Lansing Economic Development Corporation

Board of Directors Meeting

Friday, February 02, 2024 – 8:30 AM

LEDC Office – 401 South Washington Sq. Ste. 101, Lansing, MI 48933

AGENDA

1) Call to Order/Roll Call
2) Introduction of New Lansing EDC Team Member
3) Approval of LEDC Board Meeting Minutes – Friday, January 12, 2024
4) Lansing EDC FY2022/2023 Audited Financial Statements (ACTION)
5) Memorandum of Understanding - CEDAM Placemaking Grant (ACTION)
6) FY2023/2024 Budget Amendment - CEDAM Placemaking Grant (ACTION)
7) LEED Initiative Update
8) Programs and Corridor Updates
9) Project Updates
10) Office Update
11) Open Forum for LEDC Board Members
12) Other Business
13) Public Comment
14) Adjournment

Board of Directors Meeting

Friday, January 12, 2024 – 8:30 AM

LEDC Office – 401 South Washington Sq. Ste. 101, Lansing, MI 48933

MINUTES

Members Present:	Chair - Calvin Jones, Vice-Chair - Shelley Davis Boyd, Secretary - Dr. Alane Laws-Barker, Sandra Lupien, Rawley Van Fossen (left 9:58AM)
Members Absent:	Treasurer - Catherine Rathbun, Chaz Carrillo, Michael McKissic, Jordan Sutton
Staff Present:	Karl Dorshimer, Kris Klein, Aurelius Christian, Kahleea Washington, and Alex Watkins
Guests:	Nikki Thompson-Frazier (Sweet Encounter Bakery), Sirpenia Stewart (Peace Connections)

Call to Order/Roll Call

Chair Jones called the Lansing Economic Development Corporation meeting to order at 9:29 AM.

Approval of LEDC Board Meeting Minutes – Friday December 15, 2023 (ACTION)

MOTION: Member Davis Boyd moved to approve the LEDC meeting minutes from the Friday, December 15, 2023, Board of Directors meeting, as presented. Motion seconded by member Van Fossen.

YEAS: Unanimous, motion carried.

Update on Financials

Klein provided an update on financials and noted the upcoming presentation to the Board on the FY2023 audit scheduled for February 2nd, 2024.

LEED Initiative Update
Christian provided an update on the LEED Initiative including the conclusion of the first cohort of the Empower Program and the upcoming graduation event on January 24, 2024. Christian then introduced two participants of the Empower Program, Nikki Thompson-Frazier of Sweet Encounter Bakery and Sirpenia Stewart of Peace Connections, to speak on their businesses and experiences in the program.

Programs and Corridor Updates
Washington provided an update on efforts of the CEDAM Fellowship and Gateway CIA.

Project Updates
Watkins updated the board on the Façade Improvement Program and announced that the 2024 grant application process will open January 16, 2024.

Office Update

2024 LEDC/LBRA/TIFA Board Meeting Schedule (ACTION)

MOTION: Member Davis Boyd moved to approve the 2024 LEDC/LBRA/TIFA Board Meeting Schedule, as presented. Motion seconded by member Van Fossen.

YEAS: Unanimous, motion carried.

2024 Election of Officers

Klein revealed the slate of officers. It was presented that Shelley Davis Boyd was nominated as Chair, no nominations were received as Vice Chair, Dr. Alane Laws-Barker as Secretary, and Catherine Rathbun as Treasurer. Discussion took place and Chair Jones volunteered as nominee for Vice Chair. No other nominations were presented. With the addition of Jones as Vice Chair the slate of Officers for the 2024 Board of Directors was completed.

Member Van Fossen moved approval of the slate of directors as presented. Motion supported by member Lupien.

YEAS: Unanimous, motion carried.

Open Forum for LEDC Board Members

Other Business

Public Comment
None.

Adjournment

Chair Jones called the Lansing Economic Development Corporation meeting to adjournment at 10:08 AM.

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

Rehmann

INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

January 17, 2024

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, 2023, and have issued our report thereon dated January 17, 2024. 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 June 26, 2023, 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 January 17, 2024.

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 November 29, 2023.

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.

Significant Risks Identified

We have identified the risks of management override of internal control, improper revenue recognition, and the completeness of leases as significant risks, and have obtained an understanding of the Corporation's related controls, including control activities, relevant to such risks.

