Lansing Economic Development Corporation

Friday, May 09, 2025 – 8:30 AM

Lansing EDC Office - 401 S. Washington Sq. Suite 101, Lansing, MI 48933

AGENDA

1) Call to Order/Rollcall
2) New Board Member Welcome
3) Approval of LEDC Board Meeting Minutes – Friday, April 4, 2025
4) Financial Update
5) 2023/2024 Financial Audit Report
6) 2023/2024 LEDC Audit Approval (ACTION)
7) REO Town Clubhouse Lansing EDC Micro Loan Request (ACTION)
8) Corridor Updates
9) LEED Initiative Update
10) Project Updates
11) Committee Reports
12) Open Forum for LEDC Board Members
13) Other Business
14) Public Comment
15) Adjournment

Board of Directors Meeting

Friday, April 04, 2025 – 8:30 AM

Lansing EDC Office - 401 S. Washington Sq. Suite 101, Lansing, MI 48933

MINUTES

Members Present:	Chair - Shelley Davis Boyd, Vice-Chair - Calvin Jones, Treasurer - Catherine Rathbun, Jonathan Smith, Rawley Van Fossen
Members Absent:	Chaz Carrillo, Dr. Alane Laws-Barker
Staff Present:	Karl Dorshimer, Kris Klein, Brandy Standler, Aurelius Christian, Alex Watkins, Chelsea Dowler, Kahleea Washington, Shay Manawar
Guests:	Fred McClosin

Call to Order/Roll Call

Chair Davis Boyd called the Lansing Economic Development Corporation meeting to order at 8:30 A.M.

Approval of LEDC Board Meeting Minutes – Friday, March 07, 2025 (ACTION)

MOTION: Member Rathbun moved to approve the LEDC meeting minutes from Friday, March 07, 2025, Board of Directors meeting, as presented. Motion seconded by member Jones.

YEAS: Unanimous, motion carried.

2023/2024 Financial Audit Report

Standler reported that Staff continue to work with Will Love, from Rehmann Robson, and Beth Chapman from Clark, Schaefer, Hackett on the FYE 2024 Audit.

The delay in the audit report is due to the confirmation of the receipt of over $400,000 in past receivables. In addition, the audit needs to be reviewed by management at Rehmann, and also the staff, before being finalized and issued.

Receivables are still under budget. However, March statements will show a significant increase as payments from Admin, Issuer's, and Authority fees have been received. Expenses are within budget and tracking accordingly.

Will require a budget amendment at the May meeting for Outside Contractor Expenses.

Corridor Updates

Washington updated the board regarding the S. MLK Thriving Communities project, which is underway. The art competition has been extended.

The SW Thrive Program begins April 16th. The Thriving Communities site visit will be on April 17th. A community cleanup effort will be underway for S. MLK and Lansing Gateway. Saginaw Street CIA has secured a marketing and landscaping contract. The purpose of the MACIA Façade MOU is to allow MACIA to execute a facade improvement project along the 2000 block of Michigan Ave. MACIA will use ARPA dollars and grants from the Community Foundation.

The business owner will be the “beneficiary” of this project/grant.

Approval of the MACIA 2000 Block Façade Project MOU (ACTION)

MOTION: Member Jones moved to approve MACIA Façade Project MOU, as presented. Motion seconded by member Smith.

YEAS: Unanimous, motion carried.

LEED Initiative Update

Christian discussed that the Developer Training Program / Lansing SEED Academy materials and applications are being finalized. The program will launch in early June.

Project Updates

Manawar discussed the SSRP/Lansing Business Park activities. Meetings with developers, community and stakeholders, and leadership are scheduled. The Site Committee has been meeting, and the Mayor has been updated monthly.

Dowler discussed the grant for REO Town, which is due in August. The Community Visioning Session had over 40 attendees. Riverfront activation, connectivity, and livability were the key themes. The board was asked to assist in identifying matching funds. Discussion took place.

Klein discussed that three Brownfields will likely be brought to the committee within the next two months.

Dorshimer discussed the Ultium Battery Plant sale. A process is involved in transferring the Renaissance Zone approval and other items due to the sale. The City Council will revisit the approval process and, upon approval, the State MSF Board will be able to transfer the items.

Committee Reports

Site Committee

Manawar mentioned that the Committee discussed the Downtown Party Store.

The SSRP/Lansing Business Park was also a topic of conversation. Member Smith discussed how the Committee would like to see more details on the project's objectives and measures of success.

Dowler said she discussed with the committee the incentive policy that could go into effect as early as July 1st.

Governance Committee / Internal Policy Committee

The committee discussed the process for an Annual Review of the President & CEO. The committee would like to see a review and edit of the Employee Handbook. The Conflict of Interest and Confidentiality policies could be considered for updates.

Financial Approval limit and appropriate use policy should be formalized. A process for staff to direct concerns to the President and CEO should be defined. Compliance with the new Sick Leave Time law will need to be addressed. The Bylaws should be reviewed and updated. It was discussed that staff be tasked with seven of the nine recommendations.

MOTION: Member Smith motioned to request that the staff review the handbook, make recommendations around performance review, establish an appropriate use policy, conflict of interest, and confidentiality policy. Supported by Van Fossen.

YEAS: Unanimous, motion carried.

Open Forum for LEDC Board Members

None.

Other Business

Standler announced that she will resign from her position as Operations Manager at the end of the month. She will assist the Lansing EDC staff during the transition.

Chair Davis Boyd discussed progress in the President and CEO job search. A draft of the job role was presented to board members.

MOTION: Member Van Fossen motioned to approve the President and CEO job description as presented by Chair Davis Boyd. Member Smith supported the motion.

