Lansing Economic Development Corporation

Board of Directors Meeting
Friday, March 4, 2022 – 8:30 AM
LEAP Office
1000 S. Washington Ave. Ste. 201
Lansing, MI 48910

AGENDA

1) Call to Order/Roll Call
2) New Member Welcome
3) Approval of LEDC Board Meeting Minutes – Friday, February 4, 2022
4) Update on Financials
5) LEDC Audited Financial Statements – YE June 30, 2021 (ACTION)
6) 2021 LEDC Annual Report Overview
7) Program Updates
    a. Façade Improvement Program
    b. LEDC Site Committee
8) Economic Development Services Contract Update
9) FY2021-2022 Budget Amendment – Equipment & Services (ACTION)
10) Open Forum for LEDC Board Members
11) Other Business
12) Public Comment
13) Adjournment

The Lansing Economic Development Corporation's mission is to create quality jobs, diversify the local economy and improve overall quality of life by attracting, expanding and retaining business and industry in the City of Lansing.

Board of Directors Meeting
Friday, January 14, 2022 – 8:30 AM
LEAP Office
1000 S. Washington Ave. Ste. 201
Lansing, MI 48910

MINUTES

Members Present:	Calvin Jones, Michael McKissic, Andrea Binoniemi, Shelley Davis-Boyd, Tom Donaldson, Blake Johnson, Brian McGrain, Dr. Alane Laws-Barker
Members Absent:	Kim Coleman, Shelley Davis-Boyd (excused)
Staff Present:	Karl Dorshimer, Kris Klein, Kambriana Gates, Mitchell Timmerman, Jennifer Abood-Morris
Guests:	Julie Durham, Christopher Stralkowski, Julian Darden, JP Buckingham

Call to Order/Roll Call

Chair Jones called the Lansing Economic Development Corporation meeting to order at 8:35AM. Klein took roll call attendance.

New Member Welcome

Chair Jones introduced new Board Member Alane Laws-Barker and welcomed them to the LEDC Board. Chair Jones also recognized Mitchell Timmerman, a new employee at LEAP in the role of Economic Development Specialist.

Approval of LEDC Board Meeting Minutes – Friday, December 3, 2021

MOTION: Binoniemi moved to approve the LEDC meeting minutes from the Friday, December 3, 2021 Board of Directors meeting, as presented. Motion seconded by McGrain.

YEAS: Unanimous. Motion carried.

Update on Financials

Abood-Morris gave a brief update on the draft LEDC financials through November 30, 2021.

224 S. Washington Square Project Business Loan Request (ACTION)

Timmerman introduced the loan request for the project located at 224 S. Washington Sq. and asked Darden as member of the LEDC of Loan Committee to present the committee's recommended of approval by the LEDC Board of Directors. No comments or further discussion was held on request.

MOTION: Donaldson moved to approve the LEDC loan request for the 224 S. Washington Square Project as presented. Motion seconded by Binoniemi.

YEAS: Jones, McKissic, Binoniemi, Davis-Boyd, Donaldson, McGrain, Laws-Barker. Motion carried.

ABSTENTIONS: Johnson

ERRD Update and Contract Amendment (ACTION)

Klein offered a summary of the Economic Recovery Resource Developer (ERRD) position and focused. Klein introduced the ERRD contract Durham from Public Sector Consultants. Durham presented an update on the ERRD efforts and the request to amend the end date of the contract.

MOTION: Binoniemi moved to approve the First Amendment to the ERRD Contract. Motion seconded by Johnson.

YEAS: Unanimous. Motion carried.

Stadium North – EGLE Grant Application (ACTION)

Klein introduced Buckingham of Triterra, the environmental consultant on the Stadium North project. Buckingham shared the process of this project and what has been done thus far through the environmental assessment. Dorshimer noted that this is not within a Brownfield Plan and that a Plan is not requested but that this will be a project where LEDC is the applicant. McGrain shared that his team has worked with this.

MOTION: Binoniemi moved to approve the EGLE Brownfield Grant Application. Motion seconded by Donaldson

YEAS: Unanimous. Motion Carried.

Approval of 2022 Board Meeting Schedule (ACTION)

Chair Jones introduced the 2022 Board Meeting schedule.

MOTION: McKissic moved to approve the 2022 LEDC Board of Directors Meeting schedule, as presented. Motioned seconded by Johnson.

YEAS: Unanimous. Motion carried.

2022 Board of Directors Officer Elections (ACTION)

Chair Jones introduced Klein to present the annual election process and the 2022 Officer slate and process. Klein read the nominees for 2022 Officers as provided by Nominating Committee Chair McKissic, noting a single nominee was received each for Chair, Vice-Chair, and Treasurer and no nominations were received for Secretary.

Chair Jones opened the floor for any additional nominations. Donaldson offered their nomination for Secretary and no additional nominations for 2022 Officer roles were presented. The following nominees were presented as the 2022 LEDC Board of Directors Officer Slate:

- Chair: Andrea Binoniemi
- Vice-Chair: Shelley Davis Boyd
- Treasurer: Blake Johnson
- Secretary: Tom Donaldson

Chair Jones declared that the Board forgo a ballot vote and called for a motion to approve the 2022 Officer Slate by acclamation.

MOTION: McGrain moved to accept the 2022 LEDC Board of Directors Officer Slate as presented. Motion seconded by McKissic.

YEAS: Unanimous. Motion Carried.

Chair Jones announced the 2022 Officers were approved, as presented, by unanimous consent.