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 Standard Codification (ASC) Topic 842, *Leases* , effective July 1, 2022. This ASC establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Corresponding amounts were not reclassified in prior periods as those prior periods are presented under ASC 840, *Leases.*

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 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. We did not identify any misstatements during our audit.

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 Economic Development Corporation of the City of Lansing*** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Rehmann Robson LLC

Attachment A - Upcoming Changes in Accounting Standards

For the June 30, 2023 Audit

ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments
Effective 1/1/2023 (your FY 2024)

The ASU is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations.

The ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates.

Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. Organizations will continue to use judgment to determine which loss estimation method is appropriate for their circumstances.

The ASU requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an organization's portfolio. These disclosures include qualitative and quantitative requirements that provide additional information about the amounts recorded in the financial statements.

In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration.

■ ■ ■ ■ ■

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Attachment B - Management Representations

For the June 30, 2023 Audit

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

401 S. Washington Square, Suite 101
Lansing, MI 48993
Lansingedc.com

January 17, 2024

Rehmann Robson LLC
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, 2023 and 2022, 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, 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.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of January 17, 2024:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 26, 2023, 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 nonprofit organization'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 the external financial statements, 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. 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.

17. In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID - 19) to be a global pandemic. The pandemic has resulted in operational challenges for the Corporation as it determines the appropriate methods to provide economic development services to the local area. At this time, management does not believe that any ongoing negative financial impact related to the pandemic would be material to the Corporation.

Information Provided

18. 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.

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

20. 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.

21. We have provided to you our analysis of the Corporation's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.

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 are 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.

Karl Dorshimer, President

Brandy Standler, Office and Finance Manager

The Economic Development Corporation of the City of Lansing

Lansing EDC

Years Ended June 30, 2023 and 2022

Financial Statements

Rehmann

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Table of Contents

This page intentionally left blank.

Rehmann

INDEPENDENT AUDITORS' REPORT

January 17, 2024

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, 2023 and 2022, 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, 2023 and 2022, 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, 2022, the Corporation adopted Accounting Standards Codification Topic 842, *Leases* . 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 January 17, 2024 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.

Rehmann Robson LLC

This page intentionally left blank.

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LANSING

Statements of Financial Position

June 30,

	2023	2022
Assets		
Current assets:		
Cash	$ 4,819,410	$ 2,173,901
Receivables:		
Administrative fees	62,236	29,476
Grants	937,417	9,975
Prepaid expenses	13,525	11,370
Notes receivable, current portion -		
Business Financing Assistance Program	53,881	9,824
Total current assets	5,886,469	2,234,546
Noncurrent assets:		
Notes receivable, net of current portion -		
Business Financing Assistance Program	140,695	29,958
Right-of-use assets	642,049	-
Deposits	21,702	3,200
Total noncurrent assets	804,446	33,158
Total assets	$ 6,690,915	$ 2,267,704
Liabilities		
Current liabilities:		
Accounts payable	$ 966,986	$ 94,802
Accrued liabilities	18,544	-
Refundable advances on conditional contributions	2,645,143	-
Current portion of operating lease obligations	16,825	-
Total current liabilities	3,647,498	94,802
Noncurrent liabilities -		
Operating lease obligations, net of current portion	625,224	-
Total liabilities	4,272,722	94,802
Commitments (Note 7)		
Net assets		
Without donor restrictions	2,286,916	2,149,815
With donor restrictions	131,277	23,087
Total net assets	2,418,193	2,172,902
Total liabilities and net assets	$ 6,690,915	$ 2,267,704

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 Activities

For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Grant revenue	$ 734,690	$ -	$ 734,690
Administration fees	406,198	-	406,198
Contractual revenue	300,250	-	300,250
Issuer fees	12,038	-	12,038
Loan interest revenue	1,691	-	1,691
Investment income, net	1,686	-	1,686
Total support and revenues	1,456,553	-	1,456,553
Net assets released from restrictions	56,584	(56,584)	-
Total support, revenues and net assets released from restrictions	1,513,137	(56,584)	1,456,553
Expenses			
Program services:			
Economic development	1,633,890	-	1,633,890
Supporting services:			
Management and general	119,202	-	119,202
Total expenses	1,753,092	-	1,753,092
Change in net assets	(239,955)	(56,584)	(296,539)
Net assets, beginning of year	2,389,770	79,671	2,469,441
Net assets, end of year	$ 2,149,815	$ 23,087	$ 2,172,902

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

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
Operations	45,219	86,159	131,378
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.