YEAS: Unanimous, motion carried.

Public Comment

Fred McClosin discussed Urban Planner Donald Shoup's work and how it could be helpful for future planning in the City of Lansing.

Adjournment

Chair Davis Boyd called the Lansing Economic Development Corporation meeting to adjournment at 9:47 A.M.

Karl R. Dorshimer
____

Karl Dorshimer, President & CEO
Lansing Economic Development Corporation (LEDC)

Lansing Economic Development Corporation
Statement of Activities - Actual vs. Budget

	Jul '24 - Mar 25	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
40000 · Contract Income				
40010 · Brownfield	0.00	338,083.00	-338,083.00	0.0%
40020 · City of Lansing Contract	300,000.00	300,000.00	0.00	100.0%
40040 · Annual Issuer's Fees	2,731.25	53,132.00	-50,400.75	5.1%
40050 · TIFA Admin	0.00	354,382.00	-354,382.00	0.0%
40070 · Fund Balance	0.00	37,078.00	-37,078.00	0.0%
40078 · Thriving Communities Grant	5,000.00	5,000.00	0.00	100.0%
40080 · Facade Grant Contract	175,000.00	175,000.00	0.00	100.0%
40088 · ARPA Contract City of Lansing				
40088.1 · ARPA - Grant Contract	213,814.69	0.00	213,814.69	100.0%
Total 40088 · ARPA Contract City of Lansing	213,814.69	0.00	213,814.69	100.0%
40090 · EGLE Allen Place-Grant Contract				
40090.1 · EGLE Allen Place Grant Contract	71,857.41	0.00	71,857.41	100.0%
Total 40090 · EGLE Allen Place-Grant Contract	71,857.41	0.00	71,857.41	100.0%
40096 · SSRP Verlinden Grant	35,454.52	18,975,000.00	-18,939,545.48	0.2%
Total 40000 · Contract Income	803,857.87	20,237,675.00	-19,433,817.13	4.0%
41000 · Loan Interest				
41098 · Mossman, LLC Interest	671.07			
41091 · The 517 Coffee Company Interest	260.05	0.00	260.05	100.0%
41093 · Sweet Encounter Bakery Cafe Int	174.77	0.00	174.77	100.0%
41094 · Irie Smoke Shack-Interest	412.34	0.00	412.34	100.0%
41095 · RBM Properties Interest	3,567.31	0.00	3,567.31	100.0%
41097 · Irie Smoke Shack LLC	54.69	0.00	54.69	100.0%
41000 · Loan Interest - Other	0.00	6,000.00	-6,000.00	0.0%
Total 41000 · Loan Interest	5,140.23	6,000.00	-859.77	85.7%
42000 · Investments				
42010 · Interest-Savings, Short-term CD	91,314.39	50,000.00	41,314.39	182.6%
Total 42000 · Investments	91,314.39	50,000.00	41,314.39	182.6%
43000 · Other Types of Income				
43010 · Miscellaneous Revenue	3,024.92	5,000.00	-1,975.08	60.5%
43037 · Application Fees	26,500.00	30,000.00	-3,500.00	88.3%
Total 43000 · Other Types of Income	29,524.92	35,000.00	-5,475.08	84.4%
Total Income	929,837.41	20,328,675.00	-19,398,837.59	4.6%
Gross Profit	929,837.41	20,328,675.00	-19,398,837.59	4.6%
Expense				
61000 · Contract Services				
61010 · Accounting Fees	43,442.50	0.00	43,442.50	100.0%
61015 · Payroll Fees	3,098.85	0.00	3,098.85	100.0%
61020 · Legal Fees	31,087.50	0.00	31,087.50	100.0%
61030 · Outside Contract Services	20,173.22	0.00	20,173.22	100.0%
61000 · Contract Services - Other	0.00	110,000.00	-110,000.00	0.0%
Total 61000 · Contract Services	97,802.07	110,000.00	-12,197.93	88.9%
62000 · Facilities and Equipment				
62010 · Depreciation	14,595.45	11,500.00	3,095.45	126.9%
62020 · Office Expense	5,149.36	0.00	5,149.36	100.0%
62025 · Equipment	8,807.29	51,440.00	-42,632.71	17.1%
62045 · Utilities	5,281.25	9,153.00	-3,871.75	57.7%
62050 · Rent	50,264.35	68,807.00	-18,542.65	73.1%
62055 · Software Subscriptions	13,714.92	0.00	13,714.92	100.0%
62060 · Telephone/Communications	5,650.71	0.00	5,650.71	100.0%
Total 62000 · Facilities and Equipment	103,463.33	140,900.00	-37,436.67	73.4%
63000 · Development				
63050 · Insurance & Bonds	10,663.17	16,695.00	-6,031.83	63.9%

DRAFT

No assurance is provided on these financial statements or supplementary information. The financial statements omit substantially all disclosures and the statement of cash flows, revenue and expenses related to certain contracts are recognized when received and paid, all of which are not in accordance with accounting principles generally accepted in the United States of America.

