June 30, 2021

To the Board of Directors
Greater Beloit Economic Development Corporation
Beloit, Wisconsin

We have audited the financial statements of Greater Beloit Economic Development Corporation for the year ended December 31, 2020, and we will issue our report thereon dated June 30, 2021. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 23, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Greater Beloit Economic Development Corporation are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transactions entered into by the Organization 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 depreciable lives of property and equipment is based on the expected use of the respective assets and management's experience with similar assets used by GBEDC. Management's estimate of the allocation of expenses to program and supporting activities is based on the basis of time and effort for all expenses except for professional fees, maintenance and repairs, dues and subscriptions, depreciation, and interest expense. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on 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 June 30, 2021. Attached is a copy of management's written representations.

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 Organization'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 Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

New Lease Accounting Standard

On November 15, 2019, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) that delays the effective date of several major accounting standards, including the new lease accounting standard, for nonpublic business entities, which includes private companies and not-for-profit organizations. Among the reasons cited by the FASB for delaying the effective date of the new lease accounting standard were challenges encountered by public business entities in implementing the standard, an overload of many new standards taking effect around the same time, and entities both public and private generally underestimating the effort needed to transition to the new standard.

On June 3, 2020, the FASB issued an ASU that further delays the effective date of the new standard. The FASB issued this ASU to provide certain entities, including nonpublic business entities, a measure of relief during the COVID-19 pandemic. For nonpublic business entities, the new lease accounting standard was originally effective for fiscal years beginning after December 15, 2019. The latest ASU delays the effective date of this standard to fiscal years beginning after December 15, 2021.

While the delayed effective date does not lessen the work required to implement the standard, it does provide more time for nonpublic business entities to consider the lessons learned from public business entities. The accompanying appendix provides a brief overview of the new lease accounting standard and discusses certain matters that you should consider in order to transition to the new standard.

Accounting Standard Update (ASU) 2020-07 - Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

Many not-for-profit organizations rely on contributions of nonfinancial assets, commonly referred to as gifts-in-kind, to help achieve their missions. A new Accounting Standards Update issued by the Financial Accounting Standards Board (FASB) will require not-for-profit organizations to provide additional information about gifts-in-kind they receive.

Examples of gifts-in-kind include contributions of long-lived assets such as land, buildings, and equipment; the use of long-lived assets (for example, free use of office space); materials and supplies such as food, clothing, household goods, medical supplies, and pharmaceuticals; items such as tickets, gift certificates, and merchandise to be sold at fundraising events; intangible assets such as patents, copyrights, advertising space, and television or radio air time; and certain personal services such as services provided by accountants, architects, attorneys, carpenters, doctors, electricians, nurses, plumbers, teachers, and other professionals and craftsmen.

The Update does not change how not-for-profit organizations recognize and measure gifts-in-kind in their financial statements. The intent of the Update is to improve transparency in the reporting of gifts-in-kind, including transparency on how gifts-in-kind are used and how they are valued, by enhancing presentation and disclosure requirements.

The Update requires a not-for-profit organization to present gifts-in-kind as a separate line item in its statement of activities, apart from contributions of cash and other financial assets such as common and preferred stocks, bonds, and mutual fund shares.

In addition, the Update requires a not-for-profit organization to disclose a breakdown of the amount of gifts-in-kind recognized within the statement of activities by type. Then, for each type of gifts-in-kind recognized, the Update requires a not-for-profit organization to disclose:

- Information about whether the gifts-in-kind were either monetized or used during the reporting period and, if used, a description of the programs or other activities in which the gifts-in-kind were used.
- Its policy, if any, about monetizing rather than using gifts-in-kind.
- A description of any donor-imposed restrictions on the gifts-in-kind.
- How it valued the gifts-in-kind (in accordance with the requirements of other accounting standards).

The requirements in the Update should be applied on a retrospective basis and are effective for annual financial statements for the fiscal year ending December 31, 2021.

This information is intended solely for the use of the board of directors and management of Greater Beloit Economic Development Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Wegner CPAs, LLP

Mike Hablewitz, CPA
Partner

Appendix: New Lease Accounting Standard

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. Under this standard, entities are required to recognize assets and liabilities for all leases, with certain exceptions, and disclose key information about leasing arrangements. Transitioning to the new standard is a complex, time-consuming process. The standard is effective for your financial statements beginning with the year ending June 30, 2023. Some key considerations are summarized below. We will be happy to answer any questions you may have about the standard. We will also be happy to assist you in implementing the standard as service separate from the audit of your financial statements.