Statement of Functional Expenses

For the Year Ended June 30, 2022

	Program Services	Supporting Services	
	Economic Development	Management and General	Total Expenses
Expenses			
Contracted services	$ 692,500	$ 39,379	$ 731,879
Direct financial assistance to other entities	926,516	56,584	983,100
Operations	965	23,239	24,204
Insurance	13,909	-	13,909
Total expenses	$ 1,633,890	$ 119,202	$ 1,753,092

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,

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 245,291	$ (296,539)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities which provided (used) cash:		
Receivables:		
Administration fees	(32,760)	177,687
Grants	(927,442)	230,415
Prepaid expenses	(2,155)	(5,992)
Third-party advances - Community Development Block Grants	-	203,467
Deposits	(18,502)	(3,200)
Accounts payable	872,184	45,439
Accrued liabilities	18,544	-
Refundable advances on conditional contributions	2,645,143	-
Net cash provided by operating activities	2,800,303	351,277
Cash flows from investing activities		
Issuance of notes receivable - Business Financing Assistance Program	(186,500)	(20,176)
Collections of notes receivable - Business Financing Assistance Program	31,706	14,598
Collections of notes receivable - Lansing Board of Water and Light	-	4,500
Net cash used in investing activities	(154,794)	(1,078)
Cash flows from financing activities		
Principal payments on long-term debt	-	(4,500)
Net change in cash	2,645,509	345,699
Cash, beginning of year	2,173,901	1,828,202
Cash, end of year	$ 4,819,410	$ 2,173,901

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

NOTES TO FINANCIAL STATEMENTS

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 7 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.

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.

Notes to Financial Statements

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, 2023 and 2022. 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.

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 leases office space, which expires in July of 2038. The Corporation is required to make fixed minimum rent payments relating to its right to use the underlying leased asset.

The Corporation determines whether an arrangement contains a lease at the arrangement's inception. If a lease is determined to exist, its related term is assessed at lease commencement, once the underlying asset is made available by the lessor for the Corporation's use. The Corporation's assessment of the lease term reflects the non-cancellable period of the lease, inclusive of any rent-free periods and/or periods covered by early-termination options for which the Corporation is not considered reasonably certain of exercising, as well as periods covered by renewal options for which it is considered reasonably certain of exercising. The Corporation also determines lease classification as either operating or finance (formerly referred to as "capital") at lease commencement, which governs the pattern of expense recognition and the presentation thereof reflected in the statements of activities over the lease term.

For leases with a lease term exceeding 12 months, a lease liability is recorded on the Corporation's statements of financial position at lease commencement reflecting the present value of its fixed payment obligations over such term. A corresponding right-of-use ("ROU") asset equal to the initial lease liability is also recorded, increased by any prepaid rent and/or initial direct costs incurred in connection with execution of the lease, and reduced by any lease incentives received. When applicable, the Corporation includes fixed payment obligations related to non-lease components in the measurement of ROU assets and lease liabilities, as it elects to account for lease and non-lease components together as a single lease component. Variable lease payments are not included in the measurement of ROU assets and lease liabilities. The Corporation does not have any finance type leases as of June 30, 2023. For purposes of measuring the present value of its fixed payment obligations for a given lease, the Corporation uses the risk-free discount rate, determined based on information available at lease commencement, as rates implicit in its leasing arrangements are not readily determinable.

For operating leases, fixed lease payments are recognized as operating lease cost on a straight-line basis over the lease term. For leases with a lease term of 12 months or less (referred to as a "short-term lease"), any fixed lease payments are recognized on a straight-line basis over such term and are not recognized on the statements of financial position. Variable lease cost, if any, is recognized as incurred for all leases.

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. Conditional contributions were received during the year ended June 30, 2023 and are reported on the balance sheet as refundable advances of conditional contributions. These contributions will be recognized as the funds are expended on allowable costs. 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 $335,811 and $300,250 for the years ended June 30, 2023 and 2022, respectively. There were no amounts received in advance as of June 30, 2023 and 2022.

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, 2023 and 2022.

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 $1,180,611 and $734,690 for the years ended June 30, 2023 and 2022, respectively. There were no amounts received in advance as of June 30, 2023 and 2022.

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, 2023 and 2022.

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.

