

TOPEKA DEVELOPMENT CORPORATION
BOARD OF DIRECTORS
MEETING AGENDA
April 15, 2025 – 5:15 p.m. to 6:00 p.m.
City Council Chambers
214 SE 8th St., 2nd Floor, Topeka, Kansas

Board of Directors:

Michael A. Padilla, President
Neil Dobler, Vice President
Karen A. Hiller, Secretary
Michelle Hoferer, Treasurer
Christina Valdivia-Alcala, Director

Sylvia E. Ortiz, Director
David Banks, Director
Brett D. Kell, Director
Marcus D.L. Miller, Director
Spencer Duncan, Director

Addressing the Board of Directors: Public comment for the meeting will be available In-person or via Zoom. Individuals must contact the City Clerk's Office at 785-368-3940 or via email at cclerk@topeka.org by no later than 4:00 p.m. on the meeting date after which the City Clerk's Office will provide Zoom link information and protocols prior to the meeting.

View the meeting online at: <https://www.topeka.org/communications/live-stream/> or at <https://www.facebook.com/cityoftopeka/>. If you do not have access to a viewing option, please contact the City Clerk at 785-368-3940 or email cclerk@topeka.org to make arrangements for an in person location.

Written public comment may also be considered to the extent it is personally submitted at the meeting or to the City Clerk's Office located at 215 SE 7th Street, Room 166, Topeka, Kansas, 66603 or via email at cclerk@topeka.org on or before the meeting date.

If you need any accommodations for the meeting, please contact the City ADA Coordinator at 785-368-4470. Kansas Relay Service at 800-766-3777. Please provide a 48 Hour Notice if possible. Assistive listening devices are available for use in the community forum.

Agendas are available in the City Clerk's Office, 215 SE 7th Street, Room 166, Topeka, Kansas, 66603 or on the City's website at <https://topekadevelopmentcorporation.com/>.

1. **CALL TO ORDER:**
2. **PLEDGE OF ALLEGIANCE:**
3. **ROLL CALL:**
4. **APPROVAL of March 11, 2025, meeting minutes.**

5. **EXECUTIVE SESSION:**

(The Board will recess into Executive Session to discuss financial affairs or trade secrets of a corporation pursuant to K.S.A. 75-4319(b)(4).)

6. **PRESENTATION of the 2024 Topeka Development Corporation Audit Report.**

7. **APPROVAL of an additional funding request in the amount of \$168,297 for operations and maintenance of Hotel Topeka contingent upon Governing Body approval of the transfer of the funds to the Topeka Development Corporation.**

(The TDC has received a request from the hotel management company for \$168,297 to operate and maintain Hotel Topeka.)

8. **OTHER NEW BUSINESS:**

9. **PUBLIC COMMENT:**

Public comment for the meeting will be available In-person or via Zoom. Individuals must contact the City Clerk's Office at 785-368-3940 or via email at cclerk@topeka.org by no later than 4:00 p.m. on the date of the meeting, after which the City Clerk's Office will provide Zoom link information and protocols prior to the meeting. Written public comment may also be considered to the extent it is submitted at the meeting or personally to the City Clerk's Office located at 215 SE 7th Street, Room 166, Topeka, Kansas, 66603 or via email at cclerk@topeka.org on or before the date. View the meeting online at <https://www.topeka.org/communications/live-stream/> or at <https://www.facebook.com/cityoftopeka/>.

10. **ADJOURNMENT:**

Topeka Development Corporation
Board of Directors

ITEM 4: March 11, 2025, meeting minutes.

Date: April 15, 2025

Contact Person: Brenda Younger, Assistant Board Secretary

**Topeka Development Corporation Board of Directors Meeting Minutes
March 11, 2025.**

The Topeka Development Corporation (TDC) Board of Directors met at 5:00 p.m. with the following Board of Directors present: Karen Hiller, Sylvia Ortiz, David Banks, Brett Kell, Neil Dobler, Spencer Duncan and Michelle Hoferer -7. Board President Michael Padilla presided -1. Absent: Christina Valdiva-Alcala and Marcus Miller -2.