How Will Accounting for Leases Change?

The most significant change under the new standard is the accounting by lessees. Current leasing guidance requires lessees to recognize assets and liabilities that arise from capital leases but does not require this recognition on the statement of financial position as it relates to operating leases. Under the new standard, there continues to be a differentiation between finance leases (previously referred to a capital leases) and operating leases. However, the new standard requires lessees to recognize on the statement of financial position a liability to make lease payments and a right-of-use asset representing the right to use the underlying asset for the lease term for both finance leases and operating leases. In other words, the new standard puts operating leases on the statement of financial position of many entities for the first time ever.

The accounting by lessors remains largely unchanged from current guidance. However, the new standard contains some targeted improvements that are intended to align, where necessary, lessor accounting with lessee accounting and with the FASB's updated guidance on recognizing revenue from contracts with customers.

Lease Inventory

One of the first steps in preparing for the new standard is to gather all contracts that are or may contain leases. A lease does not have to be called a lease to be considered. Leases can be embedded in many different kinds of contracts such as contracts for outsourced warehousing, information technology services, freight shipping, and outdoor advertising, just to name a few. Basically, if a contract conveys the right to control the use of a specified asset over a period of time in exchange for consideration, it may be a lease, even if it is just part of a broader contract for goods or services.

Locating and organizing all the relevant documents may be a challenge. These documents include not just the initial contract but all amendments, exhibits, addenda, supplements, and enhancements. The documents themselves could be stored as hard copies, images, or searchable PDF files and may be scattered across multiple departments and office locations. People from various departments in addition to accounting, such as procurement, information technology, and legal, may be needed to help compile a complete inventory of all leases.

Lease Data

Once all leases have been identified, another challenge involves capturing all appropriate data to calculate the right-of-use asset and lease liability. Under the new standard, entities need to keep track of critical dates, payment amounts, and other relevant information regarding their leases. Capturing this data can get complicated, particularly if there are multiple amendments.

The new standard requires an estimate of the lease term. Similar to current guidance, the starting point is the noncancelable term of the lease. Under the new standard, entities must assess whether it is reasonably certain the lease will continue into periods covered by renewal or termination options. Lease payments are determined after the lease term has been established. Lease payments include all fixed payments. Variable lease payments based on changes in rates or indexes such as the consumer price index are included in the initial calculation using the rate or index at the commencement of the lease. Variable payments based

on performance or use of the asset such as units of production are not included as lease payments but are recognized as incurred by lessees. Also, optional payments to purchase the underlying asset should be included in lease payments if the lessee is reasonably certain to exercise the purchase option.

Lessees then use a discount rate to determine the present value of lease payments when calculating the lease liability. A lessee will typically use its incremental borrowing rate, which is a collateralized rate. However, having existing debt may not be enough to determine this rate. The new standard requires that the incremental borrowing rate reflect a fully collateralized obligation, over a term similar to the lease, and in a similar economic environment. A lessee without debt or with only unsecured debt will need to estimate its incremental borrowing rate either by looking to similar entities with similar credit ratings or by adjusting its own rate to reflect a collateralized basis. An assessment of the lessee's specific facts and circumstances will be necessary to determine the appropriate rate.

Disclosures

Besides the accounting changes, the new standard requires revised and expanded disclosures designed to help financial statement users understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative information about the nature of the leases, significant judgments and assumptions used to account for the leases, and the related amounts recognized in the financial statements. In addition, lessees are required to disclose information about any significant leases they have entered into that have not yet commenced.

Practical Expedients

The new standard includes several practical expedients that may ease both transition and subsequent application. For example, a lessee can elect not to recognize assets and liabilities related to leases with a term of one year or less. A lessee can also elect to account for the nonlease components (for example, maintenance services) in a contract as part of the lease component to which they are related. A lessee that is not a public business entity can elect to use a risk-free discount rate in lieu of its incremental borrowing rate when calculating its lease liabilities. Some practical expedients must be elected as a package, and the impact of the available elections will need to be broadly considered. For example, electing to combine lease and nonlease components or to use a risk-free discount rate may be simpler but will likely result in recognizing a larger asset and liability.

