

**PRINCE GEORGE'S COUNTY ECONOMIC
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

TABLE OF CONTENTS

	<u>Page Numbers</u>
Independent Auditor's Report.....	1-2
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses for the Year Ended June 30, 2025	5
Statement of Functional Expenses for the Year Ended June 30, 2024	6
Statements of Cash Flows	7
Notes to Financial Statements	8-14

Independent Auditor's Report

To the Board of Directors
Prince George's County Economic Development Corporation

Opinion

We have audited the accompanying financial statements of Prince George's County Economic Development Corporation (the Corporation) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Prince George's County Economic Development Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Prince George's County Economic Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Prince George's County Economic Development Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Gross, Mendelsohn & Associates, P. A.

PRINCE GEORGE'S COUNTY ECONOMIC DEVELOPMENT CORPORATION
Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,448,204	\$ 5,718,487
Investments	3,300,580	-0-
Grants receivable	1,090,250	1,030,000
Accounts receivable	201,306	357,035
Prepaid expenses	197,361	314,621
Total Current Assets	<u>7,237,701</u>	<u>7,420,143</u>
Property		
Furniture and fixtures	666,301	666,301
Office equipment	618,957	522,689
Automotive	25,500	25,500
Website development costs	71,116	71,116
Leasehold improvements	38,400	38,400
Total Property	<u>1,420,274</u>	<u>1,324,006</u>
Less: Accumulated depreciation and amortization	1,206,195	1,098,257
Property, Net	<u>214,079</u>	<u>225,749</u>
Total Assets	<u><u>\$ 7,451,780</u></u>	<u><u>\$ 7,645,892</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 46,126	\$ 299,496
Accrued payroll and compensated absences	337,673	322,257
Deferred revenue	392,245	520,367
Incubator service agreement deposits	10,313	9,163
Total Liabilities	<u>786,357</u>	<u>1,151,283</u>
Commitments and Contingencies (Notes 6, 8 and 9)		
Net Assets		
Without donor restrictions	<u>6,665,423</u>	<u>6,494,609</u>
Total Liabilities and Net Assets	<u><u>\$ 7,451,780</u></u>	<u><u>\$ 7,645,892</u></u>

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

PRINCE GEORGE'S COUNTY ECONOMIC DEVELOPMENT CORPORATION
Statements of Activities
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Net Assets Without Donor Restrictions		
Support and Revenue		
Program service income - Prince George's County	\$ 4,272,200	\$ 4,272,200
In-kind rent	549,266	538,496
Sponsorship and event income	184,493	368,441
Grant revenue	96,250	1,515,044
Incubator revenue	94,651	72,325
Program service income - other	78,980	72,000
International income	60,348	104,733
Net investment return	100,580	-0-
Interest income	5,205	38,601
Other income	26,820	104,719
Total Support and Revenue	<u>5,468,793</u>	<u>7,086,559</u>
Expenses		
Program services	3,733,461	4,200,175
Supporting services		
Management and general	1,257,279	1,730,277
Fundraising	307,239	253,604
Total Expenses	<u>5,297,979</u>	<u>6,184,056</u>
Change in Net Assets Without Donor Restrictions	170,814	902,503
Net Assets Without Donor Restrictions at Beginning of Year	<u>6,494,609</u>	<u>5,592,106</u>
Net Assets Without Donor Restrictions at End of Year	<u><u>\$ 6,665,423</u></u>	<u><u>\$ 6,494,609</u></u>

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

PRINCE GEORGE'S COUNTY ECONOMIC DEVELOPMENT CORPORATION
Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services					Supporting Services		
	Community Outreach	Business Development	International	Small Business	Total Program	Management and General	Fundraising	Total
Personnel expenses								
Salaries	\$ 441,687	\$ 938,460	\$ 213,138	\$ 183,238	\$ 1,776,523	\$ 421,075	\$ 181,005	\$ 2,378,603
Employee benefits	108,339	217,134	45,616	45,616	416,705	121,796	31,703	570,204
Payroll taxes	34,388	68,909	14,476	14,476	132,249	38,653	10,061	180,963
Total personnel expenses	584,414	1,224,503	273,230	243,330	\$ 2,325,477	581,524	222,769	3,129,770
Outreach and marketing	166,642	233,298	99,985	33,328	533,253	266,627	33,328	833,208
Professional fees	47,322	66,251	28,393	9,464	151,430	75,715	9,464	236,609
Leased space	109,853	153,794	65,912	21,971	351,530	175,765	21,971	549,266
Computer expenses	21,743	30,440	13,046	4,349	69,578	34,788	4,349	108,715
Depreciation and amortization	21,587	30,223	12,953	4,318	69,081	34,539	4,318	107,938
Staff and board expenses	9,057	12,680	5,434	1,811	28,982	14,491	1,811	45,284
Telephone and internet	12,364	17,310	7,419	2,473	39,566	19,783	2,473	61,822
Equipment maintenance	8,918	12,485	5,351	1,784	28,538	14,269	1,784	44,591
Other expenses	2,376	3,332	1,428	476	7,612	3,808	476	11,896
Insurance	8,674	12,144	5,205	1,735	27,758	13,879	1,735	43,372
Equipment lease and rental	2,892	4,048	1,735	578	9,253	4,627	578	14,458
County incubator expenses	-0-	-0-	-0-	56,475	56,475	-0-	-0-	56,475
Office supplies and expenses	4,735	6,629	2,841	947	15,152	7,576	947	23,675
Provision for credit losses	6,180	8,652	3,708	1,236	19,776	9,888	1,236	30,900
Total Expenses	\$ 1,006,757	\$ 1,815,789	\$ 526,640	\$ 384,275	\$ 3,733,461	\$ 1,257,279	\$ 307,239	\$ 5,297,979