Public comment for the meeting was available via Zoom or in-person. Individuals were required to contact the City Clerk's Office at 785-368-3940 or via email at cclerk@topeka.org by no later than 4:00 p.m. on March 11, 2025, after which the City Clerk's Office provided the Zoom link information and protocols prior to the meeting start time. Written public comment was also considered to the extent it was personally submitted at the meeting or to the City Clerk's Office located at 215 SE 7th Street, Room 166, Topeka, Kansas, 66603 or via email at cclerk@topeka.org on or before March 11, 2025.

APPROVAL of the February 11, 2025 Minutes.

Director Hiller moved to approve the minutes. The motion seconded by Board President Padilla carried unanimously on voice vote. (7-0-0)

Director Hoferer moved to recess into executive session not to exceed 40 minutes to discuss data relating to financial affairs or trade secrets of one or more corporations as allowed under K.S.A. 75-4319(b)(4). The open meeting will resume in the City Council Chambers. The following individuals will be necessary to assist the Board in its deliberations, City Manager Dr. Robert M. Perez, Assistant City Manager Braxton Copley, and any other individuals the TDC Board finds useful. The motion was seconded by Director Miller.

Board President Padilla asked all those in favor of recessing into executive session to indicate so by verbally saying "yea" and those opposing to indicate so verbally by saying "no." The motion carried unanimously. (7-0-0)

The meeting reconvened into open session and Board President Padilla announced no action was taken during the executive session.

DISCUSSION regarding the capital funds request for the ADA sidewalk and other site improvements at Hotel Topeka. *(Continued discussion from the February 11, 2025, TDC Board Meeting)*

Director Hoferer moved to defer the discussion until the June 2025 TDC Board meeting, date to be determined. The motion seconded by Director Miller carried unanimously on voice vote. (7-0-0)

NO FURTHER BUSINESS appearing the meeting adjourned at 5:59 p.m.

Topeka Development Corporation
Board of Directors

ITEM 5: Executive Session

Date: April 15, 2025

Contact Person: Braxton Copley, Project Manager

The Board will recess into Executive Session to discuss financial affairs or trade secrets of a corporation pursuant to K.S.A. 75-4319(b)(4)

Topeka Development Corporation
Board of Directors

**ITEM 6: Presentation of the 2024 Topeka Development Corporation
Audit Report.**

Date: April 15, 2025

Contact Person: Josh McAnarney, Budget and Finance Director

TOPEKA DEVELOPMENT CORPORATION

Financial Statements With Independent Auditors' Report

For the Year Ended December 31, 2024

TOPEKA DEVELOPMENT CORPORATION
Financial Statements With Independent Auditors' Report
For the Year Ended December 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Topeka Development Corporation
Topeka, Kansas

Opinion

We have audited the accompanying financial statements of **Topeka Development Corporation**, a component unit of City of Topeka, Kansas, which comprise the statement of net position as of December 31, 2024, and the related statements of revenues, expenses and change in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of **Topeka Development Corporation**, as of December 31, 2024, and the changes in its net position and cash flows for the year 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Topeka 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 the 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 **Topeka Development Corporation's** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities 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 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 **Topeka 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 **Topeka 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 matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management, discussion, and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.



ADAMSBROWN, LLC
Certified Public Accountants
Wichita, Kansas

March 31, 2025

TOPEKA DEVELOPMENT CORPORATION

Statement of Net Position

December 31, 2024

<u>ASSETS</u>	
Current Assets	
Cash and Cash Equivalents	\$ 384,203
Accounts Receivable, Net	62,649
Inventory	24,816
Prepaid Expenses and Other Assets	<u>120,575</u>
Total Current Assets	<u>592,243</u>
Capital Assets	
Building	7,287,977
Accumulated Depreciation	<u>(425,132)</u>
Net Capital Assets	<u>6,862,845</u>
Total Assets	\$ <u><u>7,455,088</u></u>
<u>LIABILITIES</u>	
Current Liabilities	
Trade Accounts Payable	\$ 165,535
Other Payables	6,954
Accrued Payroll	38,150
Deposits Received	<u>24,905</u>
Total Current Liabilities	<u>235,544</u>
<u>NET POSITION</u>	
Invested in Capital Assets, Net of Related Debt	6,862,845
Unrestricted	<u>356,699</u>
Total Net Position	<u>7,219,544</u>
Total Liabilities and Net Assets	\$ <u><u>7,455,088</u></u>

