$ 214,415	\$	\$ 248,776	\$ 1,559,139	\$	\$ 248,776	\$
Cash and cash equivalents - restricted				1,220,654					1,559,139	
Accounts receivable	16,641	25,892	(13,007)	29,526		15,313	52,388	(8,259)	59,442	
Current portion of reimbursement receivable		18,458		18,458			18,458		18,458	
Current portion of notes receivable		20,750		20,750			26,434		26,434	
Current portion of notes receivable - related party		119,611		119,611			160,722		160,722	
Prepaid expenses	6,773	9,215		15,988		7,495	8,947		16,442	
Prepaid income tax		12,440		12,440						
Total Current Assets	237,829	1,427,020	(13,007)	1,651,842		271,584	1,826,088	(8,259)	2,089,413	
PROPERTY AND EQUIPMENT, at cost										
Land		49,916		49,916			49,916		49,916	
Airport park		2,757,230		2,757,230			2,757,230		2,757,230	
Buildings and improvements	407,636	562,786		970,422		407,636	562,786		970,422	
Furniture and equipment	168,511			168,511		169,931			169,931	
	576,147	3,369,932		3,946,079		577,567	3,369,932		3,947,499	
Less accumulated depreciation	314,166	366,407		680,573		277,928	295,284		573,212	
Net Property and Equipment	261,981	3,003,525		3,265,506		299,639	3,074,648		3,374,287	
OTHER ASSETS										
Investment in Precision Stock		75,000		75,000			75,000		75,000	
Investment in SEPA		7,323,813		7,323,813			7,039,520		7,039,520	
Right-of-use lease asset		44,531		44,531			55,973		55,973	
Reimbursement receivable, less current portion		115,051		115,051			133,509		133,509	
Notes receivable, less current portion		3,674,053		3,674,053			3,376,347		3,376,347	
Notes receivable, related party, less current portion		228,958		228,958			348,570		348,570	
Total Other Assets		11,461,406		11,461,406			11,028,919		11,028,919	
TOTAL ASSETS	\$ 499,810	\$ 15,891,951	\$ (13,007)	\$ 16,378,754		\$ 571,223	\$ 15,929,655	\$ (8,259)	\$ 16,492,619	

LIABILITIES AND NET ASSETS

December 31, 2023

December 31, 2022

CURRENT LIABILITIES

Accounts payable									
Real estate taxes payable									
Current portion of due to city and county									
Accrued expenses									
Deferred rent revenue									
Current portion of deferred reimbursement									
Current portion of capital lease payable									
Current portion of lease liability									
Income taxes payable									
Total Current Liabilities									

LONG-TERM LIABILITIES

Due to city and county, less current portion									
Deferred reimbursement, less current portion									
Capital lease payable, less current portion									
Lease liability, less current portion									
Total Long-Term Liabilities									
Total Liabilities									

NET ASSETS

Without donor restrictions									
With donor restrictions									
Total Net Assets									

TOTAL LIABILITIES AND NET ASSETS

	Operations	Incentive	Eliminations	Total	Operations	Incentive	Eliminations	Total
CURRENT LIABILITIES								
Accounts payable	\$ 8,963	\$ 592,361	\$ (13,007)	\$ 588,317	\$ 4,614	\$ 369,837	\$ (8,259)	\$ 366,192
Real estate taxes payable	1,601			1,601	1,496			1,496
Current portion of due to city and county		140,361		140,361		187,156		187,156
Accrued expenses	16,825			16,825	20,391			20,391
Deferred rent revenue		7,390		7,390		7,239		7,239
Current portion of deferred reimbursement		18,458		18,458		18,458		18,458
Current portion of capital lease payable	3,577			3,577	9,286			9,286
Current portion of lease liability		11,991		11,991		11,642		11,642
Income taxes payable						3,950		3,950
Total Current Liabilities	30,966	770,561	(13,007)	788,520	35,787	598,282	(8,259)	625,810
LONG-TERM LIABILITIES								
Due to city and county, less current portion		6,767,886		6,767,886		6,667,662		6,667,662
Deferred reimbursement, less current portion		115,051		115,051		133,509		133,509
Capital lease payable, less current portion	1,194			1,194	4,771			4,771
Lease liability, less current portion		32,540		32,540		44,331		44,331
Total Long-Term Liabilities	1,194	6,915,477		6,916,671	4,771	6,845,502		6,850,273
Total Liabilities	32,160	7,686,038	(13,007)	7,705,191	40,558	7,443,784	(8,259)	7,476,083
NET ASSETS								
Without donor restrictions	467,650	6,985,259		7,452,909	530,665	6,926,732		7,457,397
With donor restrictions		1,220,654		1,220,654		1,559,139		1,559,139
Total Net Assets	467,650	8,205,913		8,673,563	530,665	8,485,871		9,016,536
TOTAL LIABILITIES AND NET ASSETS	\$ 499,810	\$ 15,891,951	\$ (13,007)	\$ 16,378,754	\$ 571,223	\$ 15,929,655	\$ (8,259)	\$ 16,492,619

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
SUPPLEMENTARY INFORMATION - continued
Years Ended December 31, 2023 and 2022