The accompanying notes are an integral part of this financial statement.

PRINCE GEORGE'S COUNTY ECONOMIC DEVELOPMENT CORPORATION
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services					Supporting Services		
	Community Outreach	Business Development	International	Small Business	Total Program	Management and General	Fundraising	Total
Personnel expenses								
Salaries	\$ 449,266	\$ 867,207	\$ 200,754	\$ 275,808	\$ 1,793,035	\$ 599,847	\$ 116,558	\$ 2,509,440
Employee benefits	101,606	182,891	40,643	60,964	386,104	147,329	15,241	548,674
Payroll taxes	34,620	62,316	13,848	20,772	131,556	50,199	5,193	186,948
Total personnel expenses	585,492	1,112,414	255,245	357,544	2,310,695	797,375	136,992	3,245,062
Outreach and marketing	215,709	301,992	129,425	43,142	690,268	345,134	43,142	1,078,544
Professional fees	147,225	206,116	88,335	29,445	471,121	235,561	29,445	736,127
Leased space	107,699	150,779	64,619	21,540	344,637	172,319	21,540	538,496
Computer expenses	27,445	38,423	16,467	5,489	87,824	43,912	5,489	137,225
Depreciation and amortization	18,136	25,390	10,881	3,628	58,035	29,017	3,627	90,679
Staff and board expenses	15,250	21,351	9,150	3,050	48,801	24,401	3,050	76,252
Telephone and internet	13,495	18,893	8,097	2,699	43,184	21,592	2,699	67,475
Equipment maintenance	9,675	13,545	5,805	1,935	30,960	15,480	1,935	48,375
Other expenses	9,614	13,460	5,768	1,922	30,764	15,382	1,922	48,068
Insurance	8,046	11,264	4,827	1,609	25,746	12,873	1,609	40,228
Equipment lease and rental	6,148	8,607	3,689	1,230	19,674	9,837	1,230	30,741
County incubator expenses	-0-	-0-	-0-	23,679	23,679	-0-	-0-	23,679
Office supplies and expenses	4,621	6,469	2,773	924	14,787	7,394	924	23,105
Provision for credit losses	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Expenses	\$ 1,168,555	\$ 1,928,703	\$ 605,081	\$ 497,836	\$ 4,200,175	\$ 1,730,277	\$ 253,604	\$ 6,184,056

The accompanying notes are an integral part of this financial statement.

PRINCE GEORGE'S COUNTY ECONOMIC DEVELOPMENT CORPORATION
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 170,814	\$ 902,503
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	107,938	90,679
Provision for credit loss expense	30,900	-0-
Changes in operating assets and liabilities:		
Grants receivable	(60,250)	(859,778)
Accounts receivable	124,829	(187,621)
Prepaid expenses	117,260	(98,927)
Accounts payable and accrued expenses	(253,370)	93,293
Accrued payroll and compensated absences	15,416	4,024
Deferred revenue	(128,122)	(258,742)
Incubator service agreement deposits	1,150	1,250
Net Cash Provided by (Used in) Operating Activities	<u>126,565</u>	<u>(313,319)</u>
Cash Flows from Investing Activities		
Purchase of property	(96,268)	(97,226)
Proceeds from sale of investments	4,711,707	-0-
Purchases of investments	(7,901,443)	-0-
Reinvested Interest	(110,844)	-0-
Net Cash Used in Investing Activities	<u>(3,396,848)</u>	<u>(97,226)</u>
Net Decrease in Cash and Cash Equivalents	(3,270,283)	(410,545)
Cash and Cash Equivalents - Beginning of Year	<u>5,718,487</u>	<u>6,129,032</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,448,204</u>	<u>\$ 5,718,487</u>
Supplemental Disclosure of Cash Flow Information:		
Noncash Investing and Financing Activities:		
Acquisition of property	\$ 96,268	\$ 106,447
Property related accrued expenses	-0-	(9,221)
Cash paid for purchase of property (included in cash flows from investing activities)	<u>\$ 96,268</u>	<u>\$ 97,226</u>