Lansing Economic Development Corporation
Statement of Activities - Actual vs. Budget

	Jul '24 - Mar 25	Budget	$ Over Budget	% of Budget
63055 · Marketing & Promotions	18,769.31	39,000.00	-20,230.69	48.1%
63056 · Travel & Conferences & Training	16,162.00	24,000.00	-7,838.00	67.3%
63060 · Operating Expense	8,610.60	14,000.00	-5,389.40	61.5%
63080 · Bank Fees	3,219.69	5,000.00	-1,780.31	64.4%
63081 · Bank Fees-2575	50.00	0.00	50.00	100.0%
Total 63000 · Development	57,474.77	98,695.00	-41,220.23	58.2%
65000 · Grant and Program Expenses				
65022 · PNC CFE Seminar Expenses	1,491.19			
65097 · Thriving Communities Grant Exp.	68.00	5,000.00	-4,932.00	1.4%
65020 · Facade Grants	8,200.32	0.00	8,200.32	100.0%
65025 · EGLE Allen Place Grant Contract	71,857.41	0.00	71,857.41	100.0%
65088 · ARPA Grant				
65088.0 · Lansing Gateway CIA ARPA Funds	9,294.08			
65088.1 · ARPA LEED Initiative	143,001.97	0.00	143,001.97	100.0%
65088.3 · ARPA Facade Program	42,000.10	175,000.00	-132,999.90	24.0%
65088.7 · SSCIA CIA ARPA Funds	16,236.45			
65088.9 · MLK CIA ARPA Funds	3,282.09			
Total 65088 · ARPA Grant	213,814.69	175,000.00	38,814.69	122.2%
65095 · Placemaking - CEDAM Exp.	3,929.92	0.00	3,929.92	100.0%
65096 · SSRP Verlinden Grant Expense	35,454.52	18,975,000.00	-18,939,545.48	0.2%
Total 65000 · Grant and Program Expenses	334,816.05	19,155,000.00	-18,820,183.95	1.7%
66000 · Payroll & Empl Benefit Expenses				
66100 · Payroll Expenses				
66110 · Salaries - Staff	467,497.95	0.00	467,497.95	100.0%
66120 · Taxes-FICA	35,763.81	0.00	35,763.81	100.0%
66125 · Taxes-unemployment	2,962.45	0.00	2,962.45	100.0%
66100 · Payroll Expenses - Other	0.00	727,655.00	-727,655.00	0.0%
Total 66100 · Payroll Expenses	506,224.21	727,655.00	-221,430.79	69.6%
66500 · Employee Benefits				
66510 · Health Insurance-Employees	31,861.06	0.00	31,861.06	100.0%
66515 · Life/Disability Ins - Employees	5,890.01	0.00	5,890.01	100.0%
66520 · Retirement Expense	22,926.00	0.00	22,926.00	100.0%
66525 · Parking-Employees	5,399.36	0.00	5,399.36	100.0%
66500 · Employee Benefits - Other	0.00	107,925.00	-107,925.00	0.0%
Total 66500 · Employee Benefits	66,076.43	107,925.00	-41,848.57	61.2%
Total 66000 · Payroll & Empl Benefit Expenses	572,300.64	835,580.00	-263,279.36	68.5%
67000 · Credit Loss Expense	-746.47	0.00	-746.47	100.0%
Total Expense	1,165,110.39	20,340,175.00	-19,175,064.61	5.7%
Net Ordinary Income	-235,272.98	-11,500.00	-223,772.98	2,045.9%
Other Income/Expense				
Other Income				
80030 · Credit Card Reward Income	534.98	0.00	534.98	100.0%
Total Other Income	534.98	0.00	534.98	100.0%
Net Other Income	534.98	0.00	534.98	100.0%
Net Income	**-234,738.00**	**-11,500.00**	**-223,238.00**	**2,041.2%**

No assurance is provided on these financial statements or supplementary information. The financial statements omit substantially all disclosures and the statement of cash flows, revenue and expenses related to certain contracts are recognized when received and paid, all of which are not in accordance with accounting principles generally accepted in the United States of America.

Lansing Economic Development Budget

Fiscal Year July 1, 2025 - June 30, 2026

Affiliated Agency Budget - LEDC

	FY 2024 Actuals	FY 2025 Adopted Budget	FY 2025 Projected Budget	FY 2026 Proposed Budget	Percent Change
Revenues					
City of Lansing Contract	300,000	300,000	300,000	300,000	0.0%
Brownfield Admin	324,145	338,083	397,272	405,218	19.9%
Annual Issuer's Fees	6,294	53,132	52,269	48,061	-9.5%
Project Review Fees	15,000	30,000	44,000	30,000	0.0%
TIFA Admin	344,060	354,382	380,241	387,846	9.4%
Loan Interest	7,779	6,000	6,469	5,544	-7.6%
Interest Income	100,117	50,000	104,158	62,000	24.0%
Miscellaneous Revenue	1,796	5,000	3,100	1,000	-80.0%
From/(To) Fund Balance	-	37,078	-	34,481	-7.0%
Façade Grant Contract	175,000	175,000	175,000	250,000	42.9%
CEDAM Grant	10,000	-	-	-	
SSRP Verlinden Grant	-	18,975,000	18,975,000	-	-100.0%
Repayment of Grant Funds	150,000	-	-	-	
Total Revenues	1,434,191	20,323,675	20,437,509	1,524,150	-92.5%
Expenditures					
Operations					
Personnel	581,476	835,580	789,529	929,880	11.3%
Contractual Services	81,569	110,000	111,300	122,270	11.2%
Insurance & Bonds	15,842	16,695	16,487	24,000	43.8%
Marketing, Promotions & Business Attr.	7,520	39,000	39,000	30,000	-23.1%
Travel & Conferences & Training	17,552	24,000	20,000	36,000	50.0%
Operating Expense	9,640	14,000	-	-	-100.0%
Rent	63,862	68,807	63,000	57,000	-17.2%
Operational Equipment and Services	43,845	60,593	79,000	69,000	13.9%
Bank Fees	1,636	5,000	5,000	6,000	20.0%
Programs					
Façade Grants	175,000	175,000	175,000	250,000	42.9%
CEDAM Grant	10,000	-	-	-	
SSRP Verlinden Grant	-	18,975,000	18,975,000	-	
Total Expenditures	1,007,942	20,323,675	20,273,316	1,524,150	-92.5%
Net Operating Income (Expense)	426,249	-	164,193	-	

The Economic Development Corporation of the City of Lansing

Lansing EDC

Years Ended June 30, 2024 and 2023

Financial Statements

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THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

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INDEPENDENT AUDITORS' REPORT

Month //, 2025

Board of Directors
The Economic Development Corporation
of the City of Lansing
Lansing, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ***The Economic Development Corporation of the City of Lansing*** (the "Corporation") (a Michigan not-for-profit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***The Economic Development Corporation of the City of Lansing*** as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 1 to the financial statements, effective July 1, 2023, the Corporation adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326).* Our opinion is not modified with respect to this matter.