Related Party Leases

The new standard makes a significant change to the accounting for related party leases. Under current guidance, related party leases are accounted for based on the economic substance of the lease. Under the new standard, related party leases are accounted for on the basis of the legally enforceable terms and conditions of the lease. Related party leases are often informal agreements, requiring the exercise of judgment in assessing the legally enforceable terms and conditions. When the terms and conditions of the lease are unclear, it may require the involvement of legal counsel. Related party leases may need to be more formally documented to obtain the desired accounting treatment.

Internal Controls

Implementation of the new standard does not conclude at the effective date. Perhaps the greatest challenge will be tracking ongoing changes to the lease population. Processes and internal controls will be needed to track new leases being signed, expiring leases being terminated or renewed, and existing leases being modified. Similar to other accounting changes in the past, implementation of the new lease accounting standard will likely be a learn, analyze, and refine process until the desired result becomes another recurring accounting activity.

GREATER BELOIT ECONOMIC DEVELOPMENT CORPORATION

To Wegner CPAs, LLP

This representation letter is provided in connection with your audit of the financial statements of Greater Beloit Economic Development Corporation, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 30, 2021, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 7, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.

3. We acknowledge our responsibility 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.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Organization's accounts.

9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10. Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.

11. Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

12. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.

    d. Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.

13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

15. We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:

    a. Management,

    b. Employees who have significant roles in internal control, or

    c. Others where the fraud could have a material effect on the financial statements.

16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.

17. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

18. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.

19. We have disclosed to you the names of all of the Organization's related parties and all the related-party relationships and transactions, including any side agreements.

20. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

21. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

22. Greater Beloit Economic Development Corporation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the

Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

23. In regard to the tax services, preparation of the financial statements and supplementary information, and bookkeeping services performed by you, we have—

- Assumed all management responsibilities.
- Overseen the services by designating an individual who possesses suitable skill, knowledge, and/or experience.
- Evaluated the adequacy and results of the services performed.
- Accepted responsibility for the results of the services.

We have carefully read this letter before signing it and understand, while you have provided the language of this letter to us, we are making these representations to you. We understand our obligation to carefully consider the possibility that any of the representations are not accurate. We have inquired of other members of management or employees of Greater Beloit Economic Development Corporation to the extent necessary to obtain a high degree of assurance that these representations are true. We know that you will be relying on them in the issuance of your report.

Jennifer Hall
President/CEO

Todd James
Board Secretary/Treasurer

GREATER BELOIT ECONOMIC DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2020 and 2019

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greater Beloit Economic Development Corporation
Beloit, Wisconsin

We have audited the accompanying financial statements of Greater Beloit Economic Development Corporation, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express 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 Greater Beloit Economic Development Corporation as of December 31, 2020 and 2019, 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.

Correction of an Error

As discussed in Note 9 to the financial statements, the financial statements as of and for the year ended December 31, 2019, have been restated to correct certain errors in previously issued financial statements discovered by management during the current year. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP
Janesville, Wisconsin
June 30, 2021

GREATER BELOIT ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 277,520	$ 185,511
Accounts receivable	-	22,707
Prepaid expenses	-	959
Total current assets	277,520	209,177
PROPERTY AND EQUIPMENT		
Land	1,264,229	1,663,337
Buildings	-	404,028
Equipment	21,975	39,974
Less accumulated depreciation	(21,975)	(184,204)
Property and equipment, net	1,264,229	1,923,135
OTHER ASSETS		
Cash held for escrow	-	3,366
Total assets	$ 1,541,749	$ 2,135,678
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 9,157	$ -
Current portion of notes payable	-	7,657
Deferred revenue	6,828	7,565
Total current liabilities	15,985	15,222
LONG-TERM LIABILITIES		
Notes payable less current portion	-	85,134
Total liabilities	15,985	100,356
NET ASSETS		
Without donor restrictions	1,525,764	2,035,322
Total liabilities and net assets	$ 1,541,749	$ 2,135,678

See accompanying notes.

GREATER BELOIT ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Investor dues	$ 87,002	$ 76,423
Land rent	29,968	29,968
Billboard lease	4,500	4,500
Facility rent	14,400	14,400
In-kind contributions	104,789	115,106
Interest income	73	894
Other income	2,058	18,561
Total support and revenue without donor restrictions	242,790	259,852
EXPENSES		
Program services	660,242	867,647
Management and general	83,077	75,727
Fundraising	9,029	8,945
Total expenses	752,348	952,319
Change in net assets	(509,558)	(692,467)
Net assets at beginning of year as restated	2,035,322	2,727,789
Net assets at end of year	$ 1,525,764	$ 2,035,322

See accompanying notes.

