


March 7, 2016

Heather Worden  
Administrative Assistant Cass County  
211 9<sup>th</sup> Street S.  
Fargo, ND 58103

Dear Ms. Worden;

Please accept my formal request to be placed on the agenda for the ~~March 21<sup>st</sup>~~<sup>April 4</sup>, 2016 Cass County Commission meeting. It would be my pleasure to provide the Commission with 2015 year end numbers and a 2016 update.

Sincerely,



James Gartin  
GFMEDC President

**Monday, March 28, 2016**

**Re: GFMEDC Programs and Initiatives**

**To the Cass and Clay County Commissioners:**

## **2015**

In 2014, the GFMEDC spent \$108,000 on Projects and Initiatives, which are expenses below the budgeted income and operating expenses line for the organization. In 2015, the GFMEDC invested \$299,000 into the Projects and Initiatives. These community investment expenditures, in addition to lower Receivables from switching from 4 year pledged income to annual investor income, lowered the Total Net Assets by \$559,000 from 2014 to 2015. This change will be considerably lower in 2016 as the Receivables impact is minimal.

### **2015 Projects and Initiatives:**

**Project:** American Airlines  
**Organization:** Municipal Airport Authority  
**Total Spent:** \$5,505  
**Description:** Government and local organizations, such as the GFMEDC, contribute funding to make sure that the airport remains viable and meets the needs of local businesses and communities. In Fargo, the GFMEDC has contributed grant funding towards American Airlines. American Airlines provides direct flight service to Fargo from Chicago and Dallas. The airline held 13% of the Fargo-Moorhead Market Share (an increase of 1% from 2014) servicing approximately 111,667 passengers.

**Project:** CULTIVATE.you Sponsorship  
**Organization:** Arthur Ventures  
**Total Spent:** \$1,000  
**Description:** CULTIVATE.you, an annual public event hosted by Arthur Ventures, aims to support innovation and entrepreneurship in our community. Arthur Ventures brings in guest speakers, which have included the Publisher of Forbes and CEOs of companies like Atlassian, LeadPages, and TINYpulse. CULTIVATE.you is a free and open to the community. The audience consists of students, business owners, technologists, teachers, corporate executives, artists, marketers, bankers, real estate agents, and more. In 2015, there were approximately 700 in attendance.

**Project:** Downtown Coworking Space  
**Organization:** CoCo; Prairie Den  
**Total Spent:** \$45,837  
**Description:** The GFMEDC continues to support help support a collaborative coworking space intended for budding startup companies and entrepreneurs. CoCo Fargo opened in September 2014 in downtown Fargo. The GFMEDC worked with CoCo Fargo to provide assistance in entrepreneurial outreach and programming. In July 2015, Emerging Prairie assumed the operation under the name the Prairie Den continuing to provide a coworking space but also a community gathering/event space.

**Project:** Offutt School of Business Grant  
**Organization:** Concordia  
**Total Spent:** \$25,000  
**Description:** The GFMEDC provided funding to the Offutt School of Business to be used towards internships in the specific areas of Entrepreneurship and Not-for-profit Management and to support the development of a new technology degree that will be a joint effort of Concordia's Offutt School and Math Department. These two uses of funds support the GFMEDC's focuses in entrepreneurial development, workforce development and nurturing the business/education connection.

**Project:** Projects and Operations Support  
**Organization:** Emerging Prairie  
**Total Spent:** \$50,000  
**Description:** The GFMEDC continues to build trusted relationships and partnerships with the entrepreneurial community and providers, like Emerging Prairie. The mission of Emerging Prairie is to connect and celebrate the entrepreneurial ecosystem in Fargo-Moorhead through marketing and by operating a wide variety of events and initiatives, such as Drone Focus, the Prairie Den coworking space and 1 Million Cups Fargo. GFMEDC has worked closely with Emerging Prairie since 2012 to enhance and elevate the regional entrepreneurial community.