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

TOPEKA DEVELOPMENT CORPORATION
Statement of Revenues, Expenses and Change in Net Position
For the Year Ended December 31, 2024

<u>REVENUES</u>	
Operating Revenues	
Charges for Services	
Room	\$ 2,051,921
Restaurant	99,307
Banquet	938,084
Other	49,599
	<u>3,138,911</u>
Total Operating Revenue	3,138,911
<u>EXPENSES</u>	
Operating Expenses	
Payroll and Compensation Expense	
Room	716,172
Food and Beverage	168,162
Restaurant	109,517
Banquet	189,850
Administrative and General	219,358
Sales and Marketing	134,953
Repairs and Maintenance	260,107
	<u>1,798,119</u>
Total Payroll and Compensation Expense	1,798,119
Professional Services	
Room	119,574
Food and Beverage	74,540
Administrative and General	151,285
IT	130,037
Sales and Marketing	114,105
Repairs and Maintenance	27,826
	<u>617,367</u>
Total Professional Services	617,367
Supplies	
Room	85,508
Food and Beverage	362,124
Other	19,666
Administrative and General	19,575
IT	7,946
Sales and Marketing	2,333
Repairs and Maintenance	237,689
Utilities	413,957
Fixed	1,030,211
	<u>2,179,009</u>
Total Supplies	2,179,009
Depreciation	<u>364,399</u>
Total Operating Expenses	4,958,894
Net Operating Loss (carried forward)	\$ (1,819,983)

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

TOPEKA DEVELOPMENT CORPORATION
Statement of Revenues, Expenses and Change in Net Position
For the Year Ended December 31, 2024

Net Operating Loss (carried forward)	\$ <u>(1,819,983)</u>
<u>NON OPERATING REVENUES (EXPENSES)</u>	
Interest Income	138
Interest Expense and Finance Charges	<u>(112,002)</u>
Net Nonoperating Revenues (Expenses)	<u>(111,864)</u>
Loss Before Contributions	(1,931,847)
Capital Contributions	
Other Capital Contribution	<u>1,615,187</u>
Change in Net Position	(316,660)
Net Position Beginning of Period	<u>7,536,204</u>
Net Position End of Period	\$ <u><u>7,219,544</u></u>

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

TOPEKA DEVELOPMENT CORPORATION
Statement of Cash Flows
For the Year Ended December 31, 2024

Cash Flows From Operating Activities	
Hotel Services	\$ 3,080,706
Payments to Suppliers	<u>(4,695,392)</u>
Net Cash Used by Operating Activities	<u>(1,614,686)</u>
Cash Flows From Capital and Capital Related Financing Activities	
Capital Contributions Received	1,615,187
Interest Expense and Finance Charges	<u>(112,002)</u>
Net Cash Provided by Capital and Capital Related Financing Activities	<u>1,503,185</u>
Cash Flows from Investing Activities	
Interest Income	<u>138</u>
Net Decrease in Cash and Cash Equivalents	(111,363)
Cash and Cash Equivalents - Beginning of Year	<u>495,566</u>
Cash and Cash Equivalents - End of Year	<u>\$ 384,203</u>
 Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities	
Net Operating Loss	\$ (1,819,983)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	364,399
(Increase) Decrease in	
Accounts Receivable	(48,484)
Inventory	(630)
Prepaid Expenses	(19,596)
Increase (Decrease) in	
Accounts Payable	(88,248)
Other Payables	(6,520)
Accrued Payroll and Benefits	14,097
Deposits Received	<u>(9,721)</u>
Net Cash Used by Operating Activities	<u>\$ (1,614,686)</u>

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

TOPEKA DEVELOPMENT CORPORATION
Notes to Financial Statements
December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Topeka Development Corporation (the Organization) was incorporated on October 18, 2023, as a nonprofit organization for the exclusive benefit of City of Topeka, Kansas, in particular to aid, assist and foster the planning, designing, development, supervision, acquisition, construction, furnishing, equipping, management, operation and improvement of a convention center hotel in City of Topeka, Kansas. The Organization is a blended component unit of City of Topeka, Kansas and shares the same governing body as City of Topeka, Kansas. The Organization has no component units of its own.