Meeting adjourned: 9:33AM

Meeting reconvened: 10:06AM

Program Updates

a. Façade Improvement Program
    i. Gates gave board members an update on the façade improvement program which opened January 03rd and will close March 1st.
b. Lansing Equitable Economic Development (LEED) Programming
    i. Gates shared an overview of the LEED proposal for board members and the outcome of the Community ARPA discussion. Gates reminded everyone that once proposal is approved, LEAP will give an updated proposal to the board for their final approval.
c. LEDC Site Committee
    i. Dorshimer stated that the committee met last month to focus on Logan Square. It was decided that there needs to be discussion with the owners. At this time, there has been a conversation with the owners who will

attend the next site committee and talk more in depth on Logan Square. Met last month and had great ideas on what we can see at logan square.

Project Updates

Dorshimer shared preliminary 2021 year-end project highlights with the Board and stated the complete 2021 LEDC Annual Report is being prepared.

Open Forum for LEDC Board Members

None.

Other Business

None.

Public Comment

No public comment provided.

Chair Jones called the Lansing Economic Development Corporation Board of Directors meeting to adjourn at 10:20AM.

Karl Dorshimer, Vice President of Economic Development

Lansing Economic Area Partnership (LEAP)

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

LANSING ECONOMIC DEVELOPMENT CORPORATION

Financial Statements

For the One Month and Seven Months Ended January 31, 2022 and 2021

Lansing Economic Development Corporation
Statements of Financial Position

	Jan 31, 22	Jan 31, 21
ASSETS		
Current Assets		
Checking/Savings		
10000 · PNC - General Fund - 2612	75,000.00	69,033.69
10001 · PNC - COVID19 Rescue Fund -2583	71.00	16.20
10002 · PNC - Business Fund - 2575	75,000.00	74,997.00
10004 · PNC - Business Fund Sweep -2647	1,323,012.41	1,518,464.89
10005 · PNC - General Fund Sweep - 2639	568,257.70	210,548.69
10007 · PNC - Energy Eff Rev Sav - 0696	213,356.22	213,223.34
Total Checking/Savings	2,254,697.33	2,086,283.81
Other Current Assets		
11119 · Prepaid Insurance	22,630.86	8,503.86
11135 · Receivable BW&L-Current Portion	0.00	4,500.00
11137 · Sleepwalker-Current Portion	5,456.32	6,907.94
11139 · The 517 Coffee Co-Current Port	5,426.29	5,423.08
11141 · Sweet Encounter Bakery -Current	3,532.35	0.00
11205 · Petra Flowers - CDBG-CV Rec	13,000.00	0.00
11206 · Ahptic Productions-CDBG-CV Rec	47,000.00	0.00
11207 · Busy Betty-CDBG-CV Rec	11,427.26	0.00
11208 · Meika's Boutique-CDBG-CV Rec	5,807.94	0.00
11209 · Lynn Osborne PC-CDBG-CV Rec	9,400.00	0.00
11210 · MJ Journeys - CDBG-CV Rec	17,681.00	0.00
11211 · Bella Viita-CDBG-CV Rec	19,999.00	0.00
11212 · Polka Dots Boutique-CDBG-CV Rec	13,650.00	0.00
11213 · Quality Detailing - CDBG-CV Rec	10,000.00	0.00
11214 · Artifact Estate - CDBG-CV Rec	7,027.00	0.00
11215 · FLEXcity Fitness - CDBG-CV Rec	17,000.00	0.00
11216 · Bantou Beauty - CDBG-CV Rec	16,000.00	0.00
11217 · Sophisticated Stylez-CDBG-CV Re	7,420.00	0.00
11220 · Premier Oil Shop - CDBG-CV Rec	24,872.00	0.00
11225 · Peoples Yoga - CDBG-CV Rec	18,200.00	0.00
11230 · Sleepwalker Spirit-CDBG-CV Rec	15,000.00	0.00
11235 · The 517 Coffee Co - CDBG-CV Rec	14,520.00	0.00
11240 · The Power of Water -CDBG-CV Rec	15,500.00	0.00
11245 · Value Engineering - CDBG-CV Rec	50,000.00	0.00
11250 · Odd Nodd Inc. - CDBG-CV Rec	9,500.00	0.00
Total Other Current Assets	380,050.02	25,334.88
Total Current Assets	2,634,747.35	2,111,618.69
Other Assets		
12000 · Loans Receivable		
11130 · Receivable BW&L	0.00	4,500.00
11131 · Receivable BW&L.Current Portion	0.00	-4,500.00
12080 · Sleepwalker Spirits & Ale-Loan	5,456.32	12,393.13
12085 · Sleepwalker - Current Portion	-5,456.32	-6,907.94
12094 · The 517 Coffee Co. - Loan Rec.	23,245.86	18,569.34
12095 · The 517 Coffee Co-Current Port	-5,426.29	-5,423.08
12096 · Sweet Encounter Bakery-Loan Rec	20,176.00	0.00
12097 · Sweet Encounter Bakery -Cur Por	-3,532.35	0.00
Total 12000 · Loans Receivable	34,463.22	18,631.45
Total Other Assets	34,463.22	18,631.45
TOTAL ASSETS	**2,669,210.57**	**2,130,250.14**
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
20000 · Accounts Payable	337,208.69	5,368.00
Total Accounts Payable	337,208.69	5,368.00
Other Current Liabilities		
20300 · Payable LBRA-Current Portion	4,500.00	4,500.00
Total Other Current Liabilities	4,500.00	4,500.00

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
Statements of Financial Position