Management's Responsibilities 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent 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 and *Government 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 and *Government 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 the 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 the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated Month //, 2025 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

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THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Statements of Financial Position

	June 30	
ASSETS	**2024**	**2023**
Current assets:		
Cash	$ 5,036,110	$ 4,819,410
Receivables:		
Administration fees	409,596	62,236
Grants	7,282	937,417
Prepaid expenses	12,815	13,525
Notes receivable, current portion -		
Business Financing Assistance Program	49,182	53,881
Total current assets	5,514,985	5,886,469
Noncurrent assets:		
Property and equipment:		
Furniture and equipment	77,962	-
Leasehold improvements	37,822	-
	115,784	-
Accumulated depreciation	(11,544)	-
Property and equipment, net	104,240	-
Business Financing Assistance Program, net of current portion, less allowance for credit losses of $15,650 ($0 in 2023)	71,618	140,695
Net operating lease right-of-use asset	613,104	642,049
Deposits	3,678	21,702
Total noncurrent assets	792,640	804,446
Total assets	$ 6,307,625	$ 6,690,915
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities:		
Accounts payable	$ 36,450	$ 966,986
Accrued liabilities	31,240	18,544
Refundable advances on conditional contributions	2,348,099	2,645,143
Current portion of operating lease obligations	19,608	16,825
Total current liabilities	2,435,397	3,647,498
Noncurrent liabilities -		
Operating lease obligations, net of current portion	605,616	625,224
Total liabilities	3,041,013	4,272,722
Net assets		
Without donor restrictions	3,058,532	2,286,916
With donor restrictions	208,080	131,277
Total net assets	3,266,612	2,418,193
Total liabilities and net assets	$ 6,307,625	$ 6,690,915

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

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Statement of Activities

For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Grant revenue	$ 320,541	$ 175,000	$ 495,541
Administration fees	688,824	-	688,824
Contractual revenue	316,928	-	316,928
Authority fees	183,394	-	183,394
Issuer fees	106,519	-	106,519
Loan interest revenue	7,779	-	7,779
Investment income, net	100,117	-	100,117
Other revenues	150,368	-	150,368
Total support and revenues	1,874,470	175,000	2,049,470
Net assets released from restrictions	98,197	(98,197)	-
Total support, revenues and net assets released from restrictions	1,972,667	76,803	2,049,470
Expenses			
Program services:			
Economic development	821,635	-	821,635
Supporting services:			
Management and general	379,416	-	379,416
Total expenses	1,201,051	-	1,201,051
Change in net assets	771,616	76,803	848,419
Net assets, beginning of year	2,286,916	131,277	2,418,193
Net assets, end of year	$ 3,058,532	$ 208,080	$ 3,266,612

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

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Statement of Activities

For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Grant revenue	$ 1,005,611	$ 175,000	$ 1,180,611
Administration fees	514,661	-	514,661
Contractual revenue	335,811	-	335,811
Issuer fees	8,538	-	8,538
Loan interest revenue	6,054	-	6,054
Investment income, net	7,828	-	7,828
Total support and revenues	1,878,503	175,000	2,053,503
Net assets released from restrictions	66,810	(66,810)	-
Total support, revenues and net assets released from restrictions	1,945,313	108,190	2,053,503
Expenses			
Program services:			
Economic development	1,411,043	-	1,411,043
Supporting services:			
Management and general	397,169	-	397,169
Total expenses	1,808,212	-	1,808,212
Change in net assets	137,101	108,190	245,291
Net assets, beginning of year	2,149,815	23,087	2,172,902
Net assets, end of year	$ 2,286,916	$ 131,277	$ 2,418,193

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

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services	Supporting Services	
	Economic Development	Management and General	Total Expenses
Expenses			
Payroll and related expenses:			
Salaries	$ 318,562	$ 151,293	$ 469,855
Payroll taxes	25,442	12,083	37,525
Employee benefits	50,237	23,859	74,096
	394,241	187,235	581,476
Other expenses:			
Contracted services	2,115	79,731	81,846
Direct financial assistance to other entities	333,192	-	333,192
Office supplies	10,572	8,668	19,240
Facilities	47,029	22,336	69,365
Dues and subscriptions	-	11,111	11,111
Communications	7,989	-	7,989
Marketing	-	8,285	8,285
Travel	16,552	-	16,552
Other	9,640	-	9,640
Professional fees	305	1,331	1,636
Insurance	-	15,842	15,842
Depreciation	-	11,544	11,544
Credit losses	-	33,333	33,333
	427,394	192,181	619,575
Total expenses	$ 821,635	$ 379,416	$ 1,201,051