Basis of Accounting

The accounting and reporting policies of the Organization, relating to the programs included in the accompanying financial statements, conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles (GAAP) for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments (GASB 34 Edition).

The Organization's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. For financial statement reporting purposes, the Organization is considered a special-purpose government engaged only in business-type activities and consists of one proprietary fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include checking accounts.

Accounts Receivable, Net

Accounts receivables are recorded when services are rendered and are primarily related to credit card payments. There was no allowance for uncollectable accounts at year end.

Prepaid Expenses and Inventory

Payments made to vendors for goods or services that will benefit periods beyond the current year are recorded as inventory or prepaid expenses.

Capital Assets

Capital assets are defined by the Organization as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of two years or greater. These assets are valued at historical cost, estimated historical cost if actual cost is not available, and estimated acquisition value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

TOPEKA DEVELOPMENT CORPORATION
Notes to Financial Statements
December 31, 2024

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful life for the building is 20 years.

Net Position

The Organization's net position is classified as follows:

Invested in capital assets, net of related debt: This represents the Organization's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

Unrestricted net position: The Organization receives various funds from organizations and hotel guests which are available for use at the discretion of the Organization.

Hotel Service Revenue

The Organization operates a full service hotel. Hotel revenues are recognized when services or goods have been rendered and it has a legal and enforceable right to receive payment. Hotel service revenues primarily consist of room rentals and restaurant and banquet charges.

Income Taxes

The Organization is exempt from federal income taxes on related income under Section 501(a) of the Internal Revenue Code (IRC), as an Organization described in IRC Section 501(c)(3). Further, the Organization has been classified as an Organization that is not a private foundation under IRC Section 509(a) and, as such, contributions to the Organization qualify for deduction as charitable contributions. However, income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511. The Organization did not have any material unrelated business income tax liability for the year ended December 31, 2024.

Management Agreement

The Organization has contracted with TOKS Associates LLC to manage the operations of Hotel Topeka at City Center. The management agreement commenced on October 31, 2023, and was renewed for an additional six months on December 31, 2023. The agreement will automatically renew for an additional six months indefinitely until either party provides notice of termination of the agreement.

The Organization will pay a management fee equal to the greater of 3% of total revenues, or \$7,500 per month, provided that the total fee for any full fiscal year is not less than \$120,000. If, at the end of any full fiscal year, the total of the monthly installments is less than \$120,000, the Organization shall pay TOKS Associates LLC an amount equal to the difference. The Organization will also pay TOKS Associates LLC an accounting fee of \$1,500 per month.

All hotel employees are employees of TOKS Associates LLC and, as such, the Organization has no direct employees and no pension obligations.

For the year ended December 31, 2024, the Organization paid total management fees of \$105,928 and total accounting fees of \$18,000.

Budgetary Information

The Organization is not subject to legal annual operating budget requirements and, therefore, has not included any budgetary information in these financial statements.

NOTE 2 – CASH

Deposits

K.S.A. 9-1401 establishes the depositories which may be used by **Topeka Development Corporation**. The

TOPEKA DEVELOPMENT CORPORATION
Notes to Financial Statements
December 31, 2024

statute requires banks eligible to hold the Organization's funds have a main or branch bank in the county in which the Organization is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Organization has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Organization's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Organization has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the Organization may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Organization's deposits may not be returned to it. State statutes require the Organization's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Organization does not use "peak periods". All deposits were legally secured at December 31, 2024. At December 31, 2024, the Organization's carrying amount of deposits and cash on hand was \$384,203 and the bank balance was \$373,906. The entire bank balance at December 31, 2024 was covered by federal depository insurance.

Cash balances at December 31, 2024 were as follows:

Demand Deposit – U.S. Bank	\$	150,159
Demand Deposit – Bank of America		229,044
Petty Cash on Hand		<u>5,000</u>
 Total Cash	 \$	 <u>384,203</u>

NOTE 3 – CAPITAL ASSETS

The following is a summary of changes in capital asset for the year ended December 31, 2024.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Depreciable Capital Assets				
Building	\$ 7,287,977	-	-	7,287,977
 Less Accumulated Depreciation	 (60,733)	 (364,399)	 -	 (425,132)
 Capital Assets, Net of Accumulated Depreciation	 <u>\$ 7,227,244</u>	 <u>(364,399)</u>	 <u>-</u>	 <u>6,862,845</u>

TOPEKA DEVELOPMENT CORPORATION
Notes to Financial Statements
December 31, 2024

The Organization incurred total depreciation expense for the year ended December 31, 2024, of \$364,399.