	Jan 31, 22	Jan 31, 21
Total Current Liabilities	341,708.69	9,868.00
Long Term Liabilities		
20200 · Payable to LBRA	4,500.00	4,500.00
20400 · Payable to LBRA-Current Portion	-4,500.00	-4,500.00
Total Long Term Liabilities	0.00	0.00
Total Liabilities	341,708.69	9,868.00
Equity		
32000 · Without donor restrictions	2,310,874.69	2,406,322.02
32100 · With donor restrictions	158,566.00	158,566.00
Net Income	-141,938.81	-444,505.88
Total Equity	2,327,501.88	2,120,382.14
TOTAL LIABILITIES & EQUITY	**2,669,210.57**	**2,130,250.14**

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Lansing Economic Development Corporation

Statements of Activities

	Jan 22	Jan 21
Ordinary Income/Expense		
Income		
40000 · Contract Income		
40010 · Brownfield Admin	152,679.40	128,534.43
40095 · CDBG CV Contract Admin	2,746.31	0.00
40096 · CDBG Contract Prog Reimb	3,900.00	0.00
Total 40000 · Contract Income	159,325.71	128,534.43
40094 · CDBG CV Grant Contract	91,497.81	0.00
41000 · Loan Interest		
41080 · Sleepwalker Spirits Interest	16.48	0.00
41091 · The 517 Coffee Company Interest	90.52	70.00
41093 · Sweet Encounter Bakery Cafe Int	50.00	0.00
Total 41000 · Loan Interest	157.00	70.00
42000 · Investments		
42010 · Interest-Savings, Short-term CD	98.95	171.52
Total 42000 · Investments	98.95	171.52
Total Income	251,079.47	128,775.95
Expense		
63000 · Development		
63025 · Facade Grants	26,366.17	4,975.00
63030 · Contractual Services	350,049.69	261,703.00
63050 · Insurance & Bonds	1,217.16	1,037.82
63060 · Miscellaneous Operating	0.00	156.31
63072 · CDBG-CV Program Expenses	259.00	0.00
63080 · Bank Fees	5.10	3.00
Total 63000 · Development	377,897.12	267,875.13
64000 · EDC Business Incubator		
64005 · Bank Fees	3.00	3.00
Total 64000 · EDC Business Incubator	3.00	3.00
Total Expense	377,900.12	267,878.13
Net Ordinary Income	-126,820.65	-139,102.18
Net Income	**-126,820.65**	**-139,102.18**

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Lansing Economic Development Corporation
Statements of Activities

	Jul '21 - Jan 22	Jul '20 - Jan 21
Ordinary Income/Expense		
Income		
40000 · Contract Income		
40010 · Brownfield Admin	152,679.40	128,534.43
40020 · City of Lansing Contract	300,000.00	0.00
40090 · EGLE Allen Place Grant Contract	198,538.91	9,459.73
40091 · EGLE Allen Place Grant Admin.	300.46	0.00
40095 · CDBG CV Contract Admin	2,746.31	0.00
40096 · CDBG Contract Prog Reimb	3,900.00	0.00
Total 40000 · Contract Income	658,165.08	137,994.16
40094 · CDBG CV Grant Contract	91,497.81	0.00
41000 · Loan Interest		
41080 · Sleepwalker Spirits Interest	144.91	236.11
41091 · The 517 Coffee Company Interest	647.35	523.39
41093 · Sweet Encounter Bakery Cafe Int	200.00	0.00
Total 41000 · Loan Interest	992.26	759.50
42000 · Investments		
42010 · Interest-Savings, Short-term CD	697.96	1,591.12
Total 42000 · Investments	697.96	1,591.12
43000 · Other Types of Income		
43037 · Application Fees	250.00	0.00
Total 43000 · Other Types of Income	250.00	0.00
Total Income	751,603.11	140,344.78
Expense		
61000 · Contract Services		
61020 · Legal Fees	888.00	0.00
Total 61000 · Contract Services	888.00	0.00
63000 · Development		
63025 · Facade Grants	56,366.17	16,418.00
63030 · Contractual Services	685,049.69	548,256.93
63035 · EGLE Allen Place Grant Contract	136,247.71	9,459.73
63050 · Insurance & Bonds	7,822.92	10,275.09
63055 · Marketing & Promotions	345.00	0.00
63060 · Miscellaneous Operating	627.58	362.31
63072 · CDBG-CV Program Expenses	6,109.00	0.00
63080 · Bank Fees	64.85	57.60
Total 63000 · Development	892,632.92	584,829.66
64000 · EDC Business Incubator		
64005 · Bank Fees	21.00	21.00
Total 64000 · EDC Business Incubator	21.00	21.00
Total Expense	893,541.92	584,850.66
Net Ordinary Income	-141,938.81	-444,505.88
Net Income	**-141,938.81**	**-444,505.88**

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.