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

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services	Supporting Services	
	Economic Development	Management and General	Total Expenses
Expenses			
Payroll and related expenses:			
Salaries	$ 242,292	$ 156,345	$ 398,637
Payroll taxes	20,354	13,134	33,488
Employee benefits	35,908	23,171	59,079
	298,554	192,650	491,204
Other expenses:			
Contracted services	10,000	102,769	112,769
Direct financial assistance to other entities	1,057,270	327	1,057,597
Office supplies	3,538	6,841	10,379
Facilities	24,105	15,554	39,659
Dues and subscriptions	-	50,202	50,202
Communications	-	5,154	5,154
Marketing	-	7,468	7,468
Travel	11,361	-	11,361
Other	5,949	-	5,949
Professional fees	266	940	1,206
Insurance	-	15,264	15,264
	1,112,489	204,519	1,317,008
Total expenses	$ 1,411,043	$ 397,169	$ 1,808,212

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

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Statements of Cash Flows
For the Year Ended June 30,

	2024	2023
Cash flows from operating activities		
Change in net assets	$ 848,419	$ 245,291
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	11,544	-
Amortization of right-to-use asset	28,945	-
Credit losses	33,333	-
Changes in operating assets and liabilities which provided (used) cash:		
Receivables:		
Administration fees	(347,360)	(32,760)
Grants	930,135	(927,442)
Prepaid expenses	710	(2,155)
Deposits	18,024	(18,502)
Accounts payable	(930,536)	872,184
Accrued liabilities	12,696	18,544
Refundable advances on conditional contributions	(297,044)	2,645,143
Operating lease obligations	(16,825)	-
Net cash from operating activities	292,041	2,800,303
Cash flows from investing activities		
Issuance of notes receivable - Business Financing Assistance Program	-	(186,500)
Collections of notes receivable - Business Financing Assistance Program	40,443	31,706
Net cash from investing activities	40,443	(154,794)
Cash flows from financing activities		
Purchases of property and equipment	(115,784)	-
Net change in cash	216,700	2,645,509
Cash, beginning of year	4,819,410	2,173,901
Cash, end of year	$ 5,036,110	$ 4,819,410

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

NOTES TO FINANCIAL STATEMENTS

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

1. NATURE OF CORPORATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Corporation

The Economic Development Corporation of the City of Lansing (the "Corporation"), was incorporated February 6, 1976, as a nonstock, nonprofit corporation under the laws of the State of Michigan. Its purpose is to engage in economic development activities as an economic development corporation for the City of Lansing, Michigan (the "City"), in accordance with Act 338 of the Public Acts of 1974. The Board of Directors of the Corporation are appointed by the Mayor of the City of Lansing, Michigan, with the advice and consent of the Lansing City Council.

The Corporation acts as a liaison between companies seeking financing and providers of financing in an effort to further the economic development of the City of Lansing. Under the bond financing agreements, the Corporation has no obligation for repayment, as the transactions are directly between the bond trustee and the obligor. See footnote 6 for further details on the agreements.

Use of Estimates

The preparation of the 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Basis of Presentation

Net assets, support, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. This has been accomplished by classification of net assets and transactions into two classes of net assets: with and without donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

Change in Accounting Principle

The Financial Accounting Standards Board issued Accounting Standards Update No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* in June 2016. The standard replaced the incurred loss impairment methodology with a new methodology that reflects current expected credit losses ("CECL") on financial assets, including receivables, and certain off-balance sheet commitments. The new methodology requires the measurement of all expected credit losses based on historical experience, current economic conditions, and reasonable and supportable forecasts. The standard also expands the required quantitative and qualitative disclosures for expected credit losses. On July 1, 2023, the Corporation adopted the standard using a modified retrospective method. The adoption of this standard did not have a material impact on the financial statements and disclosures.

Cash

Cash consists of demand deposits in banks. The Corporation maintains its deposits in one local financial institution, which at times may exceed the federally insured limits. Management does not believe the Corporation is exposed to any significant interest rate or other financial risk as a result of these deposits.

The Corporation believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Corporation evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Administration Fees Receivable

Administration fees receivable consist of amounts to be paid from the captured taxes related to the Corporation's administration of the individual economic development plans carried out by the City of Lansing Brownfield Redevelopment Authority (LBRA) and the Tax Increment Financing Authority of the City of Lansing (TIFA). Based on management's assessment of the credit history with entities having outstanding balances and current relationships with them, it has been estimated that realization of credit losses on balances outstanding at year-end will not be significant.

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

Notes Receivable

Notes receivable are carried at the value of the unpaid principal balances. Loans are considered uncollectible if full principal or interest payments are not anticipated in accordance with the contractual terms. The Corporation's practice is to charge off any note or portion of a note when the note is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, or for other reasons. Management estimates an allowance for expected credit losses based on the amount it expects to collect from note holders, based on the length of time the receivables have been outstanding, historical collection experience, current market conditions and forecasted economic and business environments. Amounts that are deemed to be uncollectible are written off against the allowance for credit losses. The expense associated with the allowance for credit losses of $33,333 for the year ended June 30, 2024 is recognized in the statement of activities. At June 30, 2024 and 2023, management has estimated future credit losses to be $15,650 and $0, respectively. There were writeoffs of $17,683 and $0 for the years ended June 30, 2024 and 2023, respectively.

Interest on these notes is recognized over the term of the note and is calculated using the simple-interest method on principal amounts outstanding.

The accrual of interest on notes receivable is discontinued at the time the loan is 120 days past due unless the credit is well-secured and in process of collection. Past due status is based on contractual terms of the note.

Refundable Advance on Conditional Contributions

Refundable advances on conditional contributions represents advances received on conditional grants that have not been expended for allowable purposes.

