Lansing Regional SmartZone

Years Ended June 30, 2025 and 2024

Financial Statements

LANSING REGIONAL SmartZone

Rehmann

LANSING REGIONAL SMARTZONE

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Rehmann

INDEPENDENT AUDITORS' REPORT

December 10, 2025

Members of the Local Development
Finance Authority Board
Lansing, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the ***Lansing Regional SmartZone*** (the "SmartZone"), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the SmartZone's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the SmartZone as of June 30, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in conformity 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 (GAAS) 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 SmartZone 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.

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 the SmartZone's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 GAAS 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 GAAS 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 SmartZone'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 SmartZone'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 10, 2025, on our consideration of the SmartZone'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 effectiveness of the SmartZone'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 the SmartZone's internal control over financial reporting and compliance.

Rehmann Robson LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

These financial statements are the responsibility of the Lansing Regional SmartZone's (the "SmartZone") management. We offer readers this narrative overview and analysis for the fiscal years ended June 30, 2025 and 2024. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

· Ending net position at June 30, 2025	$	836,989
· Change in total net position for the year ended June 30, 2025		(78,802)

Overview of the Financial Statements

Basic Financial Statements. The Statement of Net Position presents information on all of the SmartZone's assets and liabilities, with the residual reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the SmartZone is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Position presents information showing how the SmartZone's net position changed during the fiscal year. The SmartZone reports all changes in net position when the event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

Financial Analysis

The SmartZone’s net position decreased by $78,802 over the course of the fiscal year 2025 for an ending balance of $836,989. In fiscal year 2024 the SmartZone's net position decreased by $139,698 to $915,791. Explanations for those changes are provided below.

	Net Position		
	2025	**2024**	**2023**
Assets			
Current assets	$ 884,471	$ 945,327	$ 1,137,017
Liabilities			
Current liabilities	47,482	29,536	81,528
Net position			
Unrestricted	$ 836,989	$ 915,791	$ 1,055,489

Management's Discussion and Analysis

The following condensed financial information was derived from the statement of revenues, expenses and changes in fund net position and reflects how the SmartZone's net position changed during the fiscal year:

	Change in Net Position		
	2025	2024	2023
Operating revenues	$ 524,245	$ 479,113	$ 436,477
Operating expenses	616,952	618,956	404,791
Operating loss	(92,707)	(139,843)	31,686
Non operating revenues	13,905	145	-
Change in net position	(78,802)	(139,698)	31,686
Net position, beginning of year	915,791	1,055,489	1,023,803
Net position, end of year	$ 836,989	$ 915,791	$ 1,055,489

For the year ended June 30, 2025, the decrease in current assets, mostly cash, and net position was due to continued operation of programs from prior years accumulated tax capture. For the year ended June 30, 2024, the decrease in current assets and net position was due to the use of funds in the previous fiscal year to continue the New Program Funding that began in the second half of fiscal year 2023 and continued throughout the entire fiscal year 2024.

Operating revenues for both years has increased as the amount of captured taxes increase due to increased property values within the SmartZone. Operating expenses stayed fairly stable for fiscal 2025 after a sharp increase in fiscal 2024 due to using the some additional funding related to TIC infrastructure updates, as well as some newly adopted programs.

Economic Condition and Outlook

Effective July 1, 2016, the SmartZone, pursuant to the SmartZone & Technology Innovation Center Transfer Agreement, signed June 28, 2016, transferred operations related to the Technology Innovation Center (TIC) to University Corporate Research Park I (UCRPI), a Michigan non-profit corporation.

With the transfer of operations of the TIC to UCRPI, the SmartZone has shifted its focus to exploring programs and resources that can further enhance the quality of entrepreneurship and innovation within the region. Cost control measures have allowed the SmartZone to streamline its budget while increasing services and programs needed.

Management continues to develop strategic plans for the future of the SmartZone.

The SmartZone and the Lansing Economic Area Partnership (LEAP) applied to the State of Michigan to renew the SmartZone's Tax Increment Financing for an additional 5 years. The application was approved August 29, 2022 by the Michigan Department of Treasury and the Michigan Economic Development Corporation (MEDC).

Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide a general overview of the SmartZone's finances for all those with an interest in the SmartZone's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, may be addressed to the Chief Financial Officer, Lansing Economic Area Partnership, Inc., 1000 S. Washington Avenue, Suite 201, Lansing, Michigan, 48910.