SUPPLEMENTARY INFORMATION

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

	Jul '21 - Jan 22	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
40000 · Contract Income				
40010 · Brownfield Admin	152,679.40	0.00	152,679.40	100.0%
40020 · City of Lansing Contract	300,000.00	0.00	300,000.00	100.0%
40090 · EGLE Allen Place Grant Contract	198,538.91	9,459.73	189,079.18	2,098.8%
40091 · EGLE Allen Place Grant Admin.	300.46			
40095 · CDBG CV Contract Admin	2,746.31	0.00	2,746.31	100.0%
40096 · CDBG Contract Prog Reimb	3,900.00	0.00	3,900.00	100.0%
Total 40000 · Contract Income	658,165.08	9,459.73	648,705.35	6,957.5%
40094 · CDBG CV Grant Contract	91,497.81			
41000 · Loan Interest				
41080 · Sleepwalker Spirits Interest	144.91	231.45	-86.54	62.6%
41091 · The 517 Coffee Company Interest	647.35	523.39	123.96	123.7%
41093 · Sweet Encounter Bakery Cafe Int	200.00			
Total 41000 · Loan Interest	992.26	754.84	237.42	131.5%
42000 · Investments				
42010 · Interest-Savings, Short-term CD	697.96	1,591.12	-893.16	43.9%
Total 42000 · Investments	697.96	1,591.12	-893.16	43.9%
43000 · Other Types of Income				
43037 · Application Fees	250.00	0.00	250.00	100.0%
Total 43000 · Other Types of Income	250.00	0.00	250.00	100.0%
Total Income	751,603.11	11,805.69	739,797.42	6,366.4%
Expense				
61000 · Contract Services				
61020 · Legal Fees	888.00	0.00	888.00	100.0%
Total 61000 · Contract Services	888.00	0.00	888.00	100.0%
63000 · Development				
63025 · Facade Grants	56,366.17	16,418.00	39,948.17	343.3%
63030 · Contractual Services	685,049.69	548,256.93	136,792.76	125.0%
63035 · EGLE Allen Place Grant Contract	136,247.71	1,803.75	134,443.96	7,553.6%
63050 · Insurance & Bonds	7,822.92	10,275.09	-2,452.17	76.1%
63055 · Marketing & Promotions	345.00	0.00	345.00	100.0%
63060 · Miscellaneous Operating	627.58	362.31	265.27	173.2%
63072 · CDBG-CV Program Expenses	6,109.00	0.00	6,109.00	100.0%
63080 · Bank Fees	64.85	73.80	-8.95	87.9%
Total 63000 · Development	892,632.92	577,189.88	315,443.04	154.7%
64000 · EDC Business Incubator				
64005 · Bank Fees	21.00	21.00	0.00	100.0%
Total 64000 · EDC Business Incubator	21.00	21.00	0.00	100.0%
Total Expense	893,541.92	577,210.88	316,331.04	154.8%
Net Ordinary Income	-141,938.81	-565,405.19	423,466.38	25.1%
Net Income	**-141,938.81**	**-565,405.19**	**423,466.38**	**25.1%**

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.

Rehmann

INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

February 22, 2022

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

We have audited the financial statements of ***The Economic Development Corporation of the City of Lansing*** (the "Corporation") (a Michigan not-for-profit organization), as of and for the year ended June 30, 2021, and have issued our report thereon dated February 22, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated September 21, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Corporation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated February 22, 2022.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and in our meeting about planning matters on January 20, 2022.

2330 E. Paris Ave SE, Grand Rapids, MI 49546 616.975.4100

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Corporation's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Corporation is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Corporation adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, related to contributions made.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

New Accounting Pronouncements

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment A to this letter contains a brief overview of recent pronouncements of the Financial Accounting Standards Board (FASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements was:

- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.

We evaluated the key factors and assumptions used to develop this estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no adjustments proposed to or recorded by management as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Corporation's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in Attachment B to this letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Corporation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Corporation's auditors.

This information is intended solely for the use of the governing body and management of the Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Rehmann Robson LLC

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Attachment A - Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2021 Audit

The following pronouncements of the Financial Accounting Standards Board (FASB) have been released recently and may be applicable to the Corporation in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Corporation. For the complete text of these and other FASB standards, visit www.fasb.org and click on the "Standards & Guidance" tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

ASU 2016-02, *Leases (Topic 842): Establish the Principles That Lessees and Lessors Shall Apply to Report Useful Information to Users of Financial Statements about the Amount, Timing, and Uncertainty of Cash Flows Arising from a Lease*
Effective 06/30/2023

Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, Revenue from Contracts with Customers.

The new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing.

Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach.

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Attachment A - Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2021 Audit

ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*
Effective 06/30/2022

ASU No. 2020-07 is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations.

Examples of contributed nonfinancial assets include fixed assets such as land, buildings, and equipment; the use of fixed assets or utilities; materials and supplies, such as food, clothing, or pharmaceuticals; intangible assets; and recognized contributed services.

The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires a not-for-profit to disclose:

- Contributed nonfinancial assets recognized within the statement of activities disaggregated by category that depicts the type of contributed nonfinancial assets; and
- For each category of contributed nonfinancial assets recognized (as identified in (a)):
  - Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used.
  - The not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets.
  - A description of any donor-imposed restrictions associated with the contributed nonfinancial assets.
  - The valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, Fair Value Measurement, at initial recognition.
  - The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient NFP is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

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THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Attachment B - Management Representations

For the June 30, 2021 Audit

The following pages contain the written representations that we requested from management.

Lansing Economic Development Corporation

Lansing Brownfield Redevelopment Authority
Tax Increment Finance Authority
1000 S. Washington Avenue, Suite 201, Lansing, MI 48910
Phone: 517-702-3387
Fax: 517-702-3390
www.lansingedc.com

February 22, 2022

Rehmann Robson
2330 East Paris Avenue
Grand Rapids, Michigan 49546

This representation letter is provided in connection with your audits of the financial statements of ***The Economic Development Corporation of the City of Lansing*** (the "Corporation"), which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of 02/22/2022:

Financial statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 21, 2021, for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework we have chosen, which is accounting principles generally accepted in the United States of America.

2. The financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America.

   For the purposes of this letter, related parties mean affiliated or financially interrelated organizations; entities for which investments are accounted for by the equity method by the Corporation; trusts for the benefit of employees, such as pension trusts that are managed by or under the trusteeship of management or the governing board; members of the Corporation's management and governing board and their immediate families; and other parties with which the Corporation may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests, such as significant contributors. Another party also is a related party if it can significantly influence management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests. Additional related parties may include certain national and local affiliates and a separate entity with officers or directors also on the Corporation's governing board.