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

PRINCE GEORGE'S COUNTY ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements
June 30, 2025 and 2024

Note 1: Nature of Organization and Summary of Significant Accounting Policies

Prince George's Economic Development Corporation (the Corporation) is a not-for-profit organization incorporated under the laws of the State of Maryland in 1983. The Corporation receives substantial annual funding from Prince George's County, Maryland (the County) to fund its mission which encompasses three initiatives: (1) marketing the County as a good place to live and work; (2) assisting the County's existing businesses to grow and prosper; and (3) promoting redevelopment, revitalization, and reinvestment in the County's older areas, particularly those inside the Beltway.

The accounting and reporting policies of the Corporation conform to accounting principles generally accepted in the United States of America. Following is a description of the most significant of those policies:

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Basis of Accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents: The Corporation classifies all investments which are readily convertible to cash and which have an original maturity date of three months or less as cash and cash equivalents, except for investments held by investment custodians, which are reported as investments.

Grants Receivable and Deferred Revenue: Grants receivable represents amounts earned and due from grantors. All grants receivable are considered fully collectible at June 30, 2025 and 2024. Deferred revenue represents grant funds and sponsorships received in advance that have not been earned as of June 30, 2025 and 2024.

Accounts Receivable: Accounts receivable arise from event sponsorships and pass through grant activity. Accounts receivable are reported at their outstanding balances, reduced by an estimate for credit losses. Management determines the allowance for credit losses by reviewing its outstanding accounts, historical collection experience with individual accounts and payor sources, existing economic conditions and reasonable and supportable forecasts of future events. Receivables are written off by management when, in its determination, all collection efforts have been exhausted. Recoveries of receivables previously written off are recorded when collected. The Corporation does not require collateral or other security to support receivables. Management has reviewed its outstanding receivables for the years then ended June 30, 2025 and 2024, and based on its analysis of estimated credit losses, has not recorded an allowance for credit losses. The total amount of write-offs during the year ended June 30, 2025 was \$30,900. There were no write-offs for the year ended June 30, 2024.

Investments: Investments with readily determinable fair market values are reflected at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses on investments are included in net investment return on the statements of activities.

PRINCE GEORGE'S COUNTY ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements
June 30, 2025 and 2024

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Property and Depreciation: Property is stated at cost or, if donated, at the approximate fair value at the date of donation, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets identified below. Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for improvements and major repairs that materially extend the useful lives of assets are capitalized. The Corporation's threshold for capitalization is any acquisition that meets the above criteria and is greater than or equal to \$1,000. Costs associated with the development of the Corporation's website applications, infrastructure, graphics and content are capitalized and amortized under the straight-line method over a period of five years. Cost related to planning and operating the website are expensed as incurred. Depreciation and amortization expense related to the property was \$107,938 and \$90,679 for the years ended June 30, 2025 and 2024, respectively.

	<u>Useful Lives</u>
Furniture and fixtures	5 years
Office equipment	5 years
Automotive	5 years
Website development costs	5 years
Leasehold improvements	10 years

Net Assets: Net assets, revenue, support, gains and losses are classified based on the existence or absence of donor-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 restrictions. As of June 30, 2025 and 2024, the Corporation's net assets were all without donor restrictions.

Net Assets with Donor Restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

PRINCE GEORGE'S COUNTY ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements
June 30, 2025 and 2024

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition: The Corporation derives revenue from program services, grants, incubator revenue, sponsorships and events and investment income. Incubator revenue, international income, sponsorships and events and investment income are recognized as revenue when earned. Government grants are recognized based on the terms of the specific grant document. Grant revenue received in advance of the grant period is recorded as deferred revenue. Conditional grants are earned and recognized as revenue without donor restrictions in proportion to the related expenses incurred or when all conditions of the grant have been substantially met. In general, program service revenue is recognized as services are rendered and expenses are recorded when incurred. Program service expenses include costs that are specifically identified with a particular program and an allocation of costs associated with the administration of all of the Corporation's programs. The Corporation generates contract revenue primarily from its program service agreements with Prince George's County and the State of Maryland. Each fixed price contract has one performance obligation which is satisfied over time. International income represents fees received for international trade mission trips the Corporation plans and facilitates. International revenue consists of one performance obligation that is recognized at the time of the mission trip.