Leases

The Corporation determines if an arrangement is a lease at inception and considers classification of leases as operating or finance. Operating leases are included in net operating lease right-of-use ("ROU") assets, current portion of operating leases obligations, and operating lease obligations, net of current portion on the Corporation's statement of financial position.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of the Corporation's leases do not provide an implicit rate, the Corporation uses the risk free rate based on the information available at commencement date in determining the present value of future payments. The operating lease ROU asset also includes any lease payments made and initial direct costs incurred and excludes lease incentives. The Corporation's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Corporation will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Variable rent payments are expensed as incurred. The Corporation does not have any variable lease payments for the years ended June 30, 2024 or 2023.

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

The Corporation has elected to exclude short-term leases from the recognition requirements of Accounting Standards Codification ("ASC") 842, Leases. A lease is short-term if, at the commencement date, it has a term of less than or equal to one year. Lease expense related to short-term leases is recognized on a straight-line basis over the lease term.

Management reviews these ROU assets for impairment whenever events or circumstances indicate that their carrying values may not be fully recoverable.

Support and Revenue Recognition

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are recorded at their estimated fair value. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions received without donor restrictions in the accompanying financial statements.

Administration Fees

Administration fees are received from the City of Lansing for administration of the LBRA and the TIFA, both component units of the City. Annual fees are based on a fixed percentage of taxes captured by these two component units. As these taxes are initially paid by property owners, many of which will not receive a direct benefit from the activities of the LBRA or the TIFA, these revenues are considered nonexchange transactions in accordance with Accounting Standards Codification ("ASC") Topic 958-605, *Not-for-Profit Entities - Revenue Recognition.*

Contractual Revenue

Contractual revenues are either recorded as contributions or exchange transactions based on criteria contained in the contract:

> *Contractual revenues that are contributions* – Revenue is recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred in accordance with the terms of the award with the funding source. Amounts received in excess of expenses or asset acquisitions are reflected as contractual funds received in advance. Contractual revenues that are contributions totaled $316,928 and $335,811 for the years ended June 30, 2024 and 2023, respectively. There were no amounts received in advance as of June 30, 2024 and 2023.

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

Contractual revenues that are exchange transactions – Exchange transactions typically reimburse based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 606, *Revenue from Contracts with Customers.* The revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Corporation reported no contractual revenues that are exchange transactions during the years ended June 30, 2024 and 2023.

Grant Awards

Grant awards are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant awards that are contributions – Revenue is recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred in accordance with the terms of the award with the funding source. Amounts received in excess of expenses or asset acquisitions are reflected as grant funds received in advance. Grant revenues that are contributions totaled $495,541 and $1,180,611 for the years ended June 30, 2024 and 2023, respectively. Amounts received in advance, reported as refundable advances on conditional contributions, amounted to $2,348,099 and $2,645,143 as of June 30, 2024 and 2023, respectively.

Grant awards that are exchange transactions – Exchange transactions typically reimburse based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 606. The revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. There were no grant awards that were considered exchange transactions during the years ended June 30, 2024 and 2023.

Functional Expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expense present the natural classification detail of expenses by function. Accordingly, grant and contractually obligated costs have been allocated among the programs and supporting services benefited. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

The Corporation allocates payroll and related expenses between program and administrative functions with detailed timesheets that track each employee's allocation of hours spent on specific administrative and program categories. Sum totals for categories by employee, program or function can then be calculated, tracked and monitored and adjustments/amendments made by management as is necessary.

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

Income Taxes

The Corporation qualifies as a tax-exempt quasi-governmental corporation and is exempt from federal, state and local income taxes. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

Subsequent Events

In preparing these financial statements, the Corporation has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2024, the most recent statement of financial position presented herein, through Month //, 2025, the date these financial statements were available to be issued. No significant such events or transactions were identified.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30:

	2024	2023
Cash	$ 5,036,110	$ 4,819,410
Receivables:		
Administration fees	409,596	62,236
Grants	7,282	937,417
Notes receivable	49,182	53,881
Less: Refundable advances on conditional contributions	(2,348,099)	(2,645,143)
Less: Net assets with donor restrictions	(208,080)	(131,277)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,945,991	$ 3,096,524

As part of the Corporation's liquidity management, the Corporation structures its financial assets to be available as its general expenses, liabilities and other obligations come due. In addition to the financial assets available to meet cash needs for general expenses within one year, as detailed above, the Corporation is primarily supported by administration fees, grants and contract revenues.

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

3. NOTES RECEIVABLE

Business Financing Assistance Program

Notes receivable - business financing assistance program activity is as follows for the years ended June 30:

	2024	2023
Balance, beginning of year	$ 194,576	$ 39,782
Additions	-	186,500
Less: collections	40,443	31,706
Less: direct write-offs	17,683	-
Less: allowance for credit losses	15,650	-
Balance, end of year	120,800	194,576
Less: current portion	49,182	53,881
Long-term portion	$ 71,618	$ 140,695

Outstanding notes receivable consist of the following at June 30:

	2024	2023
Note receivable from the 517 Coffee Company, LLC (517 Coffee) for $25,000 at an interest rate of 4.50%. Proceeds from this note were used to repay the principal and accrued interest on the 2019 note. Beginning February 15, 2023, 8 monthly payments of interest only are required in the amount of $94. Beginning October 15, 2023, 52 monthly payments of principal and interest are required in the amount of $530. On January 15, 2026 a balloon payment in the amount of any remaining principal and accrued interest is due. The note is guaranteed by a continuing unlimited guaranty from proprietors of 517 Coffee.	$ 9,702	$ 15,484

continued…

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

	2024	2023
Note receivable from Sweet Encounter Bakery Cafe, LLC (Sweet Encounter) for $20,176 at an interest rate of 3.00%. Beginning October 15, 2023, 6 monthly payments of interest only are required. Beginning April 15, 2024, 54 monthly payments of principal and interest are required in the amount of $400. On October 15, 2026, a balloon payment in the amount of any remaining principal and accrued interest is due. The note is guaranteed by a continuing unlimited guaranty from proprietors of Sweet Encounter.	$ 9,301	$ 15,199
Note receivable from RBM Properties, LLC for $136,500 at an interest rate of 5.00%. Beginning January 12, 2024, 60 monthly payments of principal and interest are required in the amount of $2,576. On December 12, 2027, a balloon payment in the amount of any remaining principal and accrued interest is due. The note is guaranteed by a continuing unlimited guaranty from proprietors of RBM Properties, LLC.	103,371	124,323
Note receivable from Osteria Vegana Lansing, LLC for $25,000 at an interest rate of 4.75%. Beginning November 12, 2023, 60 monthly payments of principal and interest are required in the amount of $747. On June 12, 2024, a balloon payment in the amount of any remaining principal and accrued interest is due. The note is guaranteed by a continuing unlimited guaranty from proprietors of Osteria Vegana Lansing, LLC. This note was written off at June 30, 2024 because the company became insolvent.	-	19,785
Note receivable from Irie Smoke Shack LLC for $25,000 at an interest rate of 4.75%. Beginning September 22, 2023, 60 monthly payments of principal and interest are required in the amount of $747. On August 22, 2025, a balloon payment in the amount of any remaining principal and accrued interest is due. The note is guaranteed by a continuing unlimited guaranty from proprietors of Irie Smoke Shack LLC.	14,076	19,785
	136,450	194,576
Less: allowance for credit losses	(15,650)	-
Total business financing assistance program notes receivable	120,800	194,576
Less: current portion	(49,182)	(53,881)
Business financing assistance program notes receivable, net of current portion	$ 71,618	$ 140,695

concluded

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

4. LEASES

The Corporation is party to an operating lease for office space, that was signed in June 2023, with rent payments beginning on July 1, 2023 which expires in July 2038.

The following table summarizes other information related to the Corporation's lease during the years ended June 30:

	2024	2023
Operating lease cost	$ 63,682	$ -
Variable lease cost	-	-
Short-term lease cost	-	39,659
Cash paid for amounts included in the measurement of lease obligations:		
Operating cash flows from operating leases	48,554	-
Weighted-average remaining lease-term - operating leases	14 years	15 years
Weighted-average discount rate - operating leases	5.00%	5.00%

The following table presents a maturity analysis summary of the Corporation's lease obligations recorded on the statements of financial position as of June 30, 2024:

Year	Operating Leases
2025	$ 50,424
2026	51,937
2027	53,495
2028	55,100
2029	55,100
Thereafter	595,509
Total lease payments	861,565
Less discount to present value	236,341
Total lease obligations	625,224
Less current portion	(19,608)
Long-term lease obligations	$ 605,616

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

5. RELATED PARTY TRANSACTIONS

The Corporation provides administration services to the Tax Increment Finance Authority of the City of Lansing (the "TIFA"). Administration service fees, consisting of operating costs, charged to TIFA by the Corporation totaled $344,060 and $251,633 for the years ended June 30, 2024 and 2023, respectively. There were no outstanding invoices due from the City of Lansing related to TIFA administration service fees at June 30, 2024 or 2023. The Corporation and TIFA share a common Board of Directors.

The Corporation provides administration services to the Lansing Brownfield Redevelopment Authority (the "LBRA"). Administration service fees, consisting of operating costs, and reimbursement of project expenses charged to LBRA by the Corporation totaled $344,764 and $263,028 for the years ended June 30, 2024 and 2023, respectively. There were outstanding invoices due from the City of Lansing related to LBRA administration service fees in the amounts of $409,596 and $53,698 at June 30, 2024 and 2023, respectively, presented on the statements of financial position as part of administration fees receivable. The Corporation and LBRA share a common Board of Directors.

The Corporation contracted with M3 Group, LLC for marketing and brand creation. One of the board members is an employee of M3 Group, LLC, but did not work on the project. Total payments made to M3 Group, LLC during the year ended June 30, 2024 and 2023 totaled $2,500 and $14,700, respectively.

Contracts with the City of Lansing

As discussed in Note 1, the Corporation's Board of Directors is appointed by the Mayor of the City of Lansing, Michigan, with the advice and consent of the Lansing City Council.

The Corporation administers economic development activities that benefit the citizens of the Greater Lansing area under a contract with the City of Lansing. Payments received from the City of Lansing totaled $300,000 for the years ended June 30, 2024 and 2023 under this agreement.

During the year ended June 30, 2023, the Corporation entered into an agreement for a Facade Improvement Grant Program from the City of Lansing to allow property owners, tenants and others to apply for matching grant funds to make permanent improvements to commercial building exteriors located in the City of Lansing. Revenue was recognized in the amount of $175,000 during the year ended June 30, 2024 and 2023, of which $208,080 remains in net assets with donor restrictions at June 30, 2024. There were no outstanding reimbursement requests with the City of Lansing related to this program at June 30, 2024.

