
American Lightweight Materials Manufacturing Innovation Institute

Financial Report
December 31, 2023

Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8-14

Independent Auditor's Report

To the Board of Directors
American Lightweight Materials
Manufacturing Innovation Institute

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of American Lightweight Materials Manufacturing Innovation Institute (ALMMII), which comprise the statement of financial position as of December 31, 2023 and 2022 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 ALMMII as of December 31, 2023 and 2022 and the changes in its net assets, functional expenses, and 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 (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 *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of ALMMII and to meet our 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 ALMMII's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits 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 audits 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.

To the Board of Directors
American Lightweight Materials
Manufacturing Innovation Institute

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 ALMMII'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 ALMMII'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2024 on our consideration of American Lightweight Materials Manufacturing Innovation Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 American Lightweight Materials Manufacturing Innovation Institute'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 American Lightweight Materials Manufacturing Innovation Institute's internal control over financial reporting and compliance.

Plante & Moreau, PLLC

September 6, 2024

American Lightweight Materials Manufacturing Innovation Institute

Statement of Financial Position

December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 12,919,417	\$ 18,951,002
Investments (Note 6)	5,007,972	-
Receivables	6,314,123	3,723,661
Prepaid expenses and other assets	923,879	447,385
Right-of-use operating lease assets (Note 5)	4,125,381	4,933,860
Property and equipment - Net (Note 3)	27,928,381	27,743,298
Total assets	\$ 57,219,153	\$ 55,799,206
Liabilities and Net Assets		
Liabilities		
Accounts payable:		
Accounts payable	\$ 8,119,091	\$ 8,038,782
Accounts payable to related parties (Note 8)	-	164,048
Contract liability - Deferred membership	1,263,673	2,347,018
Unearned revenue	2,059,394	3,764,815
Accrued liabilities and other:		
Accrued expenses	1,263,518	888,504
Refundable advances	35,834	35,834
Operating lease liability (Note 5)	4,211,310	4,987,625
Total liabilities	16,952,820	20,226,626
Net Assets		
Without donor restrictions	40,166,333	35,550,980
With donor restrictions	100,000	21,600
Total net assets	40,266,333	35,572,580
Total liabilities and net assets	\$ 57,219,153	\$ 55,799,206

American Lightweight Materials Manufacturing Innovation Institute

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support						
Government grants	\$ 40,800,816	\$ -	\$ 40,800,816	\$ 31,516,814	\$ -	\$ 31,516,814
Foundation grants	-	100,000	100,000	-	22,680	22,680
Membership	3,746,462	-	3,746,462	3,675,171	-	3,675,171
Contributed nonfinancial assets (Note 4)	4,372,477	-	4,372,477	2,923,221	-	2,923,221
Other income	1,006,181	-	1,006,181	811,719	-	811,719
Interest income	514,884	-	514,884	607	-	607
Net assets released from restrictions	21,600	(21,600)	-	38,580	(38,580)	-
Total revenue and other support	50,462,420	78,400	50,540,820	38,966,112	(15,900)	38,950,212
Expenses						
Program services - Cost of research	38,033,038	-	38,033,038	30,313,140	-	30,313,140
Support services:						
Management and general	5,654,174	-	5,654,174	5,091,997	-	5,091,997
Membership development	2,159,855	-	2,159,855	1,787,542	-	1,787,542
Total expenses	45,847,067	-	45,847,067	37,192,679	-	37,192,679
Increase (Decrease) in Net Assets	4,615,353	78,400	4,693,753	1,773,433	(15,900)	1,757,533
Net Assets - Beginning of year	35,550,980	21,600	35,572,580	33,777,547	37,500	33,815,047
Net Assets - End of year	\$ 40,166,333	\$ 100,000	\$ 40,266,333	\$ 35,550,980	\$ 21,600	\$ 35,572,580