7. There were no events subsequent to the date of the financial statements for which accounting principles generally accepted in the United States of America require adjustment to or disclosure in the financial statements.

8. With respect to the preparation of external financial statements and preparation of routine tax filings, we have:

   a. Made all management decisions and performed all management functions;

   b. Assigned a competent individual to oversee the services;

   c. Evaluated the adequacy of the services performed;

   d. Evaluated and accepted responsibility for the result of the service performed; and

   e. Established and maintained internal controls, including monitoring ongoing activities.

9. We have complied with all contractual agreements, grants, and donor restrictions.

10. We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.

11. We have accurately presented the Corporation's position regarding taxation and tax-exempt status.

12. The bases used for allocation of functional expenses are reasonable and appropriate.

13. We have included in the financial statements all assets and liabilities under the Corporation's control.

14. We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.

15. Reclassifications between net asset classes are proper.

16. The governing board's interpretations concerning whether laws place restrictions on net appreciation of donor-restricted endowments are reasonable and have been disclosed to you.

17. Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.

18. Many State Governors issued temporary Executive Orders that, among other stipulations, effectively prohibit in-person work activities for most businesses and industries including nonprofit entities, having the effect of suspending or severely curtailing operations. The continued COVID-19 pandemic and related global economic impact restricted many of the Corporation's normal activities in fiscal year 2021. The extent of the total impact in future years ultimately will depend on many variables, most beyond the Corporation's control. The Corporation expects COVID-19 to continue to affect funders, program recipients, and other stakeholders into fiscal year 2022, and possibly longer. Future impact could be either negative or positive, based on management's ability to pivot programming and related funding to COVID-19 related issues and funding opportunities. Therefore, the amount and duration of the future financial impact is highly uncertain.

Information Provided

19. We have provided you with:

    a. Access to all information that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;

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

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

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

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

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

    a. Management;

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

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

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

24. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws, regulations contracts, and grant agreements whose effects should be considered when preparing financial statements.

25. We not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.

26. We have disclosed to you the identity of the Corporation's related parties and all the related party relationships and transactions of which we are aware.

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Robert L. Trezise, Jr., President and CEO, LEAP, Inc
Authorized Signatory on behalf of the Economic Development
Corporation of the City of Lansing

Jennifer Abood Morris.

____

Jennifer Abood Morris, CFO, LEAP, Inc
Authorized Signatory on behalf of the Economic Development
Corporation of the City of Lansing

The Economic Development Corporation of the City of Lansing

Years Ended June 30, 2021 and 2020

Financial Statements

Rehmann

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Table of Contents

Rehmann

INDEPENDENT AUDITORS' REPORT

February 22, 2022

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

Report on the Financial Statements

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

2330 E. Paris Ave SE, Grand Rapids, MI 49546 616.975.4100

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Economic Development Corporation of the City of Lansing as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, for 2021 the Corporation adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* related to contributions made. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated February 22, 2022 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 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 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.

Rehmann Robson LLC

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Statements of Financial Position

June 30,

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 1,828,202	$ 2,355,687
Receivables:		
Administration fees	207,163	185,841
Grants	240,390	-
Prepaid expenses	5,378	5,863
Notes receivable, current portion:		
Business Financing Assistance Program	11,007	11,564
Lansing Board of Water and Light	4,500	4,500
Third-party advances - Community Development Block Grants	203,467	-
Total current assets	2,500,107	2,563,455
Noncurrent assets:		
Notes receivable, net of current portion:		
Business Financing Assistance Program	23,197	25,120
Lansing Board of Water and Light	-	4,500
Total noncurrent assets	23,197	29,620
Total assets	$ 2,523,304	$ 2,593,075
Liabilities		
Current liabilities:		
Accounts payable	$ 49,363	$ 19,188
Current portion of long-term debt	4,500	4,500
Total current liabilities	53,863	23,688
Noncurrent liabilities:		
Long-term debt, net of current portion	-	4,500
Total liabilities	53,863	28,188
Commitments (Notes 5, 6 and 8)		
Net assets		
Without donor restrictions	2,389,770	2,406,321
With donor restrictions	79,671	158,566
Total net assets	2,469,441	2,564,887
Total liabilities and net assets	$ 2,523,304	$ 2,593,075

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Grant revenue	$ 283,383	$ -	$ 283,383
Administration fees	373,185	-	373,185
Issuer fees	14,363	-	14,363
Loan interest revenue	1,679	-	1,679
Investment income, net	2,098	-	2,098
Total support and revenues	674,708	-	674,708
Net assets released from restrictions	78,895	(78,895)	-
Total support, revenues and net assets released from restrictions	753,603	(78,895)	674,708
Expenses			
Program services:			
Economic development	727,960	-	727,960
Supporting services:			
Management and general	42,194	-	42,194
Total expenses	770,154	-	770,154
Change in net assets	(16,551)	(78,895)	(95,446)
Net assets, beginning of year	2,406,321	158,566	2,564,887
Net assets, end of year	$ 2,389,770	$ 79,671	$ 2,469,441