NOTE 4 – CAPITAL CONTRIBUTION

The Organization is a blended component unit of City of Topeka, Kansas and received capital contributions from the City of \$1,615,187 in cash, which is included in the statement of revenues, expenses and changes in net position for the year ended December 31, 2024.

NOTE 5 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 31, 2025, which is the date the financial statements were available to be issued.

March 31, 2025

To the Management and the Board of Directors
Topeka Development Corporation
Topeka, Kansas

We have audited the financial statements of the of **Topeka Development Corporation** for the year ended December 31, 2024, and have issued our report thereon dated March 31, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 11, 2024. 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 **Topeka Development Corporation** are described in Note 1 to the financial statements. 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 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.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes material misstatements detected as a result of audit procedures and corrected by management.

Topeka Development Corporation

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March 31, 2025

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' 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 March 31, 2025.

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 auditors' 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.

We identified the following significant risk of material misstatement as part of our audit. This is in addition to the risks of material misstatements to the financial statements communicated to you in our letter dated December 11, 2024.

- *Depreciation:* During the audit, we identified depreciation expense as a risk of material misstatement. We designed and performed procedures to address this risk.

Audit Recommendations

We wish to communicate to the governing body recommendations that we discussed with management to improve operational or administrative efficiencies and for improving internal control.

- Currently, journal entry review is not documented. We recommend that journal entry review be documented monthly and signed off on by the Director of Finance. Journal entries made by the Director of Finance should be reviewed by the City Manager or other designated person.

We will review the status of these items during our next audit engagement. We have already discussed many of these items and suggestions with the appropriate personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

INTERNAL CONTROLS

In planning and performing our audit of the financial statements of **Topeka Development Corporation** as of and for the year ended December 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be a material weakness:

- During the audit, we determined that the hotel property was depreciated with a useful life of 12 years instead of 20 years, which resulted in a material adjustment to the financial statements. We recommend that management review useful lives of all depreciable assets and ensure that they are depreciated based on those lives.

We would like to express our appreciation for the opportunity to perform the December 31, 2024 audit for **Topeka Development Corporation** and to the employees for the cooperation and assistance given to us during the audit.

Restriction on Use

This communication is intended solely for the information and use of management, the Board of Directors, others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.



ADAMSBROWN, LLC
Certified Public Accountants
Wichita, Kansas

Client: **95-08485.0 - Topeka Development Corporation**
 Engagement: **2024 Audit - Topeka Development Corporation**
 Period Ending: **12/31/2024**
 Trial Balance: **TB-01 - Trial Balance**
 Workpaper: **TB-03 - Combined Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1001				
To adjust depreciation expense to actual.				
16700	Accumulated Depreciation	H-02	242,932.59	
58102	Depreciation			242,932.59
Total			<u>242,932.59</u>	<u>242,932.59</u>
Adjusting Journal Entries JE # 1002				
To adjust real estate taxes for July-Oct 2023 which were not accrued for at prior year end but ultimately were paid by TDC.				
Originally recorded as an adjustment to net position.				
906765000	Real Estate Taxes	M-01	37,526.37	
2900000	Equity - Partner			37,526.37
Total			<u>37,526.37</u>	<u>37,526.37</u>
Total Adjusting Journal Entries			<u>280,458.96</u>	<u>280,458.96</u>
Total All Journal Entries			<u>280,458.96</u>	<u>280,458.96</u>

Topeka Development Corporation
Board of Directors

ITEM 7: Approval of an additional funding request in the amount of \$168,297 for operations and maintenance of Hotel Topeka.

Date: April 15, 2025

Contact Person: Braxton Copley, Project Manager

(The TDC has received a request from the hotel management company for \$168,297 to operate and maintain Hotel Topeka.)

1 **RESOLUTION NO. _____**

2
3 A RESOLUTION introduced by City Manager Dr. Robert M. Perez regarding additional
4 funding for operations and maintenance of Hotel Topeka.