**Project:** Be Bold Conference  
**Organization:** Fargo South-hosted DECA  
**Total Spent:** \$500  
**Description:** DECA is "a worldwide non-profit organization implemented in high schools and colleges with a mission to create young leaders and entrepreneurs." Each year teams are formed from DECA chapters and are assigned focus onto a project the team deems passionate about. In 2015, Fargo South's DECA members' project focused on Entrepreneurship Promotion. Sixty FM area high schoolers attended the Be Bold Conference, which included speakers and tours of local startups.

**Project:** Three Minute Thesis Challenge  
**Organization:** NDSU  
**Total Spent:** \$500  
**Description:** 25 NDSU graduate students are allowed up to three minutes to present a thesis on a variety of topics in the areas of architecture, health, science and current events. The competition is judged by faculty members, graduate students and community leaders. Hosted at NDSU, the winner of the competition is awarded a cash prize and advances to the national competition.

**Project:** Girl Develop It Anniversary Celebration  
**Organization:** Girl Develop It  
**Total Spent:** \$1,382  
**Description:** Girl Develop It (GDI) is a national nonprofit organization provides affordable and judgment-free opportunities for women interested in learning web and software development. Local chapters are led by volunteers. To celebrate the first year of the locally successful chapter, GDI Fargo hosted a public viewing of the documentary CODE: Debugging the Gender Gap at the Fargo Theatre. <https://www.girldevelopit.com/>

**Project:** InSites Build Sponsorship  
**Organization:** Intelligent InSites  
**Total Spent:** \$1,500  
**Description:** InSites Build is a three-day conference that gathers many healthcare and technology leaders to discuss and embrace technology to drive down the cost of healthcare while improving the quality of care and enhancing the patient experience.

**Project:** Midwest Mobile Summit Sponsorship  
**Organization:** Myriad Mobile  
**Total Spent:** \$2,500  
**Description:** Hosted by Myriad Mobile, this two-day conference connects the public with national mobile strategy and mobile technology pioneers across the nation. <http://midwestmobilesummit.com/>

**Project:** Misfit Con Sponsorship  
**Organization:** Misfit inc.  
**Total Spent:** \$2,500  
**Description:** Misfit Con is a gathering of approximately 150 creative and thought-provoking people from across the world. Misfit has held their conference in Fargo in 2013, 2014 and 2015 with the addition of a film festival in 2014 and enhanced public events in 2015. <http://misfitcon.com/>

**Project:** Makers Space Grant  
**Organization:** MSUM  
**Total Spent:** \$25,500  
**Description:** According to makerspaces.com, "Makers spaces are often referred to as creative, DIY spaces where people can gather to create, invent, and learn. They often have 3D printers, software, electronics, craft and hardware supplies and tools, and more." The GFMEDC has invested in MSUM's Makers Space as a way to enrich and encourage the entrepreneurial spirit in the FM area. This is also a great opportunity for students to get engaged with emerging technologies and hands-on activities.

**Project:** Study (1 of 3 Payments)  
**Organization:** NDSCS  
**Total Spent:** \$10,000  
**Description:** NDSCS is performing a feasibility/region outlook report on the CTE needs of our community. In order to perform this magnitude of research, The Chamber and GFMEDC has made investments towards the research. The GFMEDC will make three payments towards the effort ; all provided at various milestones/intervals of completion.

**Project:** 2015 & 2016 NDSU Innovation Challenge Sponsorship  
**Organization:** NDSU Research and Technology Park  
**Total Spent:** \$7,500  
**Description:** The purpose of Innovation Challenge is to encourage students to be innovative thinkers, enhance their entrepreneurial awareness, empower them to pursue entrepreneurial careers, expand their access to resources available for innovators and entrepreneurs, and to engage with entrepreneurs and business leaders in our communities. The GFMEDC helps support the event through volunteer time volunteers as judges.  
<http://www.ndsuresearchpark.com/innovationweek/Pages/default.aspx>

**Project:** Bison Microventure and Bison Proventure Innovation Teams  
**Organization:** NDSU  
**Total Spent:** \$5,000  
**Description:** “The Bison Microventure is an innovation team that operates at North Dakota State University. It is best characterized as a learning experience in innovation and productization. It is part of a loose Bison Ventures Network, involving the College of Engineering and Architecture, the College of Business Administration and the Center for Technical Enterprise. Other colleges at NDSU and throughout the Tri-College (NDSU, Minnesota State University-Moorhead, Concordia College) area also occasionally participate in Bison Ventures.”  
[https://www.ndsu.edu/ime/bison\\_microventure/](https://www.ndsu.edu/ime/bison_microventure/)

The Bison Proventure is a new NDSU class/program with a purpose of exploring the technology of prosthetics and other medical devices.