The Corporation recorded contractual commitments to be recognized with the passage of time (deferred revenue) of \$392,245, \$520,367 and \$779,109 for the years ended June 30, 2025 and 2024 and 2023, respectively. The Corporation disaggregates its revenue from contracts as follows:

	2025	2024
Performance obligations satisfied over time		
Program service income - Prince George's County	\$ 4,272,200	\$ 4,272,200
Program service income - other	78,980	72,000
	\$ 4,351,180	\$ 4,344,200
Performance obligations satisfied at a point in time		
International income	\$ 60,348	\$ 104,733

In-Kind Rent: The Corporation pays no rent under the terms of the lease agreement with Prince George's County. The Corporation recognizes contribution revenue and a corresponding expense in an amount approximating the annual estimated fair-value rental of the office space. In-kind rent is allocated among its program and supporting services based on utilization of the rental space.

Leases: The Corporation determines if an arrangement is a lease at the inception of the contract. As of the lease commencement date, each lease is evaluated to determine if it will be classified as an operating or finance lease. Leases with an initial term of 12 months or less are considered short-term leases. Lease assets and liabilities are not recognized, and lease expense is recognized on a straight-line basis over the lease term. Lease terms include the noncancellable portion of the leases and reasonably certain renewal periods, termination options and purchase options. The Corporation accounts for lease and non-lease components as a single lease component. The Corporation uses the risk-free discount rate when the rate implicit in the lease is not available. Variable lease payment amounts that cannot be determined at the commencement of the lease such as lease payments based on changes in index rates or usage are not included in the lease assets or liabilities.

PRINCE GEORGE'S COUNTY ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements
June 30, 2025 and 2024

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Advertising Expense: The cost of advertising is expensed as incurred. Advertising expense was \$25,701 and \$142,214 for the years ended June 30, 2025 and 2024, respectively, and is included with outreach and marketing expenses.

Functional Allocation of Expenses: The costs of providing various programs and other support activities have been summarized on a functional basis in the statements of activities and by natural classification in the statements of functional expenses. Costs that can be identified with specific programs or support services are allocated directly. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated, generally based on estimates of the portion of time expended by the staff on the various functions.

Income Taxes: The Corporation is exempt from federal and state income taxes under Internal Revenue Code §501(c)(3). Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. The Corporation had no unrelated business income for the years ended June 30, 2025 and 2024. Accordingly, no provision for income taxes is reflected in these financial statements. The Corporation's federal exempt tax returns are subject to examination by the Internal Revenue Service, generally for a period of three years after the returns are filed.

Subsequent Events: In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through February 26, 2026, the date the financial statements were available to be issued. During the period from July 1, 2025 through February 26, 2026, there are no subsequent events that require recognition or disclosure.

Note 2: Liquidity and Availability of Funds

A summary of the financial assets available for the general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of the financial position date comprise the following:

	2025	2024
Cash and cash equivalents	\$ 2,448,204	\$ 5,718,487
Investments	3,300,580	-0-
Grants receivable	1,090,250	1,030,000
Accounts receivable	201,306	357,035
Financial Assets Available for General Expenditure	<u>\$ 7,040,340</u>	<u>\$ 7,105,522</u>

The Corporation manages its liquidity following two guiding principles: (1) operating within a prudent range of financial soundness and stability, and (2) maintaining adequate liquid assets to fund near-term operating needs. In the event of an unanticipated liquidity need, the Corporation also could draw upon the \$500,000 available operating line of credit (as further discussed in Note 4).

PRINCE GEORGE'S COUNTY ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements
June 30, 2025 and 2024

Note 3: Investments and Fair Value Measurements

Generally Accepted Accounting Principles (GAAP) establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this standard are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2: Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In determining fair value, the Corporation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. In determining the appropriate levels, the Corporation performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. The valuation techniques used by the Corporation include the following:

Cash and Cash Equivalents: Valued at original cost, which approximates fair value.

U.S. Government Securities: Valued using inputs such as benchmark yields, reported trades, broker/dealer quotes and issuer spreads.