5 WHEREAS, the management agreement for Hotel Topeka requires the owner, the
6 Topeka Development Corporation, to maintain a minimum working capital account of
7 \$150,000; and

8 WHEREAS, the Governing Body, after receiving and considering the requests for
9 funding from the Topeka Development Corporation (TDC), has issued resolutions
10 authorizing funding in the total amount of \$2,247,298.00; and

11 WHEREAS, the TDC has received a request from the hotel management company
12 for \$168,297.00.

13 NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE
14 CITY OF TOPEKA, KANSAS, that the Governing Body authorizes funding to the Topeka
15 Development Corporation, not to exceed an additional \$168,297.00 from General Fund –
16 Hotel Non-Departmental Expense to operate and maintain Hotel Topeka.

17 ADOPTED and APPROVED by the Governing Body on April 15, 2025.

18 CITY OF TOPEKA, KANSAS

19
20
21
22
23 _____
Michael A. Padilla, Mayor

24 ATTEST:

25
26
27
28 _____
29 Brenda Younger, City Clerk

Operating Funding Request

Property Name:	TOKS Associates LLC	Initial Funding	<input type="checkbox"/>
Property/Asset #:	Hotel Topeka at City Center	Ongoing Funding	<input checked="" type="checkbox"/>
Month/Year:	3-Apr-25	Capital Expenditure Funding	<input type="checkbox"/>

Vendor	Description		Requested Amount	Notes
Anticipated Cash	Anticipated Cash		\$ (309,108.00)	Apr-25
State & City Taxes	Taxes		\$ 39,895.00	March Taxes
Payroll	Payroll		\$ 126,559.00	Pay Dates 04/04 and 04/18
Conner Strong	Instal #4 of 4		\$ 31,558.00	GL and WC
AP Vendors	Guest Supplies, Cleaning Suplies, Utilities, etc.		\$ 237,216.00	Apr-25
CAPEX -COOK Flatt & Strobel			\$ 10,000.00	Handicap Access Walkway
CAPEX - Marmec			\$ 11,500.00	Sounder and Labor est
Total			\$147,620.00	

Ongoing Funding Reconciliation

Cash on Hand	\$129,323.00
Working Capital	\$150,000.00
Total Required	\$297,620.00
Funding Requested	\$168,297.00

Requested by:	Kibret Messele Controller	3-Apr-25 Date
Approved by:	Jason Dinkens VP of Operations	3-Apr-25 Date

Wiring Instructions:

Bank:	Bank of America
City/State:	Philadelphia
ABA#:	026009593
Account#:	3830 1141 8654
Account Name:	TOKS Associates LLC

Property Location : Topeka, KS

Please verify wiring instructions prior to transmitting (856)981-3382 russoj@gfhotel.com

Additional Comments (optional):

Revenue Linked: Budget 2025		NEGATIVE		NEGATIVE	
WEEK BY WEEK CASH FLOW				Room Revenue	152,301
TOKS Hotel Topeka				Other Revenue	138,067
04/03/25		Total Receipts	319,406	Total Revenue	290,369
09:37 AM					
Week Ending		4/6/2025	4/13/2025	4/20/2025	4/27/2025
		Forecast	Forecast	Forecast	Forecast
Room Revenue		21,098	54,925	18,948	54,413
Other Revenue		17,948	50,978	16,119	50,542
Total Revenue		39,046	105,903	35,067	104,955
Cash Collection to Revenue %		110.0%	110.0%	110.0%	110.0%
Beginning Balance - Carryforward		129,323	75,988	79,328	-6,703
Cash & CC Deposits		42,950	116,493	38,573	115,450
Other deposits / Over Short					5,938
Operating (funding)					
TOKS - PR and ACH PMTS					
CAPEX Funding					
CC/CLC Fees		-9,497			
Chargeback			-300		
Bank Fees				-500	
Total Receipts:		33,453	116,193	38,073	115,450
Distribution					
Payroll		61,559		65,000	
ADP-WFN Service Fee		690			
ADP/Hospitality Resources Fees				2,388	
ADP SAL-Wages Returns					
Sysco		3,500	3,500	3,500	3,500
US FOODS		250		250	250
Liberty Fruit Company					
Liquor/Beer/Wine-FINTECH		750	750	750	750
Prior Owner Taxes					
TX: topeka Business Improvement District				2,000	
Liquor Tax				1,090	
STATE Sales & Use Taxes 9.15%- Quarterly				20,471	673
Occupancy Tax 7%				15,661	
TOKS Associates LLC - MGT				9,861	
TOKS Associates LLC - ACCTG				1,500	
GF Management					
Petty cash			350		350
Franchise Fees					
Utilities - Water/Sewer - City of Topeka		7,306			9,000
Utilities - Water/Sewer - City of Topeka		115			115
Utilities - Electric - EVERGY					21,000
Utilities - Gas - Kansas Gas Service					14,000
Stauffer - Ladsclaping and snow Removal					2,892
Insurance-CSB					
Connor Strong - Property - 08/01/24-08/01/25					
Connor Strong-WC 08/01/24 - 08/01/2025					16,456
Connor Strong-Risk MGT08/01/24 - 08/01/2025					
Connor Strong-GL/Liq 8.01.24 - 08/01/25					15,102
United Health Care / CIGNA			10,910		
EYE MED VISION -					
Security (various individuals)					