GREATER BELOIT ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total Expenses
Staffing	$ 112,755	$ 40,270	$ 8,054	$ 161,079
Professional fees	10,178	6,865	-	17,043
Office expenses	302	108	22	432
Conferences and meetings	1,657	592	118	2,367
Insurance	3,747	1,338	268	5,353
Utilities	272	97	19	388
Maintenance and repairs	-	14,025	-	14,025
Dues and subscriptions	-	1,541	-	1,541
Advertising and marketing	6,291	2,247	449	8,987
Rent	1,074	384	77	1,535
Depreciation	-	10,250	-	10,250
Interest	-	5,122	-	5,122
Education	11	4	1	16
Travel	77	28	5	110
Meals and entertainment	85	30	6	121
Tax expense	-	127	-	127
Miscellaneous	137	49	10	196
Total operating expenses	136,586	83,077	9,029	228,692
Land and building donation	523,656	-	-	523,656
Total expenses	$ 660,242	$ 83,077	$ 9,029	$ 752,348

See accompanying notes.

GREATER BELOIT ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Staffing	$ 103,621	$ 37,008	$ 7,401	$ 148,030
Professional fees	10,178	11,013	-	21,191
Office expenses	774	277	55	1,106
Conferences and meetings	1,124	401	80	1,605
Insurance	2,960	1,057	212	4,229
Utilities	272	97	20	389
Maintenance and repairs	-	5,115	-	5,115
Dues and subscriptions	-	225	-	225
Advertising and marketing	8,782	3,136	627	12,545
Rent	4,277	1,528	306	6,111
Depreciation	67	9,181	-	9,248
Interest	-	5,456	-	5,456
Education	2,267	810	162	3,239
Travel	931	333	66	1,330
Meals and entertainment	39	14	2	55
Miscellaneous	212	76	14	302
Total operating expenses	135,504	75,727	8,945	220,176
Land donation	732,143	-	-	732,143
Total expenses	$ 867,647	$ 75,727	$ 8,945	$ 952,319

See accompanying notes.

GREATER BELOIT ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (509,558)	$ (692,467)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	10,250	9,248
Land and building donated	564,405	732,143
Decrease in assets		
Accounts receivable	22,707	3,555
Prepaid expenses	959	-
Increase (decrease) in liabilities		
Accounts payable	9,157	(6,600)
Deferred revenue	(737)	(12,151)
Net cash flows from operating activities	97,183	33,728
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(66,760)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	(8,540)	(8,072)
Net change in cash	88,643	(41,104)
Cash at beginning of year	188,877	229,981
Cash at end of year	$ 277,520	$ 188,877
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	$ 5,122	$ 5,456
Non-cash investing and financing transactions		
Land donated	$ 374,108	$ 732,143
Building donated	274,548	-
Debt conveyed	(84,251)	-
Land and building donated	$ 564,405	$ 732,143

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Greater Beloit Economic Development Corporation, Inc. (GBEDC) acts as the primary organization coordinating, facilitating, and implementing economic development activities in the Greater Beloit, Wisconsin area.

Accounts Receivable

GBEDC considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

GBEDC capitalizes all expenditures for property and equipment in excess of $2,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed using the straight-line method.

Revenue Recognition

GBEDC acts as a public/private partnership and receives investor dues from organizations to be a part of GBEDC. The investor dues are recognized during the period to which they relate. Revenue received prior to the period to which it applies is recorded as deferred revenue.

Expense Allocation

The financial statements report certain categories of expenses that are attributed to more than one program service or supporting activity. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses except for professional fees, maintenance and repairs, dues and subscriptions, depreciation, interest, and tax expense are allocated on the basis of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Program services–GBEDC's program services are organized to foster investment and job growth in the economy thereby improving the quality of life, educational attainment, housing availability and prosperity for all in the Greater Beloit Region.

Management and general–Management and general expenses include the costs necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of GBEDC, and perform other administrative activities.

