Lenawee Economic Development Corporation
dba Lenawee Now

Financial Statements
With Independent Auditor's Report

For the Year Ended December 31, 2023

Lenawee Economic Development Corporation dba Lenawee Now

Independent Auditor's Report

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Independent Auditor's Report

Board of Directors
Lenawee Economic Development Corporation dba Lenawee Now
Adrian, Michigan

Opinions

We have audited the accompanying financial statements of Lenawee Economic Development Corporation dba Lenawee Now, a nonprofit organization, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, expenses, and cash flows for the year 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 Lenawee Economic Development Corporation dba Lenawee Now as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lenawee Economic Development Corporation dba Lenawee Now, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Lenawee Economic Development Corporation dba Lenawee Now's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Lenawee Economic Development Corporation
dba Lenawee Now
Adrian, Michigan

Auditor’s 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 auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lenawee Economic Development Corporation dba Lenawee Now ’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 Lenawee Economic Development Corporation dba Lenawee Now’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.

Report on Summarized Comparative Information

We have previously audited Lenawee Economic Development Corporation’s financial statements, and we expressed on unmodified audit opinion on those financial statements in our report dated March 3, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors
Lenawee Economic Development Corporation
dba Lenawee Now
Adrian, Michigan

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2024, on our consideration of Lenawee Economic Development Corporation dba Lenawee Now'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 the effectiveness of Lenawee Economic Development Corporation's 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 Lenawee Economic Development Corporation dba Lenawee Now's internal control over financial reporting and compliance.

Meredith Francis, CPA, P.C.

Adrian, Michigan
February 21, 2024

Lenawee Economic Development Corporation
dba Lenawee Now

Statements of Financial Position

December 31, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Assets:				
Current assets:				
Cash and cash equivalents	$ 7,297,800	$ -	$ 7,297,800	$ 1,803,448
Member loan receivable	244,444	-	244,444	244,444
Accounts receivable	226,929	-	226,929	79,657
IRP program loan receivable	-	-	-	16,713
Prepaid expenses	27,000	-	27,000	28,440
Total current assets	7,796,173	-	7,796,173	2,172,702
Noncurrent assets:				
USDA IRP restricted cash	6,949	-	6,949	80,063
IRP loanable cash	136,804	-	136,804	63,391
IRP program loan receivable	-	-	-	30,454
Investment in partnerships (see Note 7)	255,229	-	255,229	260,816
Property assets	2,175	-	2,175	3,445
Total assets	8,197,330	-	8,197,330	2,610,871
Liabilities and Net Assets:				
Current liabilities:				
Accounts payable	-	-	-	8,735
Accrued expenses	33,910	-	33,910	38,216
Accrued federal tax	-	-	-	889
Grant advance	6,934,543	-	6,934,543	1,413,620
Current portion of USDA IRP program loan	5,295	-	5,295	5,243
Total current liabilities	6,973,748	-	6,973,748	1,466,703
Noncurrent liability:				
Noncurrent portion of USDA IRP program loan	110,516	-	110,516	115,803
Total liabilities	7,084,264	-	7,084,264	1,582,506
Net assets:				
With donor restrictions	-	-	-	7,650
Without donor restrictions	1,113,066	-	1,113,066	1,020,715
Total net assets	1,113,066	-	1,113,066	1,028,365
Total liabilities and net assets	$ 8,197,330	$ -	$ 8,197,330	$ 2,610,871

The accompanying notes are an integral part of this statement.