SunLife		500				
Expense Reports GM		1,250		1,250		
Expense Reports RVP				750		
Expense Reports Misc		500		500		
Hiloday Christmass Gift cards						
A1 Lock & Key		250				
A-1 Septic Tank Cleaning- Kitchen Grease						
A2Z Wash Pros						
AccuSourceHR		250				
Aire Serv						
Allbridge						
All Pro Cleaning		1,350				
American Hotel Register						
American Sentry Security Systems INC	3,451	1,035	1,035	1,035	1,035	
Amadeus	4,304			4,304		
American Elevator Inspection						
American Maintenance Company						
AHP Law						
Amphion						
Ambius(17) - In Door Plant Monthly service		684				
Anderson & Catania Surety Services, LLC Bonds						
Atrium Hopsitality						
AT&T Prior Owner \$40,125						
At Works						
Advance Business Copiers						
Airgas		158		146		
Anytime Labor - Contract Labor		2,000		4,000		
Bluebonnet (Liquor License)						
Blue Dot						
BluePrint RF						
Bob Florence Contractors						
Booking.com		2,000				
Century Link						
Chefworks				500		
Cintas - uniforms						
Continental Battery Company						
CVTEK Media systems - AV costs		500		500		
Commercial Door Svc						
Commercial Lighting		150				
Compliance Signs LLC						
Courtesy Products						
Consolidated Hopsitality Supplies - Linen	1,128			1,200		
Country Wide Enterprise						
CoStar Realty Information- STAR Report PPD						
Culligan				72		
Cyrus Hotel						
DeLage Landen Financial						
Deluxe Branding Marketing--Guest Supplies		150				
Dish Network						
Direct Accommodations LLC						
Direct Waitstaff Aparel						
Dormakba USA						
Easy Ice LLC						
Ecolab - LY/Cleaining supply etc			600			
Ecolab - Pool		284		576		
Ecolab - Equipment Rental(190.73+589.62+545.40+142.16+177.40)=1,645		1,736				
Edward Don						
Electric City Sweet						
Elevator Safety Services Inc						
Entertainmnet Travel						
Exer-Tech Inc						
Expedia - ACH		1,200				
ESAM Jones Distributors Inc						
F&M Buiding Services						
Fedex		150				
Ferguson Enterprise						
GF University - NPN						