American Lightweight Materials Manufacturing Innovation Institute

Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services	Support Services		
	Cost of Research	Management and General	Membership Development	Total
Wages and contracted labor	\$ 3,960,813	\$ 2,852,579	\$ 1,021,551	\$ 7,834,943
Employee benefits	569,855	392,354	155,217	1,117,426
Payroll taxes	226,117	162,849	58,319	447,285
Total wages, contracted labor, and related expenses	4,756,785	3,407,782	1,235,087	9,399,654
Technology subcontracts	19,746,817	-	-	19,746,817
Education and workforce development subcontracts	1,909,981	-	-	1,909,981
Cost sharing	2,905,933	838,363	-	3,744,296
Computer expenses	223,335	223,903	60,190	507,428
Conferences and training	-	2,583	21,937	24,520
Direct materials and supplies	1,945,548	-	-	1,945,548
Depreciation	3,802,416	321,828	-	4,124,244
Dues and membership	-	576	46,912	47,488
Entertainment and business development	-	-	278,206	278,206
Insurance	-	149,711	-	149,711
Interest and fees	-	32,542	-	32,542
Accounting, legal, and consultant fees	614,669	564,033	178,856	1,357,558
Meetings	-	-	664	664
Printing and graphic services	5,349	5,349	-	10,698
Rent and building expenses	1,767,776	64,234	64,234	1,896,244
Supplies and postage	-	13,699	-	13,699
Telephone	46,412	29,571	12,642	88,625
Travel	308,017	-	261,127	569,144
Subtotal	33,276,253	2,246,392	924,768	36,447,413
Total functional expenses	\$ 38,033,038	\$ 5,654,174	\$ 2,159,855	\$ 45,847,067

American Lightweight Materials Manufacturing Innovation Institute

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services	Support Services		
	Cost of Research	Management and General	Membership Development	Total
Wages and contracted labor	\$ 2,328,811	\$ 2,410,836	\$ 803,772	\$ 5,543,419
Employee benefits	378,716	369,857	119,595	868,168
Payroll taxes	133,832	148,577	51,407	333,816
Total wages, contracted labor, and related expenses	2,841,359	2,929,270	974,774	6,745,403
Technology subcontracts	17,687,323	-	-	17,687,323
Education and workforce development subcontracts	644,955	-	-	644,955
Credit loss	-	2,500	-	2,500
Cost sharing	1,858,509	695,490	-	2,553,999
Computer expenses	175,763	233,679	54,826	464,268
Conferences and training	-	5,254	45,510	50,764
Direct materials and supplies	953,250	-	-	953,250
Depreciation	3,709,421	380,001	-	4,089,422
Dues and membership	-	3,570	42,057	45,627
Entertainment and business development	-	-	190,378	190,378
Insurance	-	120,525	-	120,525
Interest and fees	-	9,677	-	9,677
Accounting, legal, and consulting fees	562,933	581,991	125,204	1,270,128
Meetings	-	-	2,720	2,720
Printing and graphic services	9,830	9,830	-	19,660
Rent and building expenses	1,686,008	62,342	62,340	1,810,690
Supplies and postage	-	26,210	-	26,210
Telephone	32,416	31,658	10,237	74,311
Travel	151,373	-	279,496	430,869
Subtotal	27,471,781	2,162,727	812,768	30,447,276
Total functional expenses	\$ 30,313,140	\$ 5,091,997	\$ 1,787,542	\$ 37,192,679

American Lightweight Materials Manufacturing Innovation Institute

Statement of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Increase in net assets	\$ 4,693,753	\$ 1,757,533
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	4,124,244	4,089,422
Credit loss	2,649	2,500
Contribution of property and equipment	(374,008)	-
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(2,593,111)	559,559
Prepaid expenses and other assets	(476,494)	(26,088)
Accounts payable	(493,905)	2,621,016
Accrued and other liabilities	375,014	(76,460)
Accounts payable - Related parties	(164,048)	164,048
Unearned revenue	(1,705,421)	(1,635,665)
Contract liability - Deferred membership	(1,083,345)	(327,190)
Right-of-use lease asset and liability - Net	32,164	53,765
Net cash and cash equivalents provided by operating activities	2,337,492	7,182,440
Cash Flows from Investing Activities		
Purchase of property and equipment	(3,361,105)	(797,549)
Purchases of investments	(5,007,972)	-
Net cash and cash equivalents used in investing activities	(8,369,077)	(797,549)
Net (Decrease) Increase in Cash and Cash Equivalents	(6,031,585)	6,384,891
Cash and Cash Equivalents - Beginning of year	18,951,002	12,566,111
Cash and Cash Equivalents - End of year	\$ 12,919,417	\$ 18,951,002
Supplemental Cash Flow Information - Property and equipment purchases included in accounts payable	\$ 574,214	\$ 107,375

