# MOTORCITIES NATIONAL HERITAGE AREA
# (A Nonprofit Organization)

**FINANCIAL STATEMENTS**

SEPTEMBER 30, 2025
*(With Independent Auditor's Report Thereon)*

DoerenMayhew
ASSURANCE

# MOTORCITIES NATIONAL HERITAGE AREA
# (A Nonprofit Organization)

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
**MotorCities National Heritage Area**
**(A Nonprofit Organization)**

## Opinion

We have audited the financial statements of MotorCities National Heritage Area (A Nonprofit Organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MotorCities National Heritage Area (A Nonprofit Organization) 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 (GAAS). 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 MotorCities National Heritage Area (A Nonprofit Organization) 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 MotorCities National Heritage Area's (A Nonprofit Organization) ability to continue as a going concern for one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable).

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## 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 GAAS 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, 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 MotorCities National Heritage Area's (A Nonprofit Organization) 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 MotorCities National Heritage Area's (A Nonprofit Organization) 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 MotorCities National Heritage Area's (A Nonprofit Organization) 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects with the audited financial statements from which it has been derived.

Doeren Mayhew Assurance

Troy, Michigan
July 1, 2026

# MOTORCITIES NATIONAL HERITAGE AREA
# (A Nonprofit Organization)

## STATEMENT OF FINANCIAL POSITION
## SEPTEMBER 30, 2025
## WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF SEPTEMBER 30, 2024

| **Assets** | 2025 | 2024 |
|---|---|---|
| Cash | $ 546,327 | $ 586,123 |
| Restricted cash (note 4) | 7,686 | 7,686 |
| Prepaid expenses | 1,393 | 5,729 |
| Total current assets | 555,406 | 599,538 |
| Signs and equipment | | |
| At cost, less accumulated depreciation of $91,172 in 2025 and $84,875 in 2024 (note 7) | - | 6,297 |
| Total assets | $ 555,406 | $ 605,835 |
| **Liabilities and Net Assets** | | |
| Liabilities | | |
| Accounts payable | $ 73,025 | $ 40,539 |
| Other accrued liabilities | 25,973 | 7,748 |
| Stewardship deposits (note 4) | 7,686 | 7,686 |
| Total liabilities | 106,684 | 55,973 |
| Net assets | | |
| Without restrictions | 410,511 | 437,862 |
| With restrictions (note 5) | 38,211 | 112,000 |
| Total net assets | 448,722 | 549,862 |
| Total liabilities and net assets | $ 555,406 | $ 605,835 |

See accompanying notes to financial statements

# MOTORCITIES NATIONAL HERITAGE AREA
# (A Nonprofit Organization)

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
## YEAR ENDED SEPTEMBER 30, 2025
## WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | Without Donor Restrictions | With Donor Restrictions | 2025 | 2024 |
|---|---|---|---|---|
| Revenue and support | | | | |
| Grant from National Parks Service | $ 500,000 | $ - | $ 500,000 | $ 500,000 |
| Contributions of cash and other financial assets | 13,015 | - | 13,015 | 157,733 |
| Membership income | 18,915 | - | 18,915 | 16,735 |
| Contributions of non-financial assets | 594,082 | - | 594,082 | 534,588 |
| Miscellaneous income | 3,474 | - | 3,474 | 151 |
| Total revenue and support | 1,129,486 | - | 1,129,486 | 1,209,207 |
| Net assets released from restriction | 73,789 | (73,789) | - | - |
| Expenditures | | | | |
| Program services | | | | |
| Tourism | 82,553 | - | 82,553 | 299,854 |
| Revitalization | 180,231 | - | 180,231 | 373,178 |
| Interpretation and education | 810,823 | - | 810,823 | 351,989 |
| Supporting services - management and general | 157,019 | - | 157,019 | 143,140 |
| Total expenditures | 1,230,626 | - | 1,230,626 | 1,168,161 |
| Change in net assets | (27,351) | (73,789) | (101,140) | 41,046 |
| Net assets - beginning | 437,862 | 112,000 | 549,862 | 508,816 |
| Net assets - ending | $ 410,511 | $ 38,211 | $ 448,722 | $ 549,862 |