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.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") established ASC Topic 842, *Leases* ("ASC 842"), by issuing Accounting Standards Update ("ASU") No. 2016-02 ("ASU 2016-02"). The standard impacts the accounting for both lessors and lessees. For lessors, the new standard requires identification and evaluation of the lease and non-lease components in arrangements containing a lease, provides for clarification on the scope of non-lease components and provides more guidance on how to identify and separate non-lease components. For lessees, the standard, as amended, establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities.

Notes to Financial Statements

The Corporation adopted ASU 2016-02, as amended, effective July 1, 2022. Financial information has not been updated and the disclosures required under the new standard have not been provided for dates and periods before July 1, 2022. The Corporation elected the new standard's package of practical expedients for which its either the lessee or the lessor, which permits the Corporation to maintain prior conclusions about lease identification, lease classification, and initial direct costs. The Corporation elected to use the go-forward practical expedient to not separate lease and non-lease components for all of the leases. The Corporation also elected to use the short-term lease recognition exemption for all leases that qualify. There was no changes to previously issued financial statements related to the implementation of this standard.

Refer to Note 4 to the financial statements for information regarding leases.

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, 2023, the most recent statement of financial position presented herein, through January 17, 2024, the date these financial statements were available to be issued. No significant such events or transactions were identified.

Risks and Economic Uncertainties

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The pandemic has resulted in operational challenges for the Corporation as it determines the appropriate methods to provide economic development services to the local area. At this time, management does not believe that any ongoing negative financial impact related to the pandemic would be material to the Corporation.

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:

	2023	2022
Cash	$ 4,819,410	$ 2,173,901
Receivables:		
Administration fees	62,236	29,476
Grants	937,417	9,975
Notes receivable	53,881	9,824
Less: Net assets with donor restrictions	(131,277)	(23,087)
Financial assets available to meet cash needs for general expenditures within one year	$ 5,741,667	$ 2,200,089

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, grants 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:

	2023	2022
Balance, beginning of year	$ 39,782	$ 34,204
Additions	186,500	20,176
Less: collections	31,706	14,598
Balance, end of year	194,576	39,782
Less: current portion	53,881	9,824
Long-term portion	$ 140,695	$ 29,958

Outstanding notes receivable consist of the following at June 30:

	2023	2022
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, 2022, 8 monthly payments of interest only are required in the amount of $94. Beginning October 15, 2022, 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.	$ 15,484	$ 21,012

continued...

		2023		2022
Note receivable from Sweet Encounter Bakery Cafe, LLC (Sweet Encounter) for $20,176 at an interest rate of 3.00%. Beginning October 15, 2022, 6 monthly payments of interest only are required. Beginning April 15, 2023, 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.	$	15,199	$	18,770
Note receivable from RBM Properties, LLC for $136,500 at an interest rate of 5.00%. Beginning January 12, 2023, 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.		124,323		-
Note receivable from Osteria Vegana Lansing, LLC for $25,000 at an interest rate of 4.75%. Beginning November 12, 2022, 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.		19,785		-
Note receivable from Irie Smoke Shack LLC for $25,000 at an interest rate of 4.75%. Beginning September 22, 2022, 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.		19,785		-
Total business financing assistance program notes receivable	$	194,576	$	39,782

concluded

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. As such, during the year ended June 30, 2023, the Corporation reported no operating lease or variable lease cost. The Corporation paid $39,659 in short-term lease costs during the year ended June 30, 2023.

The following table summarizes other information related to the Corporation's lease during the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease obligations:	
Operating cash flows from operating leases	$ -
Right-of-use assets obtained in exchange for new operating lease obligations	642,049
Weighted-average remaining lease-term - operating leases	15 years
Weighted-average discount rate - operating leases	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, 2023:

Year	Operating Leases
2024	$ 48,555
2025	50,424
2026	51,937
2027	53,495
2028	55,100
Thereafter	650,608
Total lease payments	910,119
Less discount to present value	268,070
Total lease obligations	642,049
Less current portion	(16,825)
Long-term lease obligations	$ 625,224

Notes to Financial Statements

5. RELATED PARTY TRANSACTIONS

The Corporation provides administrative services to the Tax Increment Finance Authority of the City of Lansing. Administrative service fees, consisting of operating costs, charged to TIFA by the Corporation totaled $251,633 and $228,423 for the years ended June 30, 2023 and 2022, respectively. There were no outstanding invoices due from the City of Lansing related to TIFA administrative service fees at June 30, 2023 or 2022. The Corporation and TIFA share a common Board of Directors.