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

6. CONDUIT DEBT OBLIGATIONS

Not included in the accompanying financial statements are various conduit debt obligations issued under the name of the Corporation. The bonds are not secured by or payable from revenues or assets of the Corporation. The faith and credit of the Corporation is not pledged to the payment of the principal of and interest on bonds nor is the Corporation in any manner obligated to make any appropriations for payments on these bonds. The aggregate principal amount of conduit debt obligations outstanding related to the Phoenix Development Partners for the Accident Fund Parking Ramp were $5,035,000 and $6,830,000 as of June 30, 2024 and 2023, respectively.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions subject to expenditures for specified purposes are as follows as of June 30:

	2024	2023
Façade improvement program	$ 208,080	$ 131,277

8. RETIREMENT PLAN

The Organization offers its employees a defined contribution pension plan created in accordance with Section 401(k) of the Internal Revenue Code. The plan is available to all full-time team members who meet guidelines as established by the designated plan provider and the Internal Revenue Service (IRS). The Organization may contribute a fixed percentage of base salary into an eligible team member's plans, at a rate to be determined on an annual basis by the President and CEO. The rate for 2024 and 2023 was 6%. The Organization contributed $23,351 and $20,611 to the plan for the years ended June 30, 2024 and 2023, respectively.

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INTERNAL CONTROL AND COMPLIANCE

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Month //, 2025

Board of Directors
The Economic Development Corporation
of the City of Lansing
Lansing, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of ***The Economic Development Corporation of the City of Lansing*** (the "Corporation"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated Month //, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing the 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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lansing Economic Development Corporation

Lansing Economic Development Corporation
Lansing Brownfield Redevelopment Authority
Tax Increment Finance Authority
401 S. Washington Sq. Ste. 101, Lansing, MI 48933

MEMORANDUM

DATE: May 9th, 2025

TO: Lansing EDC Board

FROM: Alex Watkins, on behalf of the Lansing EDC Micro--Loan Committee

SUBJECT: Micro-Loan Program Request for REO Town Clubhouse

The purpose of this project is to bring an upscale dining and entertainment experience to the Lansing community at a reasonable price. REO Town Clubhouse offers an Italian inspired menu, in a roaring 1920's atmosphere. REO Town Clubhouse's specialty is their pizzas which are made in a brick pizza oven. Customers can enjoy their pizza through a dine-in experience or take out. REO Twon Clubhouse also offers two unique features. The first is a second-floor reception hall that can be rented out and used for wedding receptions, conferences, meetings or special events. Secondly, REO Town Clubhouse also offers a billiard/ pool room with 8 tables and is looking to attract regional and national pool tournaments.

Desirea and Bruce Kring, who are the owner operators of Gravity Smokehouse (a successful BBQ inspired restaurant in Holt, MI.) The Kring's started Gravity in 2019 and were able to successfully achieve the Covid-19 pandemic and saw record sales in 2022 and 2023. The Kring's have brought the same business expertise to Lansing as they pursue their second restaurant endeavor. The $50,000 is needed to with day-to-day operating expenses as the cost of opening has tied up most of the current funding. Funds would be used to order inventory, finish minor build out cost, payroll and other expenses that are associated with a new restaurant.

The requested loan terms are as follows:

- Amount: $50,000
- Term: 60 months (60-month amortization/ maturity)
- Interest Rate: 6.5% Fixed
- Debt Service: Monthly, During repayment period (Est $1001.90)
- Security: Personal Guaranty from owner Bruce and Deserie Kring

After discussing the project, loan application, and business' financials the Loan Committee recommends approval of the loan application by the LEDC Board of Directors at the Friday, May 9th, 2025 meeting.

Appended is an executive summary of the project and the loan terms recommended by the Loan Committee. The loan committee vote for this loan is represented below:

Committee Vote: 5 Yes, 0 No, 0 Absent

REO Town Clubhouse

<u>LEDC Micro Loan Term Sheet</u>

Project: Assistance with expenses incurred during prolonged construction

Location: <u>Entity Address</u>: 1314 S. Washington Ave. Lansing, MI 48910

<u>Project Property</u>: 1314 S. Washington Ave. Lansing, MI 48910

Applicant: Bruce and Desirea Kring

Program: Lansing Economic Development Corporation Business Financing Assistance Program

Background Information: Desirea and Bruce Kring, who are the owner-operators of Gravity Smokehouse (a successful BBQ inspired restaurant in Holt, MI.) The Kring's started Gravity in 2019 and were able to successfully navigate the Covid-19 pandemic and saw record sales in 2022 and 2023. The Kring's have brought the same business expertise to Lansing as they pursue their second restaurant endeavor. The $50,000 is needed to with day-to-day operating expenses as the cost of opening has tied up most of the current funding. Funds would be used to order inventory, finish minor build out cost, payroll and other expenses that are associated with a new restaurant.

Project Description: The purpose of this project is to bring an upscale dining and entertainment experience to the Lansing community at a reasonable price. REO Town Clubhouse offers an Italian inspired menu, in a roaring 1920's atmosphere. REO Town Clubhouse's specialty is their pizzas which are made in a brick pizza oven. Customers can enjoy their pizza through a dine-in experience or take out. REO Twon Clubhouse also offers two unique features. The first is a second-floor reception hall that can be rented out and used for wedding receptions, conferences, meetings or special events. Secondly, REO Town Clubhouse also offers a billiard/ pool room with 8 tables and is looking to attract regional and national pool tournaments.

Level of Investment: The business is requesting a total of $50,000 to pay for delayed construction cost. The owners have invested around $75,000 of their own funds into this project ($50,000 initial investment and $25,000 to cover payroll in February). In total the cost of the project is just over $168,000.

Terms of the Loan:

Term:	5 years (60 - months)
Loan Amount:	$50,000
Interest Rate:	6.5% fixed (1 percent below current prime rate of 7.5%)
Payments:	Monthly • 60 Principle & Interest payments: $1001.90/month (est.)
Fees (due at closing):	$500.00 Loan Application Fee - Paid to Lender Attorney/Document Fees (TBD)
Security:	Personal guaranty from Bruce and Desirea Kring
Collateral:	None

Additional Terms: Approval of Other Project Financing