BASIC FINANCIAL STATEMENTS

LANSING REGIONAL SMARTZONE

Statements of Net Position

June 30,

	2025	2024
Assets		
Current assets:		
Cash	$ 879,471	$ 943,327
Accounts receivable	5,000	2,000
Total assets (all current)	884,471	945,327
Liabilities		
Current liabilities:		
Accounts payable	47,482	29,536
Net position		
Unrestricted	$ 836,989	$ 915,791

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

LANSING REGIONAL SMARTZONE

Statements of Revenues, Expenses and Changes in Fund Net Position

For the Years Ended June 30,

	2025	2024
Operating revenues		
Property tax capture	$ 524,245	$ 477,113
Sponsorship	-	2,000
Total operating revenues	524,245	479,113
Operating expenses		
Business incubator	447,706	460,389
Contractual services	166,693	155,645
Supplies and other	-	409
Insurance	2,553	2,513
Total operating expenses	616,952	618,956
Operating loss	(92,707)	(139,843)
Nonoperating revenues		
Interest income	13,905	145
Change in net position	(78,802)	(139,698)
Net position, beginning of year	915,791	1,055,489
Net position, end of year	$ 836,989	$ 915,791

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

LANSING REGIONAL SMARTZONE

Statements of Cash Flows
For the Years Ended June 30,

	2025	2024
Cash flows from operating activities		
Receipts from captured taxes	$ 524,245	$ 477,113
Receipts from sponsorship revenue	2,000	-
Payments to vendors	(295,726)	(320,474)
Payments to grant recipients	(308,280)	(350,474)
Net cash used in operating activities	(77,761)	(193,835)
Cash flows from investing activities		
Interest received on investments	13,905	145
Net change in cash	(63,856)	(193,690)
Cash, beginning of year	943,327	1,137,017
Cash, end of year	$ 879,471	$ 943,327
Reconciliation of change in net position to net cash used in operating activities		
Operating loss	$ (92,707)	$ (139,843)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Change in operating assets and liabilities that provided (used) cash:		
Accounts receivable	(3,000)	(2,000)
Accounts payable	17,946	(51,992)
Net cash used in operating activities	$ (77,761)	$ (193,835)

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

NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Lansing Regional SmartZone (the "SmartZone"), conform to generally accepted accounting principles as applied to business-type activities. The following is a summary of the significant policies.

A SmartZone is a local development financing authority that provides a distinct geographical location where technology-based firms, entrepreneurs and researchers locate in close proximity to all the community assets that assist in their endeavors.

Reporting Entity

The SmartZone was created on May 3, 2005 and is authorized under P.A. 281 of 1986. However, fiscal year 2007 was the first year of the SmartZone's financial operations. The SmartZone is governed by the thirteen-member board consisting of four members from the City of East Lansing (one of which shall be represented by the Michigan State University Innovation Center), three members from the City of Lansing (one of which shall be represented by the Michigan State University Research Foundation), one member from Ingham County, one member from Lansing Community College, two members from City of East Lansing Public Schools and two members from the Lansing School District. All members are appointed by their respective councils/boards.

The SmartZone is funded by tax increment financing revenue from the City of East Lansing and City of Lansing LDFA (the "LDFA"). Tax increment financing revenue equates to property tax revenues generated by increases in assessed property values above the base values set when the tax increment financing plan is enacted.

The SmartZone and University Corporate Research Park I (UCPRI) are parties to a sponsorship agreement whereby the SmartZone agree to provide certain funding to the UCRPI for the operation of the Technology Innovation Center (TIC). The SmartZone's annual obligation under this agreement is limited to $40,000.

Basis of Presentation

All operations of the SmartZone are accounted for in a single enterprise fund (a type of proprietary fund). Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The *economic resources measurement focus* and the *accrual basis of accounting* are used in preparing the financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Restricted net position is reported for assets that are subject to restrictions beyond the SmartZone's control, less any liabilities payable from such restricted assets. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the SmartZone's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities and Equity

Deposits and Investments

Cash consists of demand deposits in banks. For the purposes of the statement of cash flows, the SmartZone considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Investments

State statutes allow the SmartZone to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.

- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

- Bankers' acceptances of United States banks.

- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.

- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Accounts Receivable

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Notes to Financial Statements

Use of Estimates

The preparation of 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. DEPOSITS

Following is a reconciliation of deposit balances for the SmartZone as of June 30:

	2025	2024
Statement of Net Position		
Cash	$ 879,471	$ 943,327
Deposits		
Checking / savings accounts	$ 879,471	$ 943,327

Deposit Risk

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the SmartZone's deposits may not be returned. State law does not require and the SmartZone does not have a policy for deposit custodial credit risk. As of June 30, 2025, $629,471 of the bank balance of $879,471 was exposed to custodial credit risk as it was uninsured and uncollateralized. As of June 30, 2024, $693,327 of the bank balance of $943,327 was exposed to custodial credit risk as it was uninsured and uncollateralized.

3. RISK MANAGEMENT

The SmartZone is exposed to various risks of loss related to property loss and related torts. The SmartZone has purchased commercial insurance for all claims related to the previously stated risks. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three years.