The Corporation provides administrative services to the Lansing Brownfield Redevelopment Authority. Administrative service fees, consisting of operating costs, and reimbursement of project expenses charged to LBRA by the Corporation totaled $263,028 and $177,775 for the years ended June 30, 2023 and 2022, respectively. There were outstanding invoices due from the City of Lansing related to LBRA administrative service fees in the amounts of $53,698 at June 30, 2023, presented on the statements of financial position as part of administration fees receivable. There were no outstanding invoices due from the City of Lansing related to LBRA administrative service fees at June 30, 2022. 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 EDC board members is an employee of M3 Group, LLC, but did not work on the EDC project. Total payments made to M3 Group, LLC during the year ended June 30, 2023 totaled $14,700.

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, 2023 and 2022 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, 2023, of which $131,277 remains in net assets with donor restrictions. There were no outstanding reimbursement requests with the City of Lansing related to this program at June 30, 2023. No revenue was recognized from the previous Facade Improvement Grant as the amount had been received in a prior fiscal year.

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 of Lansing's COVID-19 Economic Recovery Resource Developer (ERRD). The Corporation was to provide up to $100,000 of funding to support the ERRD position at the City of Lansing. Beginning December 1, 2020, the ERRD's start date, the Corporation was 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 was due once the ERRD has been employed through June 30, 2022 and conditioned upon evaluation of both the City of Lansing and the Corporation's Board of Directors. 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 in fiscal 2020-2021 for a total of $67,500. As of June 30, 2022, the ERRD had been employed for more than 270 days, so per the contract, the fourth payment was recognized as contractual services expense in fiscal 2021-2022 for a total of $22,500. The remaining $10,000 was recognized as contractual services expense during fiscal 2022-2023.

6. ECONOMIC DEVELOPMENT CONTRACTED SERVICES

For the year ended June 30, 2022, the Corporation obtained contract services from the Lansing Economic Area Partnership (LEAP), a nonprofit corporation. The scope of services involved 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 the annual contract totaled $520,000 for the year ended June 30, 2022. Effective July 1, 2022, the Corporation terminated the arrangement with LEAP and now provides its own administration including staff and other administrative costs.

7. 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 $6,830,000 and $9,630,000 as of June 30, 2023 and 2022, respectively.

8. NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Façade improvement program	$ 131,277	$ 23,087

■ ■ ■ ■ ■

INTERNAL CONTROL AND COMPLIANCE

This page intentionally left blank.

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*

January 17, 2024

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, 2023, 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 January 17, 2024.

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.

WE ARE AN INDEPENDENT MEMBER OF THE GLOBAL ADVISORY AND ACCOUNTING NETWORK HLB

2330 East Paris Ave SE, Grand Rapids, MI 49546 616.975.4100

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 have not been 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.

Rehmann Robson LLC

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

At a meeting of the Board of Directors of the Economic Development Corporation of the City of Lansing held on Friday, February 02, 2024 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 2023-2024 Budget Amendment:

WHEREAS, on Friday, February 02, 2024, the Lansing Economic Development Corporation Board of Directors (LEDC Board) adopted a resolution approving the Implementation Project Grant of up to $10,000, funded by the Michigan Economic Development Corporation's Technical Assistance Funding and is distributed to its awardees though the Community Economic Development Association of Michigan (CEDAM) Fellowship Program; and

WHEREAS, the funding seeks to provide the current cohort of CEDAM fellows, for the City of Lansing (Region 7) that being Kahleea Washington, with funding to facilitate a placemaking/public improvement project in their respective communities during their 15-month fellowship with further details of this arrangement outlined in the Memorandum of Understanding (MOU) between CEDAM and the Lansing EDC; and

WHEREAS, current FY2023/2024 revenues and expenditures need to be amended to reflect the acceptance and use of the $10,000 grant award.

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 2023/2024 budget to reflect the above-mentioned acceptance and use of funds and changes to revenue and operational expenditures by adjusting General Operating Revenue and Expenditure line items as follows:

	Adopted FY23/24 Budget	Amended FY23/24 Budget (by this amendment)	Change
General Operating Revenues			
CEDAM Implementation Grant	$ -	$10,000	$10,000

General Operating Expenditures			
CEDAM Implementation Grant	$ -	$10,000	$10,000

2. 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.

3. 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 meeting of the Economic Development Corporation of the City of Lansing held on the 2nd day of February 2024, 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.

____

Shelley Davis Boyd, Chair
LEDC Board of Directors