Lenawee Economic Development Corporation
dba Lenawee Now

Statements of Activities

For the Years Ended December 31, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Operating revenues, gains and other support:				
Contributions	$ 106,100	$ -	$ 106,100	$ 397,051
Contributions - from related parties	140,552	-	140,552	95,000
Contractual income	37,100	-	37,100	118,700
Grants	2,962,843	-	2,962,843	1,260,304
Program income	17,363		17,363	1,625
Special events	5,017	20,750	25,767	-
Less: direct benefit	(4,908)		(4,908)	-
Interest	249,145	-	249,145	2,252
IRP loan writeoff	(40,668)	-	(40,668)	-
Other income	2,200	-	2,200	29
Net assets released from restriction	28,400	(28,400)	-	-
Total operating revenues, gains and other support	3,503,144	(7,650)	3,495,494	1,874,961
Operating expenses:				
Program activities				
Economic development	2,347,887	-	2,347,887	1,131,638
Supporting services				
General and Administrative	877,162	-	877,162	335,685
Fund-raising	181,357	-	181,357	97,582
Total support services	1,058,519	-	1,058,519	433,267
Total operating expenses	3,406,406	-	3,406,406	1,564,905
Change in net assets from operations	96,738	(7,650)	89,088	310,056
Nonoperating activities				
Investment return, net	(4,387)	-	(4,387)	7,622
Federal tax	-	-	-	(1,141)
Total nonoperating activities	(4,387)	-	(4,387)	6,481
Change in net assets	92,351	(7,650)	84,701	316,537
Net assets at beginning of year	1,020,715	7,650	1,028,365	711,828
Net assets at end of year	$ 1,113,066	$ -	$ 1,113,066	$ 1,028,365

The accompanying notes are an integral part of this statement.

Lenawee Economic Development Corporation
dba Lenawee Now

Statements of Functional Expenses

For the Year Ended December 31, 2023
With Comparative totals for the year ended December 31, 2022

	Program	General & Administrative	Fund Raising	Total 2023	Total 2022
Salaries	$ 290,268	$ 107,754	$ 22,433	$ 420,455	$ 432,533
Payroll taxes	22,831	8,475	1,764	33,070	34,027
Employee benefits	11,613	4,311	897	16,821	19,481
Director's liability insurance	-	1,217	-	1,217	1,217
IRP interest	1,217	-	-	1,217	1,030
Meetings and conventions	20,502	5,712	1,584	27,798	25,747
Staff travel	5,919	2,197	458	8,574	4,715
Cleaning	2,184	811	168	3,163	2,856
Advertising	50,105	18,600	3,873	72,578	84,008
Insurance	965	358	75	1,398	3,587
Telephone	9,626	3,573	744	13,943	14,109
Postage	337	125	26	488	658
Repair & maintenance	1,700	631	132	2,463	4,082
Office supplies	14,161	14,972	1,095	30,228	17,263
Accounting fees	5,598	2,078	433	8,109	7,546
Legal fees	5,150	1,912	398	7,460	9,956
Professional fees - other	1,880,267	694,989	145,312	2,720,568	869,388
Dues and subscriptions	5,173	1,921	400	7,494	6,554
Software	4,984	1,850	385	7,219	5,705
Depreciation	877	326	67	1,270	1,271
Rent	10,735	3,985	830	15,550	15,550
Equipment lease	2,848	1,058	220	4,126	3,318
Bank charges	743	276	57	1,076	304
Interest expense	84	31	6	121	-
al expenses	$ 2,347,887	$ 877,162	$ 181,357	$ 3,406,406	$ 1,564,905

The accompanying notes are an integral part of this statement.

Lenawee Economic Development Corporation
dba Lenawee Now

Statements of Cash Flows

For the Year Ended December 31, 2023
With Comparative totals for the year ended December 31, 2022

Increase in Cash

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Cash flows from operating activities:				
Cash received from contributions	$ 102,600	$ -	$ 102,600	$ 394,551
Cash received from program income and grants	8,399,474	20,750	8,420,224	2,793,510
Cash received from related parties	140,552	-	140,552	95,000
Interest received	249,145	-	249,145	2,252
Interest paid	(1,338)	-	(1,338)	(1,030)
Cash paid for program and other expenses	(3,391,907)	(28,400)	(3,420,307)	(1,590,232)
Net cash provided by (used in) operating activities	5,500,726	(7,650)	5,493,076	1,694,080
Cash flows from investing activities:				
Repayment of IRP loans receivable	6,499	-	6,499	14,736
Payment of unrelated business income tax	(889)	-	(889)	(252)
Change in investments	1,200	-	1,200	-
Net cash provided by investing activities	6,810	-	6,810	14,484
Cash flows from financing activities:				
USDA IRP loan repayment	(5,235)	-	(5,235)	(5,191)
Net cash used in financing activities	(5,235)	-	(5,235)	(5,191)
Increase in cash	5,502,301	(7,650)	5,494,651	1,703,373
Cash at beginning of year	1,939,252	7,650	1,946,902	243,529
Cash at end of year	$ 7,441,553	$ -	$ 7,441,553	$ 1,946,902

The accompanying notes are an integral part of this statement.

Lenawee Economic Development Corporation
dba Lenawee Now

Statements of Cash Flows

For the Year Ended December 31, 2023
With Comparative totals for the year ended December 31, 2022

Reconciliation of Change in Net Assets
To Net Cash Provided by (Used in) Operating Activities

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Change in net assets	$ 96,738	$ (7,650)	$ 89,088	$ 310,056
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	1,270	-	1,270	1,271
Loss on disposition of assets	40,668		40,668	-
(Increase) decrease in:				
Accounts receivable	(147,272)	-	(147,272)	19,261
Prepaid expenses	1,440	-	1,440	(28,440)
Increase (decrease) in:				
Accounts payable	(8,735)	-	(8,735)	1,619
Accrued expenses	(4,306)	-	(4,306)	(807)
Grant advance	5,520,923	-	5,520,923	1,391,120
Total adjustments	5,403,988	-	5,403,988	1,384,024
Net cash provided by (used in) operating activities	$ 5,500,726	$ (7,650)	$ 5,493,076	$ 1,694,080

The accompanying notes are an integral part of this statement.

1. Description of the Organization

Lenawee Economic Development Corporation dba Lenawee Now (the "LEDC") is an investor-driven organization which stimulates community development and economic progress to achieve individual opportunity for a higher quality of life. LEDC's program is economic development. LEDC's major sources of revenue are business and public sector investment and grants.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of LEDC have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require LEDC to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of LEDC's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of LEDC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of Operations

LEDC's operating revenues in excess of expenses include all operating revenues and expenses that are an integral part of its programs and supporting activities, net assets released from donor restrictions to support operating expenditures, and transfers from other nonoperating funds to support current operating activities. The measure of operations includes support for operating activities from both donor-restricted net assets and net assets without donor restrictions.

Cash and Cash Equivalents

LEDC's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Concentrations of Credit Risk

LEDC maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. LEDC's cash and cash equivalent accounts have been placed with high credit quality financial institutions. LEDC has not experienced, nor does it anticipate, any losses with respect to such accounts.

2. Summary of Significant Accounting Policies (Continued)

Capital Assets, Net

Capital assets are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to seven years. Those assets that are expected to provide benefit to future periods are capitalized. LEDC's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Revenue and Revenue Recognition

LEDC recognizes contributions and contractual income when cash, securities or other assets: an unconditional promise to give; or a notification of a beneficial interest is 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. Contract income from municipalities are used to fund programs and general expenses of LEDC and are prohibited for investment into for-profit entities.

A portion of LEDC's revenue is derived from cost-reimbursable grants of $6,934,543 that have not been recognized at December 31, 2023 because qualifying expenditures have not yet been incurred, with an advance payment of $6,934,543 recognized in the statement of financial position as a grant advance.

LEDC distinguishes between contributions received with donor-imposed restrictions and those received without donor-imposed restrictions. The former is reported as donor restricted support that increases net assets with donor restrictions. The latter is reported as support that increases net assets without donor restrictions. LEDC reports donor-restricted support whose restrictions are met in the same reporting period as support within net assets without donor restrictions.

2. Summary of Significant Accounting Policies (Concluded)

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among economic development services and supporting services benefited. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort, all others are allocated based on estimated usage and time.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes

The Lenawee Economic Development Corporation dba Lenawee Now is a nonprofit organization which is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code of 1986, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. LEDC has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax position. LEDC has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

According to the Internal Revenue Service's statute of limitations, there are three years, 2021-2023, of Form 990 information returns that are potentially subject to examination.

New Accounting Policies

ASU 2022-02, *Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* (March 2022, for entities that have adopted ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* effective for fiscal years beginning after December 15, 2022. The main objective of this Update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this Update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. LEDC did not have expected credit losses.

3. Availability and Liquidity

LEDC's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2023	2022
Financial assets at year end:		
Cash	$ 363,257	382,178
Loan receivable	244,444	244,444
Accounts receivable	226,929	79,657
Current portion of loan receivables	-	16,713
Financial assets available	$ 834,630	$ 722,992

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. LEDC also has the ability to withdraw $100,000 from its line of credit to meet cash needs.

4. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned to LEDC. LEDC adopted a custodial credit risk policy, which specifies funds deposited into a financial institution covered by FDIC. As of December 31, 2023 and 2022, LEDC's bank balances of $7,515,909 and $1,963,617, respectively, had exposure to custodial credit risk as follows:

	2023	2022
Uninsured and uncollateralized	$ 6,897,156	$ 1,345,163

The $6,949 restricted portion of LEDC's deposits to be used as matching funds for a program through the United States Department of Agriculture (USDA) and the required 6% reserve for uncollectibles. It is available to pay down the USDA loan disclosed in Note 8.

The board designated cash of $136,804 represents amounts set aside as an internal designation to be used for the IRP program.

Contribution income is primarily collected in the beginning of the operating year, making liquid funds available for general expenses. Most grant funds are requested as reimbursements after the expense is incurred. LEDC expects to continue to collect a majority of its revenues at the beginning of the year in order to accommodate recurring and grant expense demands.

5. Receivables

Receivables are recognized on the accrual basis. At December 31, 2023, accounts receivables are $226,929. The full amount is determined to be collectible. Receivables are written off when they are deemed uncollectible based on past experience. There are no expected credit losses.

6. Capital Assets, Net

A summary of capital assets follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Equipment	$ 22,982	$ -	$ -	$ 22,982
Less: accumulated depreciation	(19,537)	(1,270)	-	(20,807)
	$ 3,445	$ (1,270)	$ -	$ 2,175

Depreciation expense at December 31, 2023 and 2022 was $1,270 and $1,271, respectively.

7. Investment Interests in Program-Related Partnerships

An anonymous donor made contributions to LEDC in order to invest in partnerships that promote economic development in Lenawee County. There are no public funds invested in LEDC's interest in these partnerships. The two partnerships to date are described in the paragraphs that follow.

The LEDC investment, Lenawee Investment Opportunity Network, LLC, a Michigan partnership, is accounted for using the equity method. The LEDC owns 50% of the interest. The member's equity at December 31, 2023 and 2022 was $249,741 and $255,214, respectively.

The LEDC investment, LION II, LLC, a Michigan partnership, is accounted for using the equity method. The LEDC owns 11.11% of the interest. The member's equity at December 31, 2023 and 2022 was $5,488 and $5,602, respectively.

Earnings on these investments are considered unrelated business income and are subject to federal taxation.

8. Loan Payable

LEDC received a loan from USDA through its IRP to establish a revolving loan fund for business facilities and community development projects. All loans to businesses are subject to approval by representatives of the USDA.

As of December 31, 2023, $152,000 has been withdrawn for this program, the related receivables are disclosed in Note 4. Interest accrues at 1% and if the full $160,000 granted has not been used, it must be returned to the USDA. A reserve for uncollectible accounts must be established at 6% of outstanding loans within three years. The total funds reserved are disclosed in Note 4. The balance of the loan at December 31, 2023 and 2022 was $115,811 and $121,046, respectively. The interest expense at December 31, 2023 and 2022 was $1,217 and $1,030, respectively.

A schedule of repayment follows:

Year Ended December 31,	Loan Payable	Interest	Total Payments
2024	$ 5,295	$ 1,158	$ 6,453
2025	5,348	1,105	$ 6,453
2026	5,401	1,052	6,453
2027	5,455	998	6,453
2028	5,510	943	6,453
2029-2033	28,388	3,877	32,265
2034-2038	29,835	2,430	32,265
2039-2043	30,579	907	31,486
Total	$ 115,811	$ 12,470	$ 128,281

9. Line of Credit

LEDC is obligated by a $100,000 line of credit, secured by all business assets. The interest rate is 8.5% and matures on demand. The balance as of December 31, 2023 and 2022 was $0 and $0, respectively. Interest expense for the years ended December 31, 2023 and 2022 was $0 and $0, respectively.

10. Related Parties

Lenawee Chamber Foundation is a separate not-for-profit corporation. Its primary purpose is to promote public welfare through economic development and education in Lenawee County. The Lenawee Chamber Foundation exists to fund and support the activities of LEDC. For the years ended December 31, 2023 and 2022, the Lenawee Chamber Foundation transferred $95,000 and $95,000, respectively to LEDC. The Lenawee Chamber Foundation also guaranteed the line of credit in Note 9.

Businesses owned by officers of the board provided LEDC professional services of $6,713 at arm's length, and $0 was owed to officer-owned businesses, for the year ended December 31, 2023.

11. Fund-Raising

Fund-raising expenses at December 31, 2023 and 2022 were $181,357 and $97,582, respectively, which were derived from allocating a range of operating expenses.

12. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purpose:

	2023	2022
Subject to expenditure for specified purpose:		
EDA grant match	$ -	$ 7,650
Total net assets without donor restrictions	$ -	$ 7,650

13. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors, as follows.

	2023	2022
Purpose restrictions accomplished:		
Career Connections Event	$ 4,500	$ -
EDA Grant Match	7,650	-
Ethics Symposium Luncheon	-	3,000
Career in Motion Event	250	-
Health Day Camp	800	-
Economic Luncheon	15,200	4,701
Total purpose restrictions released	$ 28,400	$ 7,701

The board has designated funds to use for future loans of $136,804.

14. Retirement Plan

The LEDC is enrolled in a SIMPLE plan for its employees. The assets are held for each employee in an individual account maintained by an investment firm. LEDC's match is 3% of each qualified employee's basic contribution. The employer's contribution for the years ended December 31, 2023 and 2022 were $11,905 and $12,587, respectively. Employees contributed $44,305 and $42,020 for the years ended December 31, 2023 and 2022, respectively.

15. Subsequent Events

LEDC's has evaluated subsequent events through February 21, 2024, which is the date the financial statements were available to be issued. LEDC is not aware of any material subsequent events.

16. Concentrations

A main source of revenue for LEDC is from business and public sector investment from businesses located in Lenawee County. Adverse economic conditions in Lenawee County and surrounding areas will affect LEDC's revenue. Concentrations in contributions greater than 5% for the year ended December 31, 2023 were 33.48%, 16.05% and 5.29%.

Other Additional Information

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Independent Auditor's 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*

Board of Directors
Lenawee Economic Development Corporation dba Lenawee Now
Adrian, 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 Lenawee Economic Development Corporation dba Lenawee Now (LEDC, a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, 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 21, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LEDC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LEDC's internal control. Accordingly, we do not express an opinion on the effectiveness of LEDC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board of Directors
Lenawee Economic Development Corporation
dba Lenawee Now
Adrian, Michigan

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LEDC'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Meredith Francis, CPA, P.C.

Adrian, Michigan
February 21, 2024