December 31, 2023 and 2022

Note 1 - Nature of Business

American Lightweight Materials Manufacturing Innovation Institute (ALMMII), dba Lightweight Innovations for Tomorrow (LIFT), is a Michigan nonprofit corporation located in Detroit, Michigan, formed for the purpose of scientific research, education, development, and innovations of optimized, multimaterial lightweight structures. ALMMII was founded by University of Michigan (UofM), The Ohio State University (OSU), and Edison Welding Institute (EWI). ALMMII is part of the national network of manufacturing innovation institutes, a public-private partnership between the U.S. Department of Defense, industry, and academia, driving the U.S. mobility sector toward the future manufacturing revolution to support our nation's economy and enhance our national security. In 2024, ALMMII established a satellite office in Aguas, Puerto Rico to support program operations in the region.

Note 2 - Significant Accounting Policies

Basis of Accounting

The financial statements of ALMMII are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash Equivalents

ALMMII considers all investments with an original maturity of three months or less when purchased to be cash equivalents. The amount of bank deposits (checking and savings accounts) that were insured by the FDIC totaled \$500,000 as of December 31, 2023 and 2022. ALMMII evaluates the financial institutions with which it deposits funds; however, it is not practical to insure all cash deposits.

Investments

Debt securities purchased and held principally for the purpose of selling them in the near term are classified as trading securities. Trading securities are reported at fair value with unrealized gains and losses included in earnings.

Adoption of New Accounting Pronouncement

Effective January 1, 2023, ALMMII implemented Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. The adequacy of ALMMII's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analysis of receivable portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends. The ASU is applied using the modified retrospective transition method with an adjustment to opening net assets in the period of initial application. There was no impact on net assets as a result of adopting the new ASU.

Accounts Receivable

For the year ended December 31, 2022, accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The allowance for doubtful accounts on accounts receivable balance is \$0 as of December 31, 2022.

December 31, 2023 and 2022

Note 2 - Significant Accounting Policies (Continued)

Beginning in 2023, with the adoption of Financial Accounting Standards Board Accounting Standards Update No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, accounts receivable are stated at net invoice amounts. ALMMII collectively evaluates trade receivables to determine the allowance for credit losses based on each major payor category (companies). ALMMII calculates the allowance using an expected loss model that considers ALMMII's actual historical loss rates adjusted for current economic conditions and reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. There were no trade receivable balances as of December 31, 2023.

Property and Equipment

Property and equipment are recorded at cost or fair value at the date of contribution for contributed or discounted property and equipment. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over the shorter of their estimated useful lives or the remaining term on a government contract. The cost of leasehold improvements is depreciated over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs greater than \$5,000 are capitalized, while all other repairs and maintenance are charged to expense when incurred. The estimated useful lives of furniture and fixtures, office equipment, machinery and equipment, and computer software range from approximately 5 to 15 years.

Leases

ALMMII has operating leases for its facilities, as described in Note 5. ALMMII recognizes expense for operating leases on a straight-line basis over the lease term. ALMMII made a policy election not to separate lease and nonlease components for facility leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

The right-of-use asset and liability are calculated considering available lease options and renewal terms. ALMMII elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for its operating leases.

Membership Dues

ALMMII generates revenue from contracts with customers from membership dues. Membership dues are reported at the amount that reflects the consideration to which ALMMII expects to be entitled in exchange for providing member benefits. Annual memberships are paid in a lump sum or in installments and billed a month prior to membership renewal. Members include corporate organizations and higher education institutions across the United States.

ALMMII has obligations to provide members with certain prepaid services and general member benefits. ALMMII has concluded that the prepaid services are a separate performance obligation since those would otherwise be charged to members. The remaining membership dues represent a single performance obligation, which includes access to ALMMII resources, invitations to join projects, and invitations to other ALMMII events that occur throughout the year. Prepaid services are recognized at a point in time when the services are provided to the member or when they expire at the end of the membership period. General member benefits are recognized monthly over the annual membership period. During the years ended December 31, 2023 and 2022, approximately 49 percent of membership revenue was recognized at a point in time and approximately 51 percent of membership revenue was recognized over time.

Membership fees billed but unpaid are recorded as a receivable. At December 31, 2023 and 2022, membership fees billed but unpaid were \$52,508 and \$5,417, respectively. At January 1, 2022, membership fees billed but unpaid were \$39,167. Membership fees collected in advance are recorded as contract liability - deferred membership. At January 1, 2022, contract liability - deferred membership was \$2,674,208.

December 31, 2023 and 2022

Note 2 - Significant Accounting Policies (Continued)

Contributions

Unconditional promises to give cash and other assets to ALMMII are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

ALMMII receives conditional contributions from federal and state sources for the purpose of ongoing research that are not recognized as revenue within the statement of activities and changes in net assets until the conditions are met. ALMMII's revenue is derived from cost-reimbursable and milestone-based federal contracts and grants, primarily from the Department of Defense.

For cost-reimbursable grants, amounts received are recognized as revenue in the statement of activities and changes in net assets as grants and awards when ALMMII has incurred expenditures in compliance with specific contract or grant provisions. Conditional grant and award moneys received in excess of that earned are recorded as unearned revenue. ALMMII received cost-reimbursable grants of approximately \$25,100,000 and \$20,417,000 that have been recognized for the years ended December 31, 2023 and 2022, respectively, as qualifying expenditures have been incurred. The amount pledged through conditional contributions not yet recognized as revenue is approximately \$25,700,000 and \$16,700,000 as of December 31, 2023 and 2022, respectively.

For milestone-based grants, amounts received are recognized as revenue in the statement of activities and changes in net assets as grants and awards when ALMMII has met the milestones requirements described in the contracts. ALMMII received milestone-based grants of approximately \$15,700,000 and \$11,100,000 as of December 31, 2023 and 2022, respectively. The amount pledged through conditional contributions not yet recognized as revenue is approximately \$18,800,000 and \$21,000,000 as of December 31, 2023 and 2022, respectively.

ALMMII also receives conditional contributions from donors that are not recognized as revenue within the statement of activities and changes in net assets until the conditions are met. ALMMII recognized conditional contributions from donors of approximately \$1,800,000 and \$1,600,000 for the years ended December 31, 2023 and 2022, respectively, as conditions imposed for in-kind software licenses have been met. The amount pledged and recorded as unearned revenue not yet recognized as revenue is approximately \$2,000,000 and \$3,800,000 as of December 31, 2023 and 2022, respectively.

Classification of Net Assets

The net assets of ALMMII are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of ALMMII.

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

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

December 31, 2023 and 2022

Note 2 - Significant Accounting Policies (Continued)

Concentration of Credit Risk

ALMMII's main revenue is from government grants and in-kind contributions. As of and for the years ended December 31, 2023 and 2022, approximately 61 percent and 75 percent, respectively, of accounts receivable and 62 percent and 71 percent, respectively, of revenue is related to federal grants with the Office of Naval Research. For the years ended December 31, 2023 and 2022, approximately 16 percent and 11 percent, respectively, of revenue is related to federal grants with the Army Contracting Command.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

ALMMII is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Functional Allocation of Expenses

The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among cost of research services and supporting services benefited. Wages and related personnel expenses are allocated based on time and effort, rent and building expenses are allocated based on square footage, and depreciation is based on the assets' intended use. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including September 6, 2024, which is the date the financial statements were available to be issued.

Note 3 - Property and Equipment

Property and equipment are summarized as follows:

	2023	2022
Machinery and equipment	\$ 23,829,953	\$ 24,951,803
Furniture and fixtures	1,097,331	1,097,331
Computer equipment and software	11,984,552	11,664,028
Leasehold improvements	9,297,730	9,251,254
Construction in progress	5,062,237	-
Total cost	51,271,803	46,964,416
Accumulated depreciation	23,343,422	19,221,118
Net property and equipment	<u>\$ 27,928,381</u>	<u>\$ 27,743,298</u>

Depreciation expense for 2023 and 2022 was \$4,124,244 and \$4,089,422, respectively.

Notes to Financial Statements

December 31, 2023 and 2022

Note 4 - Contributed Nonfinancial Assets

ALMMII receives contributed nonfinancial assets, such as technical support, equipment, software, and other various contributions, in support of the organization. Donated items and services received by ALMMII and used in its programs have been reflected in the financial statements at their estimated fair values based on actual labor rates paid by contributors, hourly rates for professional services, and list prices of equipment and software.