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INTERNAL CONTROL AND COMPLIANCE

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*

December 10, 2025

Members of the Local Development
Finance Authority Board
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 ***Lansing Regional SmartZone*** (the "SmartZone"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the SmartZone's basic financial statements, and have issued our report thereon dated December 10, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SmartZone'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 the SmartZone's internal control. Accordingly, we do not express an opinion on the effectiveness of the SmartZone'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.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the SmartZone'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 SmartZone'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

INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

December 10, 2025

Members of the Local Development
Finance Authority Board
Lansing, Michigan

We have audited the financial statements of the ***Lansing Regional SmartZone*** (the "SmartZone"), as of and for the year ended June 30, 2025, and have issued our report thereon dated December 10, 2025. 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 July 11, 2025, 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 SmartZone 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 December 10, 2025.

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.

Compliance with All Ethics Requirements Regarding Independence

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

Qualitative Aspects of the SmartZone'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 SmartZone is included in Note 1 to the financial statements.

There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the year.

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.

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. We did not note any significant accounting estimates affecting the financial statements in the current year.

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 SmartZone'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 SmartZone, 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 SmartZone's auditors.

Upcoming Changes in Accounting Standards

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 Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the ***Lansing Regional SmartZone*** 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 / Regulations

For the June 30, 2025 Audit

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

GASB 103 ■ Financial Reporting Model Improvements

Effective 06/15/2026 (your FY 2026)

This standard establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following: a. management’s discussion and analysis (MD&A), b. unusual or infrequent items, c. presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, d. information about major component units in basic financial statements, e. budgetary comparison information, and f. financial trends information in the statistical section.

GASB 104 ■ Disclosure of Certain Capital Assets

Effective 06/15/2026 (your FY 2026)

This standard requires certain types of capital assets to be disclosed separately in the capital assets note disclosures, requires certain intangible assets to be disclosed separately by major class, and requires additional disclosures for capital assets held for sale.

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LANSING REGIONAL SMARTZONE

Attachment B - Management Representations

For the June 30, 2025 Audit

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

LANSING REGIONAL
SmartZone

December 10, 2025

Rehmann Robson
2330 East Paris Ave SE
Grand Rapids, MI 49546

This representation letter is provided in connection with your audits of the financial statements of the ***Lansing Regional SmartZone*** (the "SmartZone"), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the SmartZone in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

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

We confirm that having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 10, 2025:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 11, 2025, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP, and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. With respect to the nonattest services provided, which include any assistance you provided in drafting the financial statements and related notes, and proposing standard, adjusting or conversion journal entries, we have performed the following:
    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.

4. 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.
5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
6. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
7. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
8. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
10. All funds and activities are properly classified.
11. All funds that meet the quantitative GASB criteria for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
12. All components of net position classifications have been properly reported.
13. All revenues within the statement of revenues, expenses and changes in fund net position have been properly classified.
14. All expenses have been properly classified in or allocated to functions and programs in the statement of revenues, expenses and changes in fund net position, and allocations, if any, have been made on a reasonable basis.
15. Deposit and investment risks have been properly and fully disclosed.
16. All required supplementary information is measured and presented within the prescribed guidelines.

Information Provided

17. We have provided you with:
    a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, meeting minutes, 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 SmartZone from whom you determined it necessary to obtain audit evidence.
18. All transactions have been recorded in the accounting records and are reflected in the financial statements.
19. 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.

20. We have no knowledge of any fraud or suspected fraud that affects the SmartZone and involves:
    a. Management;
    b. Employees who have significant roles in internal control; or
    c. Others where the fraud could have a material effect on the financial statements.
21. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
22. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
23. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
24. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
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 SmartZone's related parties and all the related party relationships and transactions of which we are aware.
27. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
28. The SmartZone has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
29. We have disclosed to you all guarantees, whether written or oral, under which the SmartZone is contingently liable.
30. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
31. There are no:
    a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
    b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
    c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
32. The SmartZone has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

33. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
34. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
35. We have conducted a comprehensive risk assessment and determined that no material concentrations or constraints are required to be disclosed in accordance with GASB Statement No. 102, *Certain Risk Disclosures*. These disclosures provide sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the SmartZone's vulnerability to the risk of a substantial impact associated with the concentration or constraint, if applicable.
36. We have evaluated the concentrations and constraints, including those that occur subsequent to the statement of net position date but before the financial statements are issued and have been properly disclosed in the financial statements as subsequent events, if any.

Required Supplementary Information

37. With respect to the required supplementary information accompanying the financial statements:
    a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
    b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
    c. The methods of measurement or presentation have not changed from those used in the prior period.
    d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

12-10-25

Robert L. Trezise Jr., President and CEO, LEAP, Inc.
Authorized Signatory on behalf of the Lansing Regional SmartZone

12/10/2025

Anthony Klisch, Chief Financial Officer, LEAP, Inc.
Authorized Signatory on behalf of the Lansing Regional SmartZone