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Grant revenue	$ 35,079	$ 162,500	$ 197,579
Administration fees	309,153	-	309,153
Contractual revenue	300,000	-	300,000
Issuer fees	17,238	-	17,238
Loan interest revenue	2,164	-	2,164
Investment income, net	33,065	-	33,065
Total support and revenues	696,699	162,500	859,199
Net assets released from restrictions	115,904	(115,904)	-
Total support, revenues and net assets released from restrictions	812,603	46,596	859,199
Expenses			
Program services:			
Economic development	1,059,689	-	1,059,689
Supporting services:			
Management and general	62,684	-	62,684
Total expenses	1,122,373	-	1,122,373
Change in net assets	(309,770)	46,596	(263,174)
Net assets, beginning of year	2,716,091	111,970	2,828,061
Net assets, end of year	$ 2,406,321	$ 158,566	$ 2,564,887

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, 2021

	Program Services	Supporting Services	
	Economic Development	Management and General	Total Expenses
Expenses			
Contracted services	$ 587,500	$ 42,084	$ 629,584
Direct financial assistance to other entities	123,297	-	123,297
Operations	1,288	110	1,398
Insurance	15,875	-	15,875
Total expenses	$ 727,960	$ 42,194	$ 770,154

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, 2020

	Program Services	Supporting Services	
	Economic Development	Management and General	Total Expenses
Expenses			
Contracted services	$ 530,174	$ 58,239	$ 588,413
Direct financial assistance to other entities	519,059	1,750	520,809
Operations	1,855	2,695	4,550
Insurance	8,601	-	8,601
Total expenses	$ 1,059,689	$ 62,684	$ 1,122,373

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,

	2021	2020
Cash flows from operating activities		
Change in net assets	$ (95,446)	$ (263,174)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Changes in operating assets and liabilities which provided (used) cash:		
Receivables:		
Administration fees	(21,322)	(185,841)
Grants	(240,390)	-
Prepaid expenses	485	(5,474)
Third-party advances - Community Development Block Grants	(203,467)	-
Accounts payable	30,175	(56,260)
Net cash used in operating activities	(529,965)	(510,749)
Cash flows from investing activities		
Issuance of notes receivable - Business Financing Assistance Program	(6,376)	-
Collections of notes receivable - Business Financing Assistance Program	8,856	58,381
Collections of notes receivable - Lansing Board of Water and Light	4,500	4,500
Net cash provided by investing activities	6,980	62,881
Cash flows from financing activities		
Principal payments on long-term debt	(4,500)	(4,500)
Net change in cash and cash equivalents	(527,485)	(452,368)
Cash and cash equivalents, beginning of year	2,355,687	2,808,055
Cash and cash equivalents, end of year	$ 1,828,202	$ 2,355,687

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. 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 8 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, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

Cash and Cash Equivalents

Cash and cash equivalents consist 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 outstanding balances, it has estimated that realization of losses on balances outstanding at year-end will not be significant.

Notes Receivable

Notes receivable are carried at the value of the unpaid principal balances. Management expects that all remaining notes will be fully collected, so no allowance for doubtful accounts has been established by the Corporation as of June 30, 2021 and 2020. Management’s periodic evaluation of the adequacy of the allowance is based on the Corporation’s past note loss experience, specific uncollectible notes, adverse situations that may affect the borrower’s ability to repay, and current economic conditions. 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.

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. Notes receivable are placed on non-accrual or charged off at such time collection of principal and interest is considered doubtful.

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

Third-Party Advances

Unconditional grants are recorded as an expense when they are approved by the Board of Directors. Grant awards that are conditional in nature are not recorded as expenses until the condition or conditions has been satisfied. Payments made in advance for which conditions have not yet been satisfied are classified as third-party advances in the statements of financial position.

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.

Revenue Recognition

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 ASC Topic 958-605.

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 $300,000 for the year ended June 30, 2020. There were no contractual revenues that are contributions for the year ended June 30, 2021. There were no amounts received in advance as of June 30, 2021 and 2020.

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. 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, 2021 and 2020.

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

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 $283,383 and $197,579 for the years ended June 30, 2021 and 2020, respectively. There were no amounts received in advance as of June 30, 2021 and 2020.

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, 2021 and 2020.

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 based on the administrative costs allowed in the applicable budget. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

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, 2021, the most recent statement of financial position presented herein, through February 22, 2022, the date these financial statements were available to be issued. No significant such events or transactions were identified.

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

Risks and Economic Uncertainties

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a global pandemic, continues to spread throughout the United States of America and the globe. Many State Governors issued temporary Executive Orders that, among other stipulations, effectively prohibit in-person work activities for most businesses and industries including nonprofit entities, having the effect of suspending or severely curtailing operations. The continued COVID-19 pandemic and related global economic impact restricted many of the Corporation's normal activities in fiscal year 2021. The extent of the total impact in future years ultimately will depend on many variables, most beyond the Corporation's control. The Corporation expects COVID-19 to continue to affect funders, program recipients, and other stakeholders into fiscal year 2022, and possibly longer. Future impact could be either negative or positive, based on management's ability to pivot programming and related funding to COVID-19 related issues and funding opportunities. Therefore, the amount and duration of the future financial impact is highly uncertain.

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* which was effective for the Corporation for the year ended June 30, 2021 related to contributions made. The amendments in ASU No. 2018-08 clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations. On July 1, 2020, the Corporation adopted ASU 2018-08 for its contributions made and elected to apply the standard only to agreements that were entered into after that date. The impact of this adoption resulted in no change in expenses being recorded for the year ended June 30, 2021.

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:

	2021	2020
Cash and cash equivalents	$ 1,828,202	$ 2,355,687
Receivables:		
Administration fees	207,163	185,841
Grants	240,390	-
Notes receivable	15,507	16,064
Less: Net assets with donor restrictions	(79,671)	(158,566)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,211,591	$ 2,399,026

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

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 administrative fees and contract revenues.