**Project:** Investor & Community Relations  
**Organization:** F-M RedHawks (City of Fargo) and GFMEDC  
**Total Spent:** \$5,125  
**Description:** In 2015, the GFMEDC rented a suite for a quarter of the FM RedHawks Games. 13 games were attended with the opportunity to invite and network with nearly 260 Cass and Clay County community members. The GFMEDC hosted, in the suite: entrepreneur night, workforce night, HR night, EDO night and more.

**Project:** Drone Focus Sponsorship  
**Organization:** Emerging Prairie  
**Total Spent:** \$2,500  
**Description:** With over 100 people in attendance, Emerging Prairie hosted the 1<sup>st</sup> Annual Drone Focus at the Fargo Jet Center. A variety of perspectives from multiple segments of the UAS industry were represented and discussed. The UAS industry is a targeted sector the GFMEDC holds interest in for enriching our economic climate in Cass and Clay Counties – through Ag and IT support.

**Project:** Co.Starters Support  
**Organization:** Folkways  
**Total Spent:** \$5,000  
**Description:** Co.Starters is a nine-week business development program that helps aspiring entrepreneurs put ideas into action, and turn a passion into a sustainable and thriving small business. Local organization Folkways created the first FM cohort program in 2015. GFMEDC provided funding and resources to help them initiate the program.

**Project:** Growth Initiative Fund (GIF) Support  
**Organization:** GFMEDC  
**Total Spent:** \$60,000  
**Description:** GFMEDC manages the GIF (separate 501(c)3 non-profit) revolving loan pool for expanding primary-sector businesses. While funding for the GIF was primarily established 20 years ago, IRS rules dictate that certain percentages of new public support funding are required. The 2015

contribution by GFMEDEC was to provide this support and allow GIF to pass the IRS Public Support measurement test for up to an additional 2-3 years.

Project: Flood Diversion Taskforce Initiative

Organization: The Chamber

Total Spent: \$5,000

Description: The GFMEDEC partners with the Chamber's Business Leaders Taskforce to support the diversion encouraging business leaders to support diversion efforts and educate legislators on the impact of diversion.

Project: Program and Operational Support

Organization: North Dakota SBDC

Total Spent: \$10,000

Description: The GFMEDEC provides funds for 'local-match financial support' the ND SBDC and Fargo Regional Center. The ND SBDC relies on federal, state and local support to provide programming to the business communities it serves.

Project: Co.Starters Scholarship

Organization: Fargo StartUp House

Total Spent: \$500

Description: The GFMEDEC sponsored one member of the Fargo StartUp House to attend the Co.Starter training. Fargo StartUp House allows up to six entrepreneurs to live and work in one place for six months as they build innovation focused businesses.

Project: Startup Weekend Sponsorships

Organization: UP Global

Total Spent: \$5,000

Description: In the 54-hour event, teams take a business concept from pitch to market-ready. Since 2013, the GFMEDEC has assisted in sponsoring and facilitating Startup Weekends and Women's Startup Weekends.

Project: TEDxFargo Sponsorship

Organization: Emerging Prairie

Total Spent: \$2,500

Description: Part of the independently-organized TED events aimed to spark conversations and connections. The 2015 TEDxFargo gathered almost 2,000 attendees.

## 2016

Projected spending in community investments through Projects and Initiatives in 2016 is currently budgeted at \$ \$270,000.00.