GF MGT - Postage		116	
GF Recruitment		250	
Giant communications		5,079	
Grainger - maintenance Tools		700	700
Gray communication			
Greater Topeka Partnership			
Guest Supply	3,585	2,000	2,000
GUEST /Group REFUNDS		1,117	
Gourmet Table & Skirts			
HAAG Oil - Diesel Fuel		400	
HD Pro			
HD Supply		2,000	2,000
The Home Depot			
The Eric Ryan Corporation			
Hoteliers Ink			
HotelTech International			
Hospitality Resources			
HMS - Carolil Business ACH's		759	
Ice-Masters			
International Chemtex Corp- Water Treatment-AC& Refriger etc		455	
Image Print Solution- AP checks Order			
Impulse Enterprise llc			
Integrity Electric			
Inner Workings			
JK Topeka LLC			
Johnson Controls - AC & Refrigeration - unexpected repairs		2,000	
John A Haefele			
JC Ehrlich			
Jayhawk Fire Sprinkler Co. Inc			
JMARK			
Jonas Chorum -Monthly PPD's		2,965	
JOHN A. HAEFELE - Audio Visual Supplies			
Knox Signs & Graphics			
KODDI Inc			
KONE QRT		4,573	
Liberty Fire Protection			
Liberty Fruit Company		500	577
Lindyspring Drinking Water		65	65
Light House - Former OTA Insight 10/23/23-10/22/24 PPD			
LMD - IT, Emial hosting etc \$690+\$203			893
LMD - M3			835
LMD - Bot			336
LMD Other			
Lockton Companies 05/15-06/03/21 \$3513			
Loomis- Bank Deposits			246
Loomis Bros. Equit--LY Eq't Repair			1,000
Luminous Neocan Inc - old signage removal			
Lower Plumbing Heating & Air			
M Burr Keim			
Matheson Tri-Gas Inc			
Mather Flare Rental inc		576	142
Marlen Oliveros			
Marmic Fire & Safety -fire alarm service, repairs etc		296	1,000
McElroys Inc			
Mc2 Windows & More			
Metropolitan telecommunications			
Midwest Single Source - Uniforms			250
My Employees			
P1 Group Inc - Mechanical & Electrical repairs			
P1 Services Group - Plumbing and Heating repairs			1,000
Parmley Electric			
Peterson Media Group			
Pepsi Colas Bottling		939	600
Playnetwork			
Pinnacle			
Plasticard-Locktech			

Premier Purchasing & Design					
Pride Mechanical			1,000		
PIVOT Travel LLC					
Racing circuit Travel					
Reach Meetings & Events					
Reeves-Wiedeman Co					
Renodis ER, LLC	3,250		250		
Rentokil - Pest Control	781		164		
Republic Service					
Ramses Plumbing					
Restaurant Technologies - Kitchen Cooking Fuel	450				
Revmass	1,899				
Ricoh USA Inc - Copier Lease	591				
RJ Kool					
RR Donnelley					
Royal Cup- Coffie suplies	750				
Road rebel Entertainment touring					
Scrub Hub uniforms	100				
Shred-IT	37				
shawnee Count - Conference Ctr Lease Qtrly	24,000				
Shawnee County solid Waste Dept	740				
Signs To Go					
Sertif Inc PPD 06/14/24 to 06/13/25 \$2,575					
SESAC					
Shorts Travel Management	500		500		
Shoes For Crew					
SESAC					
Sonifi -PPDS cable tv and Guest pay Movies	150	4,406	300		
Sojern TA Commisso					
Spectrum					
Stack Sports -TA Commis					
Standard Textile					
Staples	350		350		
Swims & Sweeps Inc					
Topeka Kennel Club, INC					
Team Travel Source - TA commissions	2,000		2,000		
Terminix Processing Center					
Time Warner					
Tiger Inc					
The Eric ryan Corporation					
The Waldinger Corporation- Kitchen EQUT Repaires	3,400		1,129		
The Sherwin Williams - Paints -Tools etc	300		200		
Tophotel Supply					
Travelclick					
Travelscape	250		250		
ULINE					
ULTRA-Chem Inc.					
US Hopitality Uniquet					
Village Cleaners	150				
Visit Topeka					
WW Marketing	1,700		238		
Capital Items					
Trane U.S.INC					
KONE CAPEX Fund Received -remaining balance	2,753				
Cook Flatt & Strobel Engineers	10,000				
Marmec Fire & Safety - Sounder and Labor Est			11,500		
Total Expense	86,788	112,854	124,105	95,965	37,016
Ending Bal - Cash Accounts	75,988	79,328	-6,703	12,782	-18,297
Working Capital \$150,000	-74,012	-70,672	-156,703	-137,218	-168,297
	150,000	150,000	150,000	150,000	150,000

Topeka Development Corporation
Board of Directors

ITEM 8: Other Business

Date: April 15, 2025

Contact Person:

Topeka Development Corporation
Board of Directors

ITEM 9: Public Comment

Date: April 15, 2025

Contact Person:
