

Greater Gratiot Development, Inc.

Financial Statements

September 30, 2025 and 2024



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

Management and the Board of Directors
Greater Gratiot Development, Inc.
Ithaca, Michigan

Opinion

We have audited the accompanying financial statements of Greater Gratiot Development Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional 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 Greater Gratiot Development Inc. as of September 30, 2025, and the changes in its 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greater Gratiot Development Inc. 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 Greater Gratiot Development Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 Greater Gratiot Development Inc.'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 Greater Gratiot Development Inc.'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.

Prior Period Financial Statements

The September 30, 2024 financial statements were reviewed by us, and our report thereon, dated January 27, 2025, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Yeo & Yeo, P.C.

Alma, Michigan
January 16, 2026

Greater Gratiot Development, Inc.
Statement of Financial Position
September 30, 2025 and 2024

	2025			Unaudited 2024		
	Operating Fund	Revolving Loan Fund	Total	Operating Fund	Revolving Loan Fund	Total
Assets						
Current assets						
Cash and cash equivalents	\$ 1,190,276	\$ 1,458,659	\$ 2,648,935	\$ 1,019,644	\$ 1,393,960	\$ 2,413,604
Accounts receivable, net of allowance for credit losses of \$0 and \$0	651	-	651	3,230	-	3,230
Accrued interest receivable, net of allowance for credit losses of \$0 and \$0	178	2,517	2,695	1,140	9,648	10,788
Notes receivable, current portion	25,246	-	25,246	25,834	-	25,834
Loans receivable, current portion	-	14,058	14,058	-	11,948	11,948
Prepaid expenses	7,177	-	7,177	13,708	-	13,708
Total current assets	1,223,528	1,475,234	2,698,762	1,063,556	1,415,556	2,479,112
Restricted cash - Brownfield redevelopment	-	-	-	2,030	-	2,030
Notes receivable, net of current portion, net of allowance for credit losses of \$0 and \$0	227,911	-	227,911	251,880	-	251,880
Loans receivable, net of current portion, net of allowance for credit losses of \$0 and \$0	-	46,249	46,249	-	57,011	57,011
Property and equipment, net	55,070	-	55,070	59,880	-	59,880
Right of use assets - finance lease, net	10,896	-	10,896	14,009	-	14,009
Total assets	\$ 1,517,405	\$ 1,521,483	\$ 3,038,888	\$ 1,391,355	\$ 1,472,567	\$ 2,863,922
Liabilities and Net Assets						
Current liabilities						
Accounts payable	\$ 12,859	\$ -	\$ 12,859	\$ 7,016	\$ -	\$ 7,016
Accrued liabilities	32,575	-	32,575	29,186	-	29,186
Finance lease obligation, current portion	3,046	-	3,046	2,925	-	2,925
Total current liabilities	48,480	-	48,480	39,127	-	39,127
Finance lease, net of current portion	8,177	-	8,177	11,223	-	11,223
Total liabilities	56,657	-	56,657	50,350	-	50,350
Net Assets						
Without donor restrictions						
Designated for future land improvement and acquisition	600,000	-	600,000	-	-	-
Designated for loans	-	1,521,483	1,521,483	-	1,472,567	1,472,567
Undesignated	860,748	-	860,748	1,338,635	-	1,338,635
Total without donor restrictions	1,460,748	1,521,483	2,982,231	1,338,635	1,472,567	2,811,202
With donor restrictions	-	-	-	2,370	-	2,370
Total net assets	1,460,748	1,521,483	2,982,231	1,341,005	1,472,567	2,813,572
Total liabilities and net assets	\$ 1,517,405	\$ 1,521,483	\$ 3,038,888	\$ 1,391,355	\$ 1,472,567	\$ 2,863,922

See Accompanying Notes to the Financial Statements

Greater Gratiot Development, Inc.
Statement of Activities
Years Ended September 30, 2025 and 2024

	2025				Unaudited 2024			
	Without Donor Restrictions		Operating Fund	Total	Without Donor Restrictions		Operating Fund	Total
	Operating Fund	Revolving Loan Fund	With Donor Restrictions		Operating Fund	Revolving Loan Fund	With Donor Restrictions	
Support and revenue								
Public support								
Local government	\$ 619,020	\$ -	\$ -	\$ 619,020	\$ 537,277	\$ -	\$ -	\$ 537,277
Donations	8,000	-	-	8,000	5,500	-	-	5,500
Revenues								
Interest	36,671	49,119	-	85,790	40,657	48,904	-	89,561
Grants	3,211	-	-	3,211	1,605	-	-	1,605
Brownfield redevelopment	526	-	-	526	-	-	467	467
Miscellaneous	-	-	-	-	248	-	-	248
Net assets released from restrictions	2,370	-	(2,370)	-	-	-	-	-
Total support and revenue	<u>669,798</u>	<u>49,119</u>	<u>(2,370)</u>	<u>716,547</u>	<u>585,287</u>	<u>48,904</u>	<u>467</u>	<u>634,658</u>
Expenses								
Program services	428,090	203	-	428,293	392,154	50,298	-	442,452
Management and general	119,595	-	-	119,595	123,150	-	-	123,150
Total expenses	<u>547,685</u>	<u>203</u>	<u>-</u>	<u>547,888</u>	<u>515,304</u>	<u>50,298</u>	<u>-</u>	<u>565,602</u>
Change in net assets	122,113	48,916	(2,370)	168,659	69,983	(1,394)	467	69,056
Net assets - beginning of the year	1,338,635	1,472,567	2,370	2,813,572	1,268,652	1,473,961	1,903	2,744,516
Net assets - end of the year	<u>\$ 1,460,748</u>	<u>\$ 1,521,483</u>	<u>\$ -</u>	<u>\$ 2,982,231</u>	<u>\$ 1,338,635</u>	<u>\$ 1,472,567</u>	<u>\$ 2,370</u>	<u>\$ 2,813,572</u>

See Accompanying Notes to the Financial Statements

Greater Gratiot Development, Inc.
Statement of Functional Expenses
Years Ended September 30, 2025 and 2024

	2025			Unaudited 2024		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Wages	\$ 233,025	\$ 66,212	\$ 299,237	\$ 219,295	\$ 64,220	\$ 283,515
Payroll taxes	18,277	6,422	24,699	16,706	5,870	22,576
Employee benefits	62,922	22,107	85,029	66,696	23,434	90,130
Total wages and related expenses	314,224	94,741	408,965	302,697	93,524	396,221
Bad debt expense	-	-	-	50,000	-	50,000
Communications	3,309	1,163	4,472	3,012	1,058	4,070
Contracted services	40,285	6,907	47,192	11,482	4,035	15,517
Dues, memberships and subscriptions	4,363	1,533	5,896	4,220	1,483	5,703
Insurance	3,031	1,065	4,096	2,896	1,018	3,914
Interest	377	132	509	221	77	298
Miscellaneous	-	1,294	1,294	-	891	891
Postage	191	67	258	198	70	268
Professional development and meetings	463	2,834	3,297	149	1,823	1,972
Promotion and advertising	29,145	-	29,145	19,370	-	19,370
Repairs, maintenance and upgrades	7,024	6,800	13,824	23,282	16,287	39,569
Supplies	835	294	1,129	1,554	546	2,100
Travel	17,175	-	17,175	16,720	-	16,720
Utilities	2,008	705	2,713	1,940	682	2,622
Total expenses before depreciation and amortization	422,430	117,535	539,965	437,741	121,494	559,235
Depreciation	3,559	1,251	4,810	3,559	1,251	4,810
Amortization	2,304	809	3,113	1,152	405	1,557
Total expenses	\$ 428,293	\$ 119,595	\$ 547,888	\$ 442,452	\$ 123,150	\$ 565,602

See Accompanying Notes to the Financial Statements

Greater Gratiot Development, Inc.
Statement of Cash Flows
Years Ended September 30, 2025 and 2024

	2025	Unaudited 2024
Cash flows from operating activities		
Change in net assets	\$ 168,659	\$ 69,056
Items not requiring cash		
Depreciation and amortization	7,923	6,367
Bad debt expense	-	50,000
Changes in operating assets and liabilities		
Accounts receivable	2,579	(521)
Accrued interest receivable	8,093	(9,092)
Notes receivable	24,557	23,372
Loans receivable	8,652	(935)
Prepaid expenses	6,531	(4,543)
Accounts payable	5,843	3,862
Accrued liabilities	3,389	7,320
	236,226	144,886
Cash flows from financing activities		
Payments on finance lease	(2,925)	(1,418)
	233,301	143,468
Change in cash, cash equivalents, and restricted cash		
Cash, cash equivalents, and restricted cash beginning of year	2,415,634	2,272,166
Cash, cash equivalents, and restricted cash end of year	\$ 2,648,935	\$ 2,415,634
Reconciliation to Statement of Financial Position		
Cash and cash equivalents	\$ 2,648,935	\$ 2,413,604
Restricted cash - Brownfield redevelopment	-	2,030
	\$ 2,648,935	\$ 2,415,634
Supplemental schedule of non-cash investing and financing activities		
Equipment acquired through finance leases	\$ -	\$ 15,566

See Accompanying Notes to the Financial Statements

Greater Gratiot Development, Inc.
Notes to the Financial Statements
September 30, 2025 and 2024

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

The purpose of Greater Gratiot Development, Inc. (Organization) is to retain, expand, and attract business and industry and to participate in activities which enhance the economic climate within the Gratiot County community. Activities to create jobs and enhance the local tax base are its highest priority. A substantive part of these activities is offering help to new and existing small business in obtaining financing and making low interest loans to industrial and industrial oriented firms. Addressing environmental conditions related to development, expansion, and business location is a substantial activity.

Basis of Accounting

The accompanying financial statements are stated on the accrual basis of accounting and have been prepared in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

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

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

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with maturity of three months or less to be cash equivalents. The Organization maintains cash balances at financial institutions in Michigan. At September 30, 2025, there were no amounts that were uninsured and uncollateralized.

Restricted cash includes amounts received that are required to be used for brownfield redevelopment.

Accounts Receivable

Trade accounts receivable are stated net of an allowance for credit losses. The Organization estimates the allowance based on an analysis of specific accounts, taking into consideration the age of past due accounts, an assessment of ability to pay, current conditions, and reasonable and supportable forecasts. Individual receivables are written off as a charge to the allowance for credit losses when, in management's estimation, it is probable that the receivable is worthless.

Greater Gratiot Development, Inc.
Notes to the Financial Statements
September 30, 2025 and 2024

Prepaid Expenses

Payments to vendors for services that will benefit periods beyond the Organization's fiscal year end are recorded as prepaid expenses.

Notes and Loans Receivable

Notes and loans receivable are stated at unpaid principal balances, less the allowance for credit losses.

Receivables are considered past due when the balance is not paid according to the terms of the note or loan for related party notes, and when the balance is not paid within 30 days of the terms of the note or loan for commercial receivables. Interest on both related party and commercial receivables continues to accrue on past due receivables until the age of the receivable exceeds 180 days, at which time the account is placed on nonaccrual status. When a balance is placed on nonaccrual status, any accrued but uncollected interest previously recognized through interest income is reversed. In addition, accrual of interest does not resume until the account ceases to be classified as past due. Interest income generally is not recognized on specific impaired notes or loans receivable unless the likelihood of further loss is remote. Interest payments received on such receivables are applied as a reduction of the principal balance. Interest income on other impaired notes or loans receivable is recognized only to the extent of interest payments received.

The allowance for credit losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the portfolio of receivables. The amount of the allowance is based on management's evaluation of the collectability of the portfolio of receivables, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired receivables, economic conditions and other risks inherent in the portfolio. Allowances for impaired receivables are generally determined based on the present value of estimated cash flows. The allowance is increased by a provision for losses, which is charged to expense, and reduced by charge-offs, net of recoveries. Individual receivables are written off as a charge to the allowance for credit losses when, in management's estimation, it is probable that the receivable is worthless.

Property and Equipment

The Organization follows the practice of capitalizing all expenditures in excess of \$5,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Major improvements are capitalized while ordinary maintenance and repairs are expensed.

The Organization evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Gifts of land, buildings, equipment and other long-lived assets are also reported as revenue without donor restrictions and net assets, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Greater Gratiot Development, Inc.
Notes to the Financial Statements
September 30, 2025 and 2024

Leases

The Organization leases certain equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Finance leases are contracts that have characteristics that make them similar to the purchase of the underlying asset. Operating leases are contracts that allow for the use of the underlying asset but there is no ownership transfer at the end of the lease.

Right of use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Right of use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that option will be exercised. The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the building and office equipment classes of assets.

Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. Finance lease expense is allocated between the amortization of the right of use asset and interest expense.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

Intangible Assets

Intangible assets are recorded at the cost to acquire the assets and are amortized over the defined life of the assets. The defined life is five years.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the performance obligations are met. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Materials and Services

The Organization records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services, as no objective basis is available to measure the value of such services.

Advertising

The Organization expenses all advertising costs as they are incurred. Total advertising costs for the years ended September 30, 2025 and 2024, were \$29,145 and \$19,370, respectively. Advertising is for promotional purposes, not fundraising.

Greater Gratiot Development, Inc.
Notes to the Financial Statements
September 30, 2025 and 2024

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The following expenses are allocated using the time and effort method of allocation: wages and related expenses, communications, contracted services, dues, memberships and subscriptions, insurance, interest, postage, printing and publications, professional development and meetings, repairs, maintenance and upgrades, supplies, tax chargeback and attorney expenses and utilities.

Income Taxes

The Organization is considered an “other than private” foundation and is an exempt organization for federal income tax purposes under Section 501(c) (3) of the Internal Revenue Code. The Organization files informational returns in the U.S. federal jurisdiction, and the Michigan jurisdiction.

Long-Lived Assets

The Organization evaluated long-lived assets for impairment using the discounted cash flow method whenever events or circumstances indicated that the carrying amount of an asset may not be recoverable in accordance with generally accepted accounting principles in the United States of America.

Concentrations

Gratiot County levies a property tax to fund agriculture and economic development within the County. The Organization receives funding from the County through a contract with the Economic Development Corporation of Gratiot County. For the years ending September 30, 2025 and 2024, this funding accounted for 86% and 85% of total revenues, respectively.

Subsequent Events

Management has evaluated subsequent events through January 16, 2026, which is the date the financial statements were available to be issued.

Greater Gratiot Development, Inc.
Notes to the Financial Statements
September 30, 2025 and 2024

Note 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:

	2025	2024
Cash and cash equivalents	\$ 2,648,935	\$ 2,413,604
Accounts receivable	651	3,230
Restricted cash - Brownfield redevelopment	-	2,030
Accrued interest receivable	2,695	10,788
Notes receivable	253,157	277,714
Loans receivable	60,307	68,959
 Total financial assets - end of year	 2,965,745	 2,776,325
 Less: financial assets unavailable for general expenditures within one year, due to:		
Designated for future land improvement and acquisition	(600,000)	-
Designated for loans	(1,521,483)	(1,472,567)
Contractually restricted as to purpose	-	(2,030)
Receivables due in more than 1 year	(274,160)	(308,891)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 570,102	 \$ 992,837

The Organization does not have a policy in place to manage liquidity. Informally, management's goal is to maintain enough liquid assets to cover the following three months' expenses.

Note 3 – Allowance for Credit Losses

For the year ended September 30, 2025, there was no activity related to allowance for credit losses.

Changes in the allowance for credit losses during the year ended September 30, 2024 consist of:

	Accounts Receivable	Notes Receivable	Loans Receivable
Beginning allowance	\$ -	\$ -	\$ -
Current provision	-	-	50,000
Write-offs	-	-	(50,000)
Recoveries collected	-	-	-
Ending allowance	\$ -	\$ -	\$ -

Greater Gratiot Development, Inc.
Notes to the Financial Statements
September 30, 2025 and 2024

Note 4 – Notes Receivable

The Organization sold property on land contracts. The interest rates charged range from 4% to 5%. All notes receivable are collateralized by liens on the property included in the land contracts. There are no amounts considered past due. Notes receivable are included in the statement of financial position as follows:

	2025	2024
Notes receivable, current portion	\$ 25,246	\$ 25,834
Notes receivable, net of current portion	227,911	251,880
	\$ 253,157	\$ 277,714

Notes receivable are scheduled to be collected as follows:

Year Ended September 30,	Principal
2026	\$ 25,246
2027	26,653
2028	22,416
2029	23,491
2030	24,619
Thereafter	130,732
	\$ 253,157

Note 5 – Loans Receivable

The Organization operates a revolving loan fund that lends to new and existing business for the purposes of expansion and job creation in Gratiot County. These current loans are issued for a maximum term of nine years. Interest rates are set by the Board and range from 4% to 5%. All loans are collateralized by liens on fixed assets and personal guarantees. All principal payments and a board determined percentage of the interest are designated for the purpose of future loans. The majority of loan interest rates are below the going commercial rate. There are no amounts considered past due. Loans receivable are included in the statement of financial position as follows:

	2025	2024
Loans receivable, current portion	\$ 14,058	\$ 11,948
Loans receivable, net of current portion	46,249	57,011
	\$ 60,307	\$ 68,959

Loans receivable are scheduled to be collected as follows:

Year Ended September 30,	Principal
2026	\$ 14,058
2027	12,944
2028	13,519
2029	9,776
2030	9,370
Thereafter	640
	\$ 60,307

Greater Gratiot Development, Inc.
Notes to the Financial Statements
September 30, 2025 and 2024

Note 6 – Property and Equipment

Major classes of assets and related accumulated depreciation thereon are summarized as follows:

	<u>2025</u>	<u>2024</u>	<u>Useful Life</u>
Land	\$ 3,000	\$ 3,000	N/A
Buildings	134,759	134,759	8 – 39 Years
Furniture/fixtures	1,099	1,099	5 – 15 Years
	<u>138,858</u>	<u>138,858</u>	
Less: accumulated depreciation	<u>(83,788)</u>	<u>(78,978)</u>	
Property and equipment, net	<u>\$ 55,070</u>	<u>\$ 59,880</u>	

Note 7 – Compensated Absences

Paid time off, in which employees have a vested interest, is recognized as an expense when earned. Various policies exist governing paid time off. Those policies are as follows:

Annual leave for full-time employees is provided at 22 base days, and 1 additional day per each additional year of service. The maximum number of leave days allowed is 37. The equivalent of one year's leave allowance may be accrued and carried into the next fiscal year. Employees shall be paid for all earned leave time as calculated on a proration basis.

The total amounts due for compensated absences as of September 30, 2025 and 2024, were \$21,345 and \$19,782 respectively.

Note 8 – Lease

Beginning in the fiscal year ended September 30, 2024, the Organization leases certain equipment under a long-term non-cancelable finance lease agreement. The lease expires March 2029 and provides for no renewal options. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

Total lease costs for the year ended September 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Finance lease cost:		
Interest expense	\$ 509	\$ 298
Amortization of right-of-use assets	3,113	1,557
Total lease costs	<u>\$ 3,622</u>	<u>\$ 1,855</u>

The following table summarizes the supplemental cash flow information for the year ended September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	\$ 509	\$ 298
Financing cash flows from finance leases	2,924	1,418

Greater Gratiot Development, Inc.
Notes to the Financial Statements
September 30, 2025 and 2024

The following summarizes the weighted-average remaining lease term and weighted-average discount rate for the year ended September 30, 2025 and 2024:

	2025	2024
Weighted-average remaining lease term in years:		
Finance leases	4.50	4.50
Weighted-average discount rate:		
Finance leases	4.06%	4.06%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of September 30, 2025:

2026		\$ 3,433
2027		3,433
2028		3,433
2029		1,718
Total lease payments		12,017
Less interest		(794)
Present value of lease liabilities		\$ 11,223

The lease liabilities are presented in the statement of financial position as follows:

Finance lease obligation, current portion		\$ 3,046
Finance lease, net of current portion		8,177
		\$ 11,223

Note 9 – Pension Plan

The Organization has a money purchase pension plan covering all full-time employees. Contributions to the plan are based on 12.5% of gross wages of all eligible full-time employees. The contributions for the years ended September 30, 2025 and 2024, were \$36,501 and \$34,869, respectively.

Note 10 – Net Assets with Donor Restrictions - Brownfield Redevelopment

Revenue and expenses are reported in the operating fund as pass through funds from the Brownfield Redevelopment Authority. These funds are to be used for approved project costs only. Net assets with donor restrictions related to these funds as of September 30, 2025 and 2024 were \$0 and \$2,370, respectively.

Note 11 – Net Assets Released from Donor Restrictions

Net assets were released from restrictions related to funds received from the Brownfield Redevelopment Authority. Amounts released for the years ended September 30, 2025 and 2024 were \$2,370 and \$0, respectively.