3. NOTES RECEIVABLE

Business Financing Assistance Program

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

	2021	2020
Balance, beginning of year	$ 36,684	$ 95,065
Additions	6,376	-
Less: collections	8,856	58,381
Balance, end of year	34,204	36,684
Less: current portion	11,007	11,564
Long-term portion	$ 23,197	$ 25,120

Outstanding notes receivable consist of the following at June 30:

	2021	2020
Note receivable from Sleepwalker Spirits and Ale, Inc. (Sleepwalker) for $25,000 at an interest rate of 3.25%. Beginning December 15, 2017, 12 monthly payments of interest only are required in the amount of $68. Beginning December 15, 2019, 48 monthly payments of principal and interest are required in the amount of $556. On November 15, 2022, a balloon payment equal to the entire unpaid balance of principal and interest is due. The note is guaranteed by a Continuing Unlimited Guaranty from proprietors of Sleepwalker.	$ 9,204	$ 15,494
Note receivable from the 517 Coffee Company, LLC (517 Coffee) for $25,000 at an interest rate of 4.50%. Beginning April 15, 2020, 6 monthly payments of interest only are required in the amount of $94. Beginning October 15, 2020, 54 monthly payments of principal and interest are required in the amount of $512. On February 8, 2021 this note was refinanced.	-	21,190

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

	2021	2020
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 pay off the principal and accrued interest on the 2019 note. Beginning February 15, 2021, 8 monthly payments of interest only are required in the amount of $94. Beginning October 15, 2021, 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.	$ 25,000	$ -
Total business financing assistance notes receivable	$ 34,204	$ 36,684

At June 30, 2021 and 2020, none of the Corporation's business financing assistance notes receivable were past due or on non-accrual status.

Lansing Board of Water and Light

The Corporation is party to a contract with the Lansing Board of Water and Light entitling the Corporation to reimbursement of payments made related to the Brownfield revolving loan balance, as discussed in Note 5 below. The balance of the note receivable as of June 30, 2021 and 2020 is $4,500 and $9,000, respectively. There is no stated interest on this arrangement.

4. THIRD-PARTY ADVANCES - COMMUNITY DEVELOPMENT BLOCK GRANTS

The Corporation is party to a grant agreement with the City of Lansing to be a subrecipient for a portion of the City's Community Development Block Grant (CDBG) from the U.S. Department of Housing and Urban Development. Among the activities to be funded by this grant is a program to provide forgivable loans to small businesses in the City of Lansing to fill the gaps caused by the COVID-19 pandemic.

During the year ended June 30, 2021, the Corporation distributed a total of $203,467 in relation to this program. Management expects these loans to be forgiven, although they are not obligated to do so until certain conditions are satisfied. Among the conditions for forgiveness are documentation of the expenditure of the amount disbursed on activities that satisfy one or more of the national objectives of the CDBG program, and compliance with applicable portions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the conditions related to this program have yet to be satisfied, the amounts distributed are recorded as third-party advances in the statements of financial position.

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

5. LONG-TERM DEBT

Long-term debt consists of the following at June 30:

	2021	2020
Brownfield revolving loan payable to the Lansing Brownfield Redevelopment Authority (LBRA) for $36,000 payable by the Corporation in annual installments (interest at 0%) of $4,500 through January 31, 2022. The loan funds were used for cleanup related to a commercially owned building in the Greater Lansing area, that is in a Renaissance Zone that expires in 2022.	$ 4,500	$ 9,000
Less: current portion	4,500	4,500
Long-term portion	$ -	$ 4,500

There was an additional loan related to the above cleanup project, in the amount of $409,096, which is due in annual installments of 10% to 14% of the remaining balance, that is expected to be repaid from tax increment financing revenue that will be collected by the LBRA after January of 2022. The remaining unpaid principal on this additional amount is due and payable at January 31, 2029. The Corporation has entered into a guaranty agreement that obligates the Corporation to make payments to the LBRA for any shortfalls in tax increment financing revenues under the required principal payments for years after 2022 and until the loan matures on January 31, 2029.

6. RELATED PARTY TRANSACTIONS

The Corporation provides administrative services to the Tax Increment Finance Authority of the City of Lansing (TIFA). Administrative service fees, consisting of operating costs, charged to TIFA by the Corporation totaled $192,800 and $148,114 for the years ended June 30, 2021 and 2020, respectively. There were outstanding invoices due from the City of Lansing related to TIFA administrative service fees in the amounts of $192,800 and $148,114 at June 30, 2021 and 2020, respectively, presented on the statements of financial position as administration fees receivable. The Corporation and TIFA share a common board of directors.

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

The Corporation provides administrative services to the Lansing Brownfield Redevelopment Authority (LBRA). Administrative service fees, consisting of operating costs, and reimbursement of project expenses charged to LBRA by the Corporation totaled $180,385 and $161,039 for the years ended June 30, 2021 and 2020, respectively. There were outstanding invoices due from the City of Lansing related to LBRA administrative service fees in the amount of $16,438 at June 30, 2020. There were no outstanding invoices at June 30, 2021. The Corporation and LBRA share a common board of directors.

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 year ended June 30, 2020 under this agreement, which was not renewed for the year ended June 30, 2021.

During the year ended June 30, 2020, the City funded a pilot facade improvement program to encourage improvements to commercial buildings located outside of downtown Lansing. Total payments from the City for this program were $162,500 for the year ended June 30, 2020. This agreement was not renewed for the year ended June 30, 2021.