DETAILED STATEMENTS OF ACTIVITIES

	December 31, 2023			December 31, 2022		
	Without Donor Restrictions		Total	Without Donor Restrictions		Total
	Operations	Incentive		Operations	Incentive	
SUPPORT, REVENUE AND RECLASSIFICATIONS						
Contributions - City of Jamestown	\$ 398,610	\$	\$ 1,412,932	\$ 327,637	\$	\$ 632,511
Contributions - Stutsman County	96,600	265,306	361,906	80,949	140,002	220,951
Grants					400,000	400,000
Rents	24,272	53,045	77,317	17,266	51,997	69,263
Reimbursements		18,458	18,458		18,458	18,458
Increase in SEPA investment		284,293	284,293		276,279	276,279
Expense reimbursement - SEPA				267		267
Expense reimbursement - Chamber	15,452		15,452	16,003		16,003
Miscellaneous	1,944	1,618,113	1,944	700		700
Released from restrictions					203,973	
Total Support, Revenue and Reclassifications	536,878	1,973,909	2,172,302	442,822	550,707	1,962,069
EXPENSES						
Project services, grants		1,745,041	1,745,041		403,492	403,492
Operational costs	583,503	85,740	669,243	497,593	99,725	597,318
Repayment of lease income		100,991	100,991		4,361	4,361
Total Expenses	583,503	1,931,772	2,515,275	497,593	507,578	1,005,171
CHANGE IN NET ASSETS	(46,625)	42,137	(342,973)	(54,771)	43,129	956,898
NET ASSETS, January 1	530,665	6,926,732	9,016,536	602,390	6,866,649	8,059,638
Transfer	(16,390)	16,390		(16,954)	16,954	
NET ASSETS, December 31	\$ 467,650	\$ 6,985,259	\$ 8,673,563	\$ 530,665	\$ 6,926,732	\$ 9,016,536

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
SUPPLEMENTARY INFORMATION - continued
Years Ended December 31, 2023 and 2022

DETAILED STATEMENTS OF EXPENSES

	December 31, 2023			December 31, 2022		
	Operations	Incentive	Total	Operations	Incentive	Total
Operational Costs						
Salaries	\$ 305,595	\$	\$ 305,595	\$ 255,987	\$	\$ 255,987
Payroll taxes	23,414		23,414	19,270		19,270
Employee benefits	63,963		63,963	44,417		44,417
Shared office space	41,139	4,097	45,236	34,575	6,980	41,555
Telephone and internet	3,789		3,789	4,626		4,626
Professional training	6,712		6,712	503		503
Travel	5,333		5,333	1,018		1,018
Postage and printing	1,270		1,270	823		823
Marketing and recruiting	20,017		20,017	27,720		27,720
Dues and subscriptions	3,108		3,108	3,143		3,143
Professional fees	35,753	4,946	40,699	23,184	3,831	27,015
Rent		4,183	4,183		4,061	4,061
Office supplies	2,527		2,527	1,212		1,212
Office equipment	4,454		4,454	4,716		4,716
Real estate taxes	150	1,387	1,537	150	1,273	1,423
Interest	945	3	948	2,102	6	2,108
Insurance	3,054		3,054	3,723		3,723
Bank and service charges	183		183	120	20	140
Meetings and conferences	16,539		16,539	21,130		21,130
Repairs and maintenance	7,292		7,292	13,526		13,526
Depreciation	37,657	71,124	108,781	35,056	71,124	106,180
Income tax expense					12,430	12,430
Miscellaneous	609		609	592		592
	<u>\$ 583,503</u>	<u>\$ 85,740</u>	<u>\$ 669,243</u>	<u>\$ 497,593</u>	<u>\$ 99,725</u>	<u>\$ 597,318</u>

JAMESTOWN/STUTSMAN DEVELOPMENT CORPORATION
SUPPLEMENTARY INFORMATION - continued
Years Ended December 31, 2023 and 2022

BUDGET VERSUS ACTUAL - OPERATIONS
Year Ended December 31, 2023

SUPPORT AND REVENUE	Unaudited Budget	Actual	Favorable (Unfavorable)
Contributions - City of Jamestown	\$ 398,810	\$ 398,610	\$ (200)
Contributions - Stutsman County	96,650	96,600	(50)
Contributions - other sources		1,644	1,644
Rents	27,200	24,272	(2,928)
Expense reimbursements - SEPA	260		(260)
Expense reimbursements - Chamber	13,000	15,452	2,452
Miscellaneous	400	300	(100)
TOTAL SUPPORT AND REVENUE	536,320	536,878	558
EXPENSES			
Salaries	271,750	305,595	(33,845)
Payroll taxes	20,500	23,414	(2,914)
Employee benefits	50,925	63,963	(13,038)
Shared office space	48,700	41,139	7,561
Telephone and internet	5,200	3,789	1,411
Professional training	5,000	6,712	(1,712)
Travel	5,150	5,333	(183)
Vehicle lease	7,800		7,800
Postage and printing	1,250	1,270	(20)
Marketing and recruiting	60,000	20,017	39,983
Dues and subscriptions	5,000	3,108	1,892
Professional fees	18,050	35,753	(17,703)
Office supplies	2,000	2,527	(527)
Office equipment	9,460	4,454	5,006
Real estate taxes	250	150	100
Interest	500	945	(445)
Insurance	2,300	3,054	(754)
Bank and service charges	250	183	67
Meetings and conferences	13,500	16,539	(3,039)
Repairs and maintenance	6,000	7,292	(1,292)
Depreciation		37,657	(37,657)
Miscellaneous	1,000	609	391
TOTAL EXPENSES	534,585	583,503	(48,918)
CHANGE IN NET ASSETS	\$ 1,735	\$ (46,625)	\$ (48,360)