### 2016 Projects and Initiatives paid YTD:

Project: Air Service	Project: Misfit Con Sponsorship
Organization: Municipal Airport Authority	Total Spent: \$2,500
Total Spent: \$100,000	
	Project: TEDxFargo Sponsorship
Project: CULTIVATE.you	Organization: Emerging Prairie
Organization: Arthur Ventures	Total Spent: \$5,000
Total Spent: \$1,000	
	Project: Startup Weekend Sponsorships
Organization: Concordia	Total Spent: \$5,000
Total Spent: \$20,000	
	Organization: Fargo StartUp House
Project: Drone Focus Sponsorship	Total Spent: \$2,500
Organization: Emerging Prairie	
Total Spent: \$2,500	Project: Program and Operational Support
	Organization: North Dakota SBDC
Project: InSites Build Sponsorship	Total Spent: \$10,000
Organization: Intelligent InSites	
Total Spent: \$2,500	Project: Study (Payments 2 & 3)
	Organization: NDSCS
Project: Midwest Mobile Summit Sponsorship	Total Spent: \$20,000
Organization: Myriad Mobile	
Total Spent: \$2,500	
	Concordia \$20,000
	MState \$20,000
	MSUM \$20,000
	NDSU \$20,000
	Other Grants \$10,000
	Unspecified Growth \$25,000
	Plan Projects

**GREATER FARGO MOORHEAD  
ECONOMIC DEVELOPMENT CORPORATION**

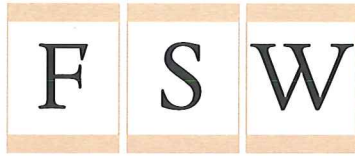
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**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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FIEBIGER ■ SWANSON ■ WEST  
& Co., PLLP  
CPAs & Consultants

INDEPENDENT AUDITORS' REPORT

March 8, 2016

Board of Directors  
Greater Fargo Moorhead Economic Development Corporation

We have audited the accompanying financial statements of Greater Fargo Moorhead Economic Development Corporation, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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 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 control 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 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 auditors' 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 Fargo Moorhead Economic Development Corporation as of December 31, 2015 and 2014, 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.

***Other Matter***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the 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.

*Fiebiger, Swanson, West & Co., PLLP*

FIEBIGER, SWANSON, WEST & CO., PLLP  
Certified Public Accountants

GREATER FARGO MOORHEAD ECONOMIC  
DEVELOPMENT CORPORATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2015 AND 2014

<u>Assets</u>		
	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash	\$ 526,126	\$ 747,431
Certificates of Deposit	1,250,000	1,250,000
Receivables:		
Current Portion of Unconditional Promises to Give, Net of Allowance for Uncollectible Pledges	79,050	332,446
Interest	16,289	2,689
Other	80	0
Prepaid Expenses	5,390	7,086
Total Current Assets	<u>\$ 1,876,935</u>	<u>\$ 2,339,652</u>
Unconditional Promises to Give, Net of Discounts and Current Portion Shown Above	<u>\$ 7,001</u>	<u>\$ 72,589</u>
Property and Equipment, Net	<u>\$ 46,722</u>	<u>\$ 52,318</u>
Other Assets	<u>\$ 7,500</u>	<u>\$ 7,500</u>
Total Assets	<u><u>\$ 1,938,158</u></u>	<u><u>\$ 2,472,059</u></u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts Payable	\$ 20,000	\$ 5,750
Accrued Vacation	35,501	24,509
Total Current Liabilities	<u>\$ 55,501</u>	<u>\$ 30,259</u>
Net Assets:		
Unrestricted:		
General Reserves	\$ 1,166,606	\$ 1,416,765
Board Designated	630,000	620,000
Temporarily Restricted	86,051	405,035
Total Net Assets	<u>\$ 1,882,657</u>	<u>\$ 2,441,800</u>
Total Liabilities and Net Assets	<u><u>\$ 1,938,158</u></u>	<u><u>\$ 2,472,059</u></u>

See accompanying notes and independent auditors' report

**GREATER FARGO MOORHEAD ECONOMIC  
DEVELOPMENT CORPORATION**

STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014

	2015		
	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Government Contributions:			
Cass County	\$ 566,000	\$ 0	\$ 566,000
Clay County	87,500	0	87,500
City of Moorhead	25,000	0	25,000
Focus Initiative	206,037	63,000	269,037
New Jobs Administrative Income	23,794	0	23,794
Other Income	16,049	0	16,049
Net Assets Released from Restriction	381,984	(381,984)	0
Total Revenues and Other Support	<u>\$ 1,306,364</u>	<u>\$ (318,984)</u>	<u>\$ 987,380</u>
Administrative Expenses	<u>\$ 1,247,146</u>	<u>\$ 0</u>	<u>\$ 1,247,146</u>
Project Initiatives	<u>\$ 299,377</u>	<u>\$ 0</u>	<u>\$ 299,377</u>
Change in Net Assets	\$ (240,159)	\$ (318,984)	\$ (559,143)
Net Assets, Beginning of Year	<u>2,036,765</u>	<u>405,035</u>	<u>2,441,800</u>
Net Assets, End of Year	<u><u>\$ 1,796,606</u></u>	<u><u>\$ 86,051</u></u>	<u><u>\$ 1,882,657</u></u>

	2014		
	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Government Contributions:			
Cass County	\$ 543,000	\$ 0	\$ 543,000
Clay County	87,500	0	87,500
City of Moorhead	25,000	0	25,000
Focus Initiative	222,350	15,298	237,648
New Jobs Administrative Income	33,218	0	33,218
Other Income	6,309	0	6,309
Net Assets Released from Restriction	354,103	(354,103)	0
Total Revenues and Other Support	\$ 1,271,480	\$ (338,805)	\$ 932,675
Administrative Expenses	\$ 1,225,366	\$ 0	\$ 1,225,366
Project Initiatives	\$ 108,171	\$ 0	\$ 108,171
Change in Net Assets	\$ (62,057)	\$ (338,805)	\$ (400,862)
Net Assets, Beginning of Year	2,098,822	743,840	2,842,662
Net Assets, End of Year	\$ 2,036,765	\$ 405,035	\$ 2,441,800

See accompanying notes and independent auditors' report

**GREATER FARGO MOORHEAD ECONOMIC  
DEVELOPMENT CORPORATION**  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities:		
Cash Received from Revenues and Other Support	\$ 1,290,954	\$ 1,290,181
Cash Paid for Goods and Services	(1,495,951)	(1,290,558)
Cash Received from Interest and Dividends	<u>1,730</u>	<u>3,610</u>
Net Cash Flows From Operating Activities	<u>\$ (203,267)</u>	<u>\$ 3,233</u>
Cash Flows From Investing Activity:		
Purchase of Property and Equipment	<u>\$ (18,038)</u>	<u>\$ (10,473)</u>
Change in Cash	\$ (221,305)	\$ (7,240)
Cash, Beginning of Year	<u>747,431</u>	<u>754,671</u>
Cash, End of Year	<u><u>\$ 526,126</u></u>	<u><u>\$ 747,431</u></u>

See accompanying notes and independent auditors' report

GREATER FARGO MOORHEAD ECONOMIC  
DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Business – Greater Fargo Moorhead Economic Development Corporation (Organization) is a nonprofit organization established to promote economic development for the Cass and Clay County areas.

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for operating reserve and quasi-endowment.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If restrictions are satisfied during the same fiscal year of the contribution, the entire transaction is reported as unrestricted.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently. The restrictions, however, permit the Organization to expend the income generated in accordance with the provisions of the agreements.

At December 31, 2015 and 2014, there were no permanently restricted net assets.

Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Promises to Give – Unconditional promises to give are reported at net realizable value if, at the time the promise is made, the payment is expected to be received in one year or less. Unconditional promises to give expected to be collected in future years are initially recorded using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in contribution revenue in the statements of activities.

GREATER FARGO MOORHEAD ECONOMIC  
DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Management determines the allowance for uncollectible promises to give based on historical trends of collection, the type of donor (corporation/governmental agency), general economic conditions in the geographic area in which the promises to give, and a review of subsequent collections. Receivables are written off when management has explored all avenues of collection and the remaining balance is deemed uncollectible. At both December 31, 2015 and 2014, the allowance was \$3,001.

Property and Equipment – Property and equipment additions over \$1,000 are recorded at historical cost if purchased or fair market value at the date of donation. Depreciation is provided for over the following estimated useful lives of the individual assets using the straight-line method:

<u>Asset</u>	<u>Lives</u>
Equipment	5-10 Years
Software	3 Years
Website	5 Years
Leasehold Improvements	5 Years

In the case of capitalized leased assets or leasehold improvements, depreciation will be provided over the lesser of the useful life of the assets or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Revenue Recognition – Contributions received are recorded as unrestricted or temporarily restricted, depending on the existence and/or nature of any donor restriction. Unconditional promises to give cash and other assets are reported at present value at the date the promise is received, which is then treated as cost. The gifts are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor stipulated time restrictions are met or accomplished temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Advertising Costs – The Organization expenses advertising costs as they are incurred. Advertising expenses amounted to \$21,947 and \$8,900 for the years ended December 31, 2015 and 2014, respectively, and are included under administrative expenses on the statements of activities.

Income Taxes – The Organization is organized as a North Dakota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and Section 57-38-09 of the North Dakota Century Code, respectively. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.



**GREATER FARGO MOORHEAD ECONOMIC  
DEVELOPMENT CORPORATION**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Concentrations of Credit Risk – The Organization manages deposit concentration risk by placing cash with financial institutions believed by management to be creditworthy. At times, amounts may exceed insured limits. To date, the Organization has not experienced any losses in these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and companies supportive of the Organization's mission.

Reclassifications – Certain reclassifications have been made to the 2014 financial statements, with no effect on net assets or change in net assets, to be consistent with classifications used in the 2015 financial statements.

Fair Value Measurement – The carrying amount of all financial instruments approximates their fair value due to the short-term maturities of these items.

Subsequent Events – The Organization has evaluated subsequent events through March 8, 2016, which is the date the financial statements were available to be issued.

**NOTE 2 UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give consist of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Receivable in Less than One Year	\$ 82,051	\$ 335,447
Receivable in One to Five Years	9,000	87,650
	<u>91,051</u>	<u>423,097</u>
Unconditional Promises to Give	\$ 91,051	\$ 423,097
Less: Discounts to Net Present Value	1,999	15,061
Less: Allowance for Uncollectible Pledges	3,001	3,001
	<u>86,051</u>	<u>405,035</u>
Unconditional Promises to Give, Net of Discounts and Allowance	\$ 86,051	\$ 405,035
Less: Current Portion	79,050	332,446
	<u>7,001</u>	<u>72,589</u>
Unconditional Promises to Give, Net of Discounts and Current Portion Shown Above	<u>\$ 7,001</u>	<u>\$ 72,589</u>

**GREATER FARGO MOORHEAD ECONOMIC  
DEVELOPMENT CORPORATION**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

**NOTE 2 UNCONDITIONAL PROMISES TO GIVE (CONTINUED)**

The table below sets forth a summary of changes in unconditional promises to give for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Beginning Balance	\$ 405,035	\$ 743,840
New promises to give received	0	44,417
Promises to give collected	(330,796)	(341,080)
Bad Debt Expense	(1,250)	(42,940)
Present Value adjustment	<u>13,062</u>	<u>798</u>
Ending Balance	<u>\$ 86,051</u>	<u>\$ 405,035</u>

The discount rate used on the long-term pledges was 3.25% for both 2015 and 2014.

**NOTE 3 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 129,722	\$ 111,684
Software	2,686	2,686
Website	43,527	43,527
Leasehold Improvements	<u>11,638</u>	<u>11,638</u>
Property and Equipment, Gross	\$ 187,573	\$ 169,535
Less: Accumulated Depreciation	<u>140,851</u>	<u>117,217</u>
Property and Equipment, Net	<u>\$ 46,722</u>	<u>\$ 52,318</u>

**NOTE 4 NET ASSETS**

Board designated nets assets represent approximately six months of operating expenses.

Temporarily restricted net assets consist of promises to give.

**GREATER FARGO MOORHEAD ECONOMIC  
DEVELOPMENT CORPORATION**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

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**NOTE 5 LEASES**

The Organization leases office facilities and office equipment under long-term operating lease agreements. The Organization is required to pay executory costs such as utilities, maintenance, and insurance as a condition of each of the leases. The Organization signed a new lease agreement, effective January 1, 2013, for five years. Future minimum lease payments for the years ended December 31 under these leases are as follows:

2016	\$ 44,445
2017	<u>45,754</u>
Total	<u>\$ 90,199</u>

Rent expenses for building and operating leases, including common area maintenance expenses, totaled \$73,327 and \$68,718 for the years ending December 31, 2015 and 2014, respectively.

**NOTE 6 EMPLOYEE BENEFIT PLANS**

The Organization has a retirement plan covering substantially all of its employees. The Organization annually contributes a 3% safe harbor contribution as well as a match up to 3% of each eligible employee's salary. Contributions for the years ended December 31, 2015 and 2014 were \$39,774 and \$36,872, respectively.

GREATER FARGO MOORHEAD ECONOMIC  
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**NOTE 7 STATEMENTS OF CASH FLOWS**

Accounting Policy – The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the Organization are excluded from this definition.

Reconciliation of Changes in Net Assets to Net Cash Flows From Operating Activities:

	<u>2015</u>	<u>2014</u>
Change in Net Assets	\$ (559,143)	\$ (400,862)
Reconciling Items:		
Depreciation	23,634	24,885
Changes in:		
Unconditional Promises to Give	318,984	338,805
Interest Receivable	(13,600)	(2,689)
Other Receivables	(80)	25,000
Prepaid Expenses	1,696	6,716
Accounts Payable	14,250	5,750
Accrued Vacation	10,992	5,628
	<u>                    </u>	<u>                    </u>
Net Cash Flows From Operating Activities	<u>\$ (203,267)</u>	<u>\$ 3,233</u>

**GREATER FARGO MOORHEAD ECONOMIC  
 DEVELOPMENT CORPORATION**  
 SCHEDULES OF ADMINISTRATIVE EXPENSES  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Salaries and Benefits	\$ 793,434	\$ 742,628
Rent	73,327	68,718
Workforce Development	66,255	51,924
Marketing	56,210	58,160
Payroll Taxes	42,946	41,928
Retirement Plan	39,774	36,872
Investor and Board Relations	29,498	23,330
Internet and Web Support	26,000	23,600
Depreciation	23,634	24,885
Miscellaneous	17,465	42,417
Dues and Subscriptions	15,920	14,118
Professional Fees	13,883	14,976
Telephone	13,282	12,402
Equipment Leases	7,493	7,188
Mileage	6,773	6,955
Entrepreneurial Development	5,517	0
Business Retention and Expansion	4,237	556
Insurance	3,965	4,086
Postage	2,284	1,367
Equipment Maintenance	1,487	3,452
Office Supplies	1,372	1,214
Bad Debt	1,250	42,940
Printing	1,140	1,650
Total Administrative Expenses	<u>\$ 1,247,146</u>	<u>\$ 1,225,366</u>

See independent auditors' report

**GREATER FARGO MOORHEAD ECONOMIC  
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SCHEDULES OF PROJECT INITIATIVES  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Emerging Prairie	\$ 50,000	\$ 12,500
Co-Working Space	45,837	27,033
Concordia	25,000	14,000
MSUM	25,000	0
NDSUS	30,000	0
NDSU	12,500	0
Air Service	5,505	15,616
Startup Weekend	5,000	0
Midwest Mobile Summit	2,500	0
MisFit Conference	2,500	0
TEDx	2,500	0
Growth Plan Projects	2,410	29,522
Intelligent InSites-Build Event	1,500	0
Arthur Ventures-Cultivate You	1,000	0
Fargo Startup House	500	0
Other Grants		
GIF Support	60,000	0
ND SBDC Program and Operational Support	10,000	0
Investor Relations	5,125	0
Co.Starters	5,000	0
Flood Diversion Taskforce	5,000	0
Drone Focus	2,500	0
MSUM - Biotechnology Industry Certificate Sponsorship	0	9,000
Entrepreneurs of NDSU	0	500
Total Project Initiatives	<u>\$ 299,377</u>	<u>\$ 108,171</u>

See independent auditors' report