See accompanying notes to financial statements

# MOTORCITIES NATIONAL HERITAGE AREA
# (A Nonprofit Organization)

## STATEMENT OF FUNCTIONAL EXPENSES
## YEAR ENDED SEPTEMBER 30, 2025
## WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | Program Services | | | | Supporting Services | | |
|---|---|---|---|---|---|---|---|
| | Heritage Tourism | Revitalization | Interpretation and Education | Total Program Services | Management and General | 2025 | 2024 |
| Salaries and benefits | $ 1,957 | $ 118,633 | $ 143,657 | $ 264,247 | $ 92,940 | $ 357,187 | $ 330,067 |
| Occupancy expenses | | | | | | | |
| Building rent | 40 | 2,412 | 2,920 | 5,372 | 1,889 | 7,261 | 8,502 |
| Parking | 3 | 170 | 206 | 379 | 134 | 513 | 1,923 |
| Total occupancy expenses | 43 | 2,582 | 3,126 | 5,751 | 2,023 | 7,774 | 10,425 |
| Administration expenses | | | | | | | |
| Professional accounting fees | - | - | - | - | 30,175 | 30,175 | 28,315 |
| Professional legal fees | - | - | - | - | 15,000 | 15,000 | 350 |
| Professional fees | 108 | 6,557 | 7,940 | 14,605 | 5,136 | 19,741 | 25,059 |
| Postage and supplies | 2 | 126 | 152 | 280 | 98 | 378 | 619 |
| Telephone and utilities | 19 | 1,162 | 1,407 | 2,588 | 910 | 3,498 | 3,159 |
| Total administration expenses | 129 | 7,845 | 9,499 | 17,473 | 51,319 | 68,792 | 57,502 |
| Other expenses | | | | | | | |
| Workplan | 8,024 | 3,902 | 69,698 | 81,624 | - | 81,624 | 60,931 |
| Program Services | 69,025 | 33,564 | 565,096 | 667,685 | - | 667,685 | 635,088 |
| Conferences, meetings and travel | 38 | 2,304 | 2,791 | 5,133 | 1,805 | 6,938 | 15,321 |
| Insurance, fees and miscellaneous | 189 | 11,401 | 13,807 | 25,397 | 8,932 | 34,329 | 40,593 |
| Total other expenses | 77,276 | 51,171 | 651,392 | 779,839 | 10,737 | 790,576 | 751,933 |
| Total expenses before depreciation expense | 79,405 | 180,231 | 807,674 | 1,067,310 | 157,019 | 1,224,329 | 1,149,927 |
| Depreciation expense | 3,148 | - | 3,149 | 6,297 | - | 6,297 | 18,234 |
| Total functional expenses | $ 82,553 | $ 180,231 | $ 810,823 | $ 1,073,607 | $ 157,019 | $ 1,230,626 | $ 1,168,161 |

See accompanying notes to financial statements

# MOTORCITIES NATIONAL HERITAGE AREA
# (A Nonprofit Organization)

## STATEMENT OF CASH FLOWS
## YEAR ENDED SEPTEMBER 30, 2025
## WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | 2025 | 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Change in net assets | $ (101,140) | $ 41,046 |
| Adjustments | | |
| Depreciation | 6,297 | 18,234 |
| Decrease/(increase) in assets | | |
| Grants receivable | - | 244,365 |
| Prepaid expenses | 4,336 | 5,937 |
| Increase/(decrease) in liabilities | | |
| Accounts payable | 32,486 | (20,701) |
| Deferred revenue | - | (4,000) |
| Other accrued liabilities | 18,225 | (10,089) |
| Total adjustments | 61,344 | 233,746 |
| Net cash provided from (used in) operating activities | (39,796) | 274,792 |
| Net increase (decrease) in cash and restricted cash | (39,796) | 274,792 |
| Cash and restricted cash - beginning | 593,809 | 319,017 |
| Cash and restricted cash - ending | $ 554,013 | $ 593,809 |
| Schedule of cash and restricted cash | | |
| Cash | $ 546,327 | $ 586,123 |
| Restricted cash | | |
| Stewardship deposits | 7,686 | 7,686 |
| Total cash and restricted cash shown in the statement of cash flows | $ 554,013 | $ 593,809 |

See accompanying notes to financial statements

## NOTES TO FINANCIAL STATEMENTS
## SEPTEMBER 30, 2025 AND 2024

### Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization

MotorCities National Heritage Area (the "Organization") is a Michigan non-profit corporation dedicated to preserving, interpreting, and promoting Michigan's automotive and labor heritage in a way that is diverse, equitable and inclusive. The Partnership is the authorized management and coordinating entity for the Heritage Area. The Partnership, in cooperation with the State of Michigan, other local and governmental entities, the private and non-profit sectors and local communities in Michigan, empowers communities in Michigan to conserve their automotive heritage while strengthening future economic opportunities; and conserving, interpreting and developing the historical, cultural, natural and recreational resources related to MotorCities National Heritage Area.

Basis of Accounting

The Organization records revenues and support and expenses using the accrual basis of accounting in accordance with generally accepted accounting principles applied to non-profit organizations.

Net Asset Classification

In accordance with generally accepted accounting principles, the Organization's net assets are categorized and reported as follows:

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions represent expendable funds available for operations, which are not otherwise limited by donor restriction. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors (the Board).

*Net Assets With Donor Restrictions*

Net assets with donor restrictions carry donor-imposed restrictions on the expenditure of the contributed assets. Net assets with donor restrictions may expire with the passage of time, as a result of actions taken by the Organization that fulfills donors' restrictions. When net assets with donor restrictions are released from restrictions, they are transferred to net assets without donor restrictions and shown as net assets released from restrictions in the statement of activities and changes in net assets.

Revenues and Cost Recognition

The Organization recognizes all revenues derived from grants, membership fees, unconditional promises to give and fundraising events in the period of the grant, promise to give or fundraising activity occurs. Costs related to these revenues are recorded as incurred.


Continued

Contributions of Non-Financial Assets

The Organization derives benefits from the use of donated materials, professional services and other services from volunteers from time-to-time. During the fiscal years ended September 30, 2025 and 2024, the fair value of these donated materials and services amounted to $594,082 and $534,588, respectively. In 2025, the total donated materials and services were allocated to tourism, revitalization, interpretation and education (Program Services), and management and general (Supporting Services) by approximately 7%, 14%, 67% and 12%, respectively. In 2024, the total donated materials and services were allocated to tourism, revitalization, interpretation and education (Program Services), and management and general (Supporting Services) by approximately 38%, 23%, 38% and 1%, respectively.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Cash

At times, the cash balances held at financial institutions were in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. Total cash balances are insured by the FDIC up to $250,000 per bank. At September 30, 2025 and 2024, the Organization had approximately $149,000 and $169,000 of cash balances in excess of the FDIC limits.

Grants and Other Receivables

Grants are recorded as a receivable when earned. Revenue from conditional grant awards under expense reimbursement programs is recognized in the period during which the conditions are substantially met. In cases where the conditions are substantially met in advance of receiving grant reimbursement, revenue and grants receivable are recorded. No allowance for credit losses has been provided. Management has evaluated the account based on historical experience and review of current status and believes it is collectible.

Allocation of Functional Expenses

The financial statements report certain categories of expenses that are attributable to the three programs and supporting services of the Organization. Those expenses include salaries and benefits, occupancy expenses, administrative expenses and other expenses. The salaries and benefits, and certain administrative expenses, with the exception of professional fees, are allocated based on employee timesheets as well as the time spent directly on each. In order to meet the goals of conserving, interpreting and developing the historical, cultural and natural resources of MotorCities National Heritage Area, grants and project costs are deployed in the following areas:

*Revitalization*

To develop partnerships that support the preservation and revitalization of our auto heritage sites, neighborhoods, and communities, fostering pride and economic development around these resources.


Continued

*Interpretation and Education*

To create passion for and awareness of the connections between the automobile, the workers and the history of the industry in this region through educational partnerships and interpretive presentation.

*Heritage Tourism*

To package and promote the auto and labor heritage experiences presented across this region via the identification and development of partnerships that expand the heritage story.

The direct and material costs of the three programs are listed under program service fees. The Organization used timesheet distributions as the significant factor, as MotorCities National Heritage Area is a labor-intensive Organization and the fact that wages are the primary direct expenditure. Other expenses are directly allocated based on the service to which it applies. In addition, professional accounting and attorney fees were deemed to be 100% supporting services and not allocated to programs.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Current Vulnerability

Due to certain concentrations, approximately 94% of the Organization's revenues, excluding contributions of non-financial assets, were provided through their federal contracts.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended September 30, 2024, from which the summarized information was derived.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including July 1, 2026, which is the date the financial statements were available to be issued.


Continued

**Note 2 – Leases**

The Organization has month-to-month agreements with third-parties for the usage of certain equipment and storage, with payments ranging from $375 to $463 per month. The Organization has recognized expenses of $7,261 and $8,502 for the years ended September 30, 2025 and 2024, respectively, related to these month-to-month agreements.

**Note 3 – Grant From National Park Service**

The Organization receives a substantial amount of its support from federal government sources. A significant reduction in the level of this support, if it were to occur, could have a material effect on certain programs of the organization. During December 2022, the Senate and House of Representatives passed a bill that reauthorizes MotorCities National Heritage Area to receive funding for the next 15 years. This bill also bundled all of the National Heritage Area's nationwide, making it easier for the funding to be managed. As of September 2025 and 2024, there were no grants or accounts receivable due from federal government sources.

**Note 4 – Restricted Cash**

The Organization maintained funds for various Stewardship Communities, which were held and to be disbursed based on the approved plan from the Stewardship Communities. In 2023, the Stewardship Communities dissolved, and the related funds are now restricted for use by the Organization's board. As of September 30, 2025 and 2024, the amounts restricted for use by the Organization's board amounted to $7,686 and $7,686, respectively.

**Note 5 – Net Assets with Donor Restrictions**

Net assets with donor restrictions as of September 30, 2025 and 2024 are for the following purposes:

| | 2025 | 2024 |
|---|---|---|
| Subject to expenditure for specified purpose | | |
| Many Voices, One Story | $ 28,544 | $ 84,000 |
| Open OutDoors for Kids | 9,667 | 28,000 |
| | $ 38,211 | $ 112,000 |


Continued

**Note 6 – 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 |
|---|---|---|
| Total current assets | $ 555,406 | $ 599,538 |
| Less those unavailable for general expenditure within one year, due to | | |
| Restricted by donor with time or purpose restrictions | (38,211) | (112,000) |
| Less restricted cash | (7,686) | (7,686) |
| Less prepaid expenses | (1,393) | (5,729) |
| Total | $ 508,116 | $ 474,123 |

Financial assets in the amount of $508,116 and $474,123 are available for general expenditure without donor or other restrictions limiting their use for the years ended September 30, 2025 and 2024, respectively. If funds to cover the cost of current liabilities are backed out a net amount of $409,118 and $425,836 is available at September 30, 2025 and 2024, respectively. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**Note 7 – Signs and Equipment**

The cost of signs and equipment is summarized as follows:

| | 2025 | 2024 |
|---|---|---|
| Signs and equipment | $ 91,172 | $ 91,172 |
| Less accumulated depreciation | (91,172) | (84,875) |
| Undepreciated cost | $ - | $ 6,297 |

Depreciation expense was $6,297 and $18,234 for the years ended September 30, 2025 and 2024, respectively.

**Note 8 – Contributions of Non-Financial Assets**

The Organization received professional services, legal services, and materials and services as contributions of non-financial assets. The Organization records contributions of non-financial assets and expenses related to these contributions of non-financial assets. The total value of the contributions of non-financial assets received that met the criteria for being recorded in the financial statements amounted to $594,082 and $534,588 for the years ended September 30, 2025 and 2024, respectively, which has been recorded in the accompanying statement of activities and changes in net assets. These contributions of non-financial assets are not a cash in-flow or out-flow.


Continued

The expenses, related to the contributions of non-financial assets, are included in the statement of functional expenses for the years ended September 30, 2025 and 2024. Total expenses related to the contributions of non-financial assets are categorized as follows:

| | 2025 | 2024 |
|---|---|---|
| Professional services | $ 5,220 | $ 4,640 |
| Attorney | 15,000 | - |
| Materials & services | 573,862 | 529,948 |
| | $ 594,082 | $ 534,588 |

Contributed professional services comprise of services donated to the Organization for the writing of articles. These are valued and are reported at the estimated fair value in the financial statements based on current market rates for similar services. The professional services were used for the benefit of the Organization's Story of the Week program.

Contributed attorney services comprise of work performed by the Organization's attorney at no cost. These are valued and are reported at the estimated fair value in the financial statements based on current market rates for similar services. The attorney services were used to benefit the Organization's management.

Contributed materials & services comprise of building restoration services, historic site revitalization, educational exhibitions, lectures, tours, volunteer time and planning donated to the Organization. These are valued and are reported at the estimated fair value in the financial statements based on the current market rates for similar services. The materials & services were used to benefit the Organization's grant and mini-grant programs.

**Note 9 – Commitments**

During the year ended September 30, 2024, the Organization entered into a contract with a third-party to provide various supporting services for the Organizations grants. The contract requires the Organization to pay a minimum of $40,000 to the third-party through April 30, 2025, when the contract terminates. During the year ended September 30, 2025, the Organization fulfilled the contract.

**Note 10 – Uncertainty**

The accompanying financial statements have been prepared assuming that the Organization will continue to receive a substantial amount of its support from federal government sources. Changes in federal government administration could result in delays of funding due to budgetary considerations. While the Organization continues to make efforts to ensure its funding from federal government sources is secured, delays are possible.