Fundraising–Fundraising expenses include the costs related to activities that involve inducing potential donors to contribute assets, services, or time to GBEDC.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising and Marketing

Advertising and marketing costs are charged to operations when incurred and amounted to $8,987 and $12,545 for the years ended December 31, 2020 and 2019.

Income Tax Status

GBEDC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, GBEDC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 506(a)(2).

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through June 30, 2021, the date which the financial statements were available to be issued.

NOTE 2 – NOTES PAYABLE

Notes payable consisted of the following:

	2020	2019
Interest free note payable to the City of Beloit payable in monthly installments of $125. The note was paid off in February 2020.	$ -	$ 2,325
5.75% note payable to First National Bank payable in monthly installments of $940 including principal and interest for 60 months. The note matures in October 2023 with a balloon payment and is secured by real estate. The note was conveyed to the Beloit Fine Arts Incubator on December 31, 2020.	-	90,466
Notes payable	-	92,791
Less current portion of notes payable	-	(7,657)
Notes payable less current portion	$ -	$ 85,134

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

GBEDC maintains cash balances at one financial institution located in Beloit, Wisconsin. Accounts at the institutions are insured by the FDIC up to $250,000. At December 31, 2020, GBEDC's uninsured cash balances total approximately $34,000.

NOTE 4 – LEASE COMMITMENTS

GBEDC is the lessor of farmland to a local farmer with semi-annual receipts of $20,181 under a lease that expired on December 31, 2018. In January 2019, a new lease was signed with the local farmer with semi-annual receipts of $24,044. This lease was mutually terminated in October 2019 and a new lease was signed with semi-annual receipts of $14,984. The new lease expires on December 31, 2021, with an additional one-year option at the same amounts. The rental payments are paid directly to the City of Beloit and passed on to the GBEDC.

GBEDC is the lessor of a billboard with annual receipts of $4,500.

Future minimum lease receipts for the years ending December 31, 2021 are $29,968.

NOTE 5 – RELATED PARTY TRANSACTIONS

GBEDC utilizes City of Beloit employees such as the Executive Director, the Administrative Assistant, and others as needed for specific activities. The City pays the payroll and related items, for which there were reimbursements of $36,173 and $32,924 during the year ended December 31, 2020 and 2019. In-kind donations of management and staffing were also received from the City of Beloit, as described in Note 6.

NOTE 6 – IN-KIND CONTRIBUTIONS

In-kind contributions of services are recognized as revenue if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized as revenues and expenses and are not reported in the accompanying financial statements.

During the years ended December 31, 2020 and 2019, in-kind management and staffing services amounted to $104,789 and $115,106, and are reported on the statements of activities.

The fair value of the donated services included in in-kind contributions in the financial statements and the corresponding expenses are as follows:

	Program Services	Management and General	Fundraising	Total
Staffing - 2020	$ 73,353	$ 26,197	$ 5,239	$ 104,789
Staffing - 2019	$ 80,574	$ 28,777	$ 5,755	$ 115,106

NOTE 7 – LIQUIDITY AND AVAILABILITY

The table below reflects GBEDC's financial assets as of the dates of the statement of financial position reduced by amounts not available for general expenditures within one year of the dates of the statement of financial position:

	2020	2019
Financial assets, at year end	$ 277,520	$ 211,584
Less those unavailable for general expenditures within one year due to: contractual obligation for escrow	-	(3,366)
Financial assets available to meet cash needs for general expenditures within one year	$ 277,520	$ 208,218

Financial assets consist of cash, accounts receivable, and cash held for escrow. GBEDC strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

NOTE 8 – RISKS AND UNCERTAINTIES

During the COVID-19 pandemic, GBEDC services have not been materially interrupted. As the situation continues to evolve, GBEDC is closely monitoring the impact of the COVID-19 pandemic on all aspects of its business, including how it impacts their investors, suppliers, and vendors, in addition to how the COVID-19 pandemic impacts their ability to provide services to their customers. They believe the ultimate impact of the COVID-19 pandemic on its operating results, cash flows and financial condition is likely to be determined by factors which are uncertain, unpredictable and outside of their control. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially adversely impact its business.

NOTE 9 – CORRECTION OF AN ERROR

Certain errors resulting in an overstatement of previously reported land were discovered during the current year. Accordingly, an adjustment of $690,818 was made to reduce land as of December 31, 2018. A corresponding adjustment was made to reduce previously reported net assets without donor restrictions.