The following table sets forth, by level within the fair value hierarchy, the Corporation's investments measured at fair value on a recurring basis as of June 30, 2025:

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 146,223	\$ 146,223	\$ -0-	\$ -0-
U.S. Government Securities	3,154,357	-0-	3,154,357	-0-
Total Investments	\$ 3,300,580	\$ 146,223	\$ 3,154,357	\$ -0-

Net investment return is composed of the following for the year ended June 30, 2025

Interest and dividends	\$ 111,775
Investment management fees	(11,195)
Net investment return	\$ 100,580

PRINCE GEORGE'S COUNTY ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements
June 30, 2025 and 2024

Note 4: Line of Credit

The Corporation has a line of credit with a bank in the amount of \$500,000. Amounts outstanding under the line of credit are payable on demand and bear interest at a rate equal to 3.5% above the bank's prime rate (11.00% and 12.00% as of June 30, 2025 and 2024), which is payable monthly. There was no outstanding balance on the line of credit as of June 30, 2025 and 2024. For the each of the years ended June 30, 2025 and 2024, interest expense was \$-0-.

Note 5: Incubator Revenue

The Corporation has established the Innovation Station Business Incubator Program, whereby it provides office related services to qualified businesses to assist technology-based businesses and entrepreneurs located in Prince George's County. Services include the use of conference rooms, centralized reception services and mailing, sorting and distribution along with access to periodic business seminars and networking events. Under this program, a qualified business enters into a Virtual Office License agreement, typically for a term of one year, with options to continue on a month to month basis. The total incubator revenue under this program was \$94,651 and \$72,325 for the years ended June 30, 2025 and 2024, respectively.

Note 6: Retirement Plan

The Corporation has a 401(k) Profit Sharing Plan in which employees who have completed six months of service and have attained the age of 21 are eligible to participate at the next plan entry date. Employees may contribute pre-tax dollars subject to limits imposed by the Internal Revenue Service. The annual employer contribution is 5% of compensation. The Corporation's contributions for the years ended June 30, 2025 and 2024 are \$119,162 and \$110,367, respectively.

Note 7: Business Expansion Fund

Effective March 15, 2019, the Prince George's County Financial Services Corporation (FSC) and the Prince George's County Economic Development Corporation entered into a Memorandum of Understanding (MOU) for the establishment and implementation of a Business Expansion Fund (BEF) to provide financing to creditworthy local, small and minority owned businesses. The contractor's cash flow funds held on deposit by FSC of \$362,000 were used to fund the BEF. By agreement, \$307,000 of the cash flow funds has been repurposed as a perpetual grant to FSC for the purpose of the BEF program. All loans made from the fund are made on a non-recourse basis to FSC. If the agreement is terminated, all uncommitted funds used to capitalize the fund are returnable to the Corporation. The remaining cash flow fund balance of \$55,000 was written off by the Corporation in a prior year.

Interest earned on the loans is split between the two organizations. The Corporation earns 30% of the interest collected on the outstanding loans. The Corporation earned \$3,957 and \$4,148 in interest for the years ended June 30, 2025 and 2024, respectively.

PRINCE GEORGE'S COUNTY ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements
June 30, 2025 and 2024

Note 8: Commitments

The Corporation had a lease agreement with Prince George's County (the County) expiring June 30, 2021. As part of the agreement, the County provided full rent abatement for the term of the lease. The Corporation reflected in-kind rent for the annual rent payments on the statements of activities. A new lease agreement for the periods subsequent to June 30, 2021 has not yet been executed with the County but the Corporation expects the new lease to contain similar terms and rent which will be abated in full by the County.

The Corporation also has an agreement with Prince George's County whereby vehicle lease and maintenance services are provided by Prince George's County. For the years ended June 30, 2025 and 2024, the County provided the Corporation with a bundled charge for various telephone, internet, office equipment, computers, and automotive lease costs. The County did not provide the Corporation with a detail of the charges by type; therefore, the Corporation allocates a monthly vehicle lease payment of \$1,125 as lease expense for the years ended June 30, 2025 and 2024. The County determines on an annual basis the total amount the Corporation is to be charged.

The Corporation has a lease agreement for copier equipment which is on a month-to-month basis. The agreement was terminated in May 2025. Short-term lease expense paid under these leases was \$14,458 and \$30,741 for the years ended June 30, 2025 and 2024, respectively.

Note 9: Risks and Uncertainties

Uninsured Balances: The Corporation maintains its cash balances at various financial institutions. Periodically during the year, the Corporation's cash balances may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to significant risk on cash balances.

Concentrations: A substantial portion of program service revenue earned during the years ended June 30, 2025 and 2024 is related to contracts from Prince George's County in the amount of \$4,272,200. During the years ended June 30, 2025 and 2024, Prince George's County provided 90% and 69%, respectively, of the Corporation's funding, including in-kind rent. As of June 30, 2025, two customers accounted for 62% of the Corporation's accounts receivable. As of June 30, 2024, two customers accounted for 82% of the Corporation's accounts receivable.