During the year ended June 30, 2021, the Corporation entered into a subrecipient agreement for a Community Development Block Grant (CDBG) from the City of Lansing to provide services and 0% unsecured forgivable loans to eligible Lansing area business that were suffering from financial trouble resulting from the COVID-19 pandemic. Revenue was recognized in the amount of $273,923 during the year ended June 30, 2021. There were outstanding reimbursement requests with the City of Lansing related to the CDBG program in the amount of $240,390 at June 30, 2021.

During the year ended June 30, 2021, the Corporation launched the Lansing Small Business Recovery Program (LSBRP). Pursuant to launching the LSBRP, the Corporation entered into a contract with the City of Lansing to fund a full-time contracted individual to serve as the City’s COVID-19 Economic Recovery Resource Developer (ERRD). The Corporation is to provide up to $100,000 of funding to support the ERRD position at the City. Beginning December 1, 2020, the ERRD's start date, the Corporation is required under the contract to make payments of $22,500 for each 90 days that the ERRD is employed by the City. An additional $10,000 is due once the ERRD has been employed for a year. As of June 30, 2021, the ERRD had been employed for approximately 200 days, so per the contract, the first three payments were recognized as contractual services expense for a total of $67,500. The remaining $32,500 will be recognized as expense in the subsequent year as the conditions of the agreement are satisfied.

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Notes to Financial Statements

7. ECONOMIC DEVELOPMENT CONTRACTED SERVICES

The Corporation obtains contract services from the Lansing Economic Area Partnership (LEAP), a nonprofit corporation. The scope of services involves a variety of program, supporting and administrative functions including the provision of employees to conduct the day-to-day operations of the Corporation. Payments under these annual contracts totaled $520,000 and $500,000 for the years ended June 30, 2021 and 2020, respectively.

8. 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 Michigan Catholic Conference Project was $500,000 as of June 30, 2020. There were no amounts related to the Michigan Catholic Conference Project outstanding as of June 30, 2021. The aggregate principal amount of conduit debt obligations outstanding related to the Phoenix Development Partners for the Accident Fund Parking Ramp were $11,490,000 and $13,790,000 as of June 30, 2021 and 2020, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Façade improvement program	$ 79,671	$ 158,566

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INTERNAL CONTROL AND COMPLIANCE

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Rehmann

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*

February 22, 2022

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, 2021, 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 February 22, 2022.

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.

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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 may exist that have not been identified.

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.

Rehmann Robson LLC

ECONOMIC DEVELOPMENT CORPORATION
OF THE CITY OF LANSING
Certificate of Resolution by Board of Directors

At a regularly scheduled meeting of the Board of Directors of the Economic Development Corporation of the City of Lansing held on Friday, March 4, 2022 at 8:30 a.m., pursuant to notice duly given:

PRESENT: Members:

ABSENT: Members:

The following preamble and resolution was offered by;

Member: , and seconded by:

Member:

LEDC Fiscal Year 2021-2022 Budget Amendment:

WHEREAS, the Lansing Economic Development Corporation (LEDC) Board recognizes the purchase of certain equipment and services is needed to facilitate services provided under the LEDC's contract for economic development services with the City of Lansing (Contract) and to prepare operations for the anticipated renewal of the fiscal year Contract starting July 1, 2022; and

WHEREAS, current FY2021/2022 expenditures are projected to be lower than budgeted in some budget categories, including Contractual Services, Marketing Promotion & Business Attraction, and Travel & Conferences & Training, allowing available funds to be redirected to support upcoming needs of the LEDC and staff.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LANSING ECONOMIC DEVELOPMENT CORPORATION AS FOLLOWS:

1. Lansing Economic Development Corporation Board of Directors (LEDC Board) approves amending the Fiscal Year 2021/2022 budget to include $40,000 to support Operational Equipment & Services by adjusting current General Operating Expenditure line items in the budget as follows:

General Operating Expenditure Category	Adopted FY21/22 Budget	Amended FY21/22 Budget
Contractual Services	$673,929	$652,929
Marketing, Promotions & Business Attraction	$20,000	$5,000
Travel & Conferences & Training	$10,000	$4,000
Operational Equipment & Services	$ -	$40,000

2. The LEDC Board directs the LEDC Chair to review and approve Operational Equipment & Services expenditures proposed by staff under the Amended FY2021/2022 Budget.

3. Additionally, the LEDC agrees that if any section, clause or phrase of this Resolution is declared as invalid by a court of law, that ruling shall not affect the intent and purpose of this Resolution and validity of the remaining provisions of the Resolution.

4. Finally, the LEDC declares that all resolutions or parts of resolutions in conflict with any of the provisions of this Resolution are repealed.

The foregoing preamble and resolutions are hereby approved by the Board of Directors for the Economic Development Corporation of the City of Lansing.

YEAS:

NAYS:

ABSTENTIONS:

ABSENT:

PREAMBLE AND RESOLUTIONS DECLARED ADOPTED.

STATE OF MICHIGAN)
) ss.
COUNTY OF INGHAM)

I hereby certify that the foregoing is a true and a complete copy of a preamble and resolutions adopted at a regular meeting of the Economic Development Corporation of the City of Lansing held on the 4th day of March 2022, and said preamble and resolutions are on file in the office of the Economic Development Corporation of the City of Lansing and are available to the public. Public notice of the meeting was given pursuant to and in compliance with Act No. 267, Public Acts of Michigan 1976, including in the case of a special or re-scheduled meeting, notice by publication or posting of at least eighteen (18) hours prior to the time set for the meeting. In addition, the meeting was held in full compliance with the Board's By-Laws.

IN WITNESS WHEREOF, I have hereunto affixed my official signature.

____

Andrea Binoniemi, Chair
LEDC Board of Directors