Contributed nonfinancial assets recognized within the statement of activities and changes in net assets consisted of the following for the years ended December 31:

	2023	2022
Software	\$ 3,065,412	\$ 1,800,400
Equipment	374,008	-
Technical support	328,363	256,215
Subrecipient cost share	604,694	866,606
Total	<u>\$ 4,372,477</u>	<u>\$ 2,923,221</u>

Contributed nonfinancial assets did not have donor-imposed restrictions.

Note 5 - Leases

ALMMII is obligated under operating leases primarily for facilities, expiring at various dates through January 31, 2025 with an option to renew until 2030. The right-of-use asset and related lease liability have been calculated using discount rates ranging from 0.78 percent to 1.55 percent. The leases require ALMMII to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was approximately \$880,000 in 2023 and 2022. Cash paid for leases was \$847,052 and \$825,449 in 2023 and 2022, respectively.

Future minimum annual commitments under these operating leases are as follows:

Years Ending December 31	Amount
2024	\$ 727,587
2025	696,926
2026	710,927
2027	725,146
2028	739,649
Thereafter	<u>817,415</u>
Total	4,417,650
Less amount representing interest	<u>206,340</u>
Present value of net minimum lease payments	<u>\$ 4,211,310</u>

Note 6 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

December 31, 2023 and 2022

Note 6 - Fair Value Measurements (Continued)

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that ALMMII has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. ALMMII's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Assets Measured at Fair Value on a Recurring Basis at December 31, 2023			
Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Trading securities - Debt securities (U.S. Treasury bonds)	\$ -	\$ 5,007,972	\$ -
	\$ -	\$ 5,007,972	\$ -

Note 7 - Employee Benefit Plan

ALMMII sponsors a 401(k) plan for all eligible full-time employees. ALMMII contributes a discretionary employer matching contribution to each eligible participant equal to 50 percent of the first 8 percent of compensation deferred by each employee. An additional safe harbor contribution of 3 percent of compensation is made to each participant's account. Total expenses related to this plan were \$414,172 and \$302,363 for the years ended December 31, 2023 and 2022, respectively.

Note 8 - Related Party Transactions

ALMMII was co-founded by OSU, UofM, and EWI. ALMMII has entered into subcontract agreements with these related parties to provide certain technical advisory services with various expiration dates ranging from 2022 through 2024. In 2023, ALMMII entered into a transaction with the United States Manufacturing Innovation Council (USMIC). USMIC is an organization established for the 17 U.S. Manufacturing Innovation Institutes to work together and LIFT pays an annual membership fee to the organization. The following is a description of transactions between ALMMII and related parties:

Accounts Payable

At December 31, 2023 and 2022, ALMMII had accounts payable to OSU totaling \$0 and \$3,652, to UofM totaling \$0 and \$60,396, to EWI totaling \$0 and \$100,000, and to USMIC totaling \$0, respectively. All these amounts are included in the statement of financial position as accounts payable to related parties.

Notes to Financial Statements

December 31, 2023 and 2022

Note 8 - Related Party Transactions (Continued)

Expenses

For the years ended December 31, 2023 and 2022, ALMMII had incurred expenses with OSU totaling \$0 and \$38,284, with UofM totaling \$0 and \$60,396, with EWI totaling \$712,478 and \$350,000, and with USMIC totaling \$50,000 and \$0, respectively.

Note 9 - Liquidity and Availability of Financial Resources

The following reflects ALMMII's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2023	2022
Cash and cash equivalents	\$ 12,919,417	\$ 18,951,002
Accounts receivable	6,314,123	3,723,661
Short-term investments	5,007,972	-
Financial assets - At year end	24,241,512	22,674,663
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions - Restricted by donor with time or purpose restrictions	100,000	21,600
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 24,141,512</u>	<u>\$ 22,653,063</u>

Due to the nature of its business, ALMMII maintains financial assets in the form of cash to support normal operating expenses for a period up to 180 days. ALMMII has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. ALMMII has a committed line of credit in the amount of \$4 million at December 31, 2023 and 2022 that it could draw upon if needed, as further disclosed in Note 10.

ALMMII also realizes there could be unanticipated liquidity needs.

Note 10 - Line of Credit

Under a line of credit agreement with a bank, ALMMII has available borrowings of \$4,000,000 that expire in October 2024, with the intention to renew for another year. Borrowings are limited to formulas based on the lesser of maximum borrowings, eligible accounts receivable, or liquidation value of specific equipment. Interest is payable monthly at the greater of 3.50 percent or the highest bank prime rate recorded in *The Wall Street Journal* in its general guide to money rates (an effective rate of 3.50 percent at December 31, 2023 and 2022). Effective June 2022, interest is payable monthly at a variable interest rate set by the bank to be no less than 3.00 percent (an effective rate of 4.00 percent at the time of opening the line of credit). The line of credit is collateralized by substantially all assets of ALMMII.

At December 31, 2023, ALMMII was in violation of the requirement to provide audited financial statements within 180 days of year end. The bank has waived that requirement of the agreement as of and for the period ended December 31, 2023.

American Lightweight Materials Manufacturing Innovation Institute

Federal Awards Supplemental Information
December 31, 2023

Independent Auditor's Reports

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 1

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* 2-3

Report on Compliance for Each Major Federal Program and Report on Internal Control Over
Compliance Required by the Uniform Guidance 4-6

Schedule of Expenditures of Federal Awards 7-8

Notes to Schedule of Expenditures of Federal Awards 9

Schedule of Findings and Questioned Costs 10



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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
American Lightweight Materials
Manufacturing Innovation Institute

We have audited the financial statements of American Lightweight Materials Manufacturing Innovation Institute as of and for the year ended December 31, 2023 and have issued our report thereon dated September 6, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to September 6, 2024.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

September 6, 2024

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*

Independent Auditor's Report

To Management and the Board of Directors
American Lightweight Materials
Manufacturing Innovation Institute

We have audited, in accordance with 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 American Lightweight Materials Manufacturing Innovation Institute (ALMMII), which comprise the statement of financial position as of December 31, 2023 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 and have issued our report thereon dated September 6, 2024.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether ALMMII'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*.

To Management and the Board of Directors
American Lightweight Materials
Manufacturing Innovation Institute

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 ALMMII's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ALMMII's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moreau, PLLC

September 6, 2024

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
American Lightweight Materials
Manufacturing Innovation Institute

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited American Lightweight Materials Manufacturing Innovation Institute's (ALMMII) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on ALMMII's major federal program for the year ended December 31, 2023. ALMMII's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, ALMMII complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of ALMMII and to meet our other ethical responsibilities in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of ALMMII's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to ALMMII's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on ALMMII's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ALMMII's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 ALMMII's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ALMMII's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of ALMMII's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of Directors
American Lightweight Materials
Manufacturing Innovation Institute

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moreau, PLLC

September 6, 2024

American Lightweight Materials Manufacturing Innovation Institute

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Contract Number	Provided to Subrecipients	Federal Expenditures
Research and Development Cluster:					
U.S. Department of Defense - Basic and Applied Scientific Research:					
Expanding the United States Manufacturing Technology and Talent Ecosystem through the LIFTDOD MII Accelerator for U.S. National Security, Innovation, Economic Growth and Supply Chain Resiliency	12.300		N00014-23-2-2000	\$ 205,237	\$ 7,984,119
Expanding and Scaling Operation Next: Preparing Military Personnel for Careers in Advanced Manufacturing	12.300		N000-14-19-1-2726	1,812,981	2,380,521
Transparent Armor Prototype and Hybrid Electrified Power Take-off	12.300		N000-14-19-9-0020	1,550,000	1,575,000
Electric Power Take-Off (EPTO) Phase 2	12.300		N000-14-21-9-0009	133,645	156,130
Advanced Metal Deposition Technology	12.300		N000-14-21-9-0007	34,127	38,500
Cold Spray for Large Caliber Weapon Systems	12.300		N000-14-21-9-0004	35,000	32,544
Cold Spray for Research and Development	12.300		N000-14-21-9-0010	2,021,463	2,410,603
Cold Spray for Research and Development II	12.300		N000-14-22-9-0014	2,346,000	2,468,202
Cold Spray for Research and Development III	12.300		N00014-23-9-0008	310,400	350,400
Hypersonics Challenge	12.300		N000-14-21-9-0006	-	49,907
Scale Up of Process to Produce High Quality Titanium Alloys From Domestic Alloys	12.300		N00014-23-9-0003	3,564,039	4,701,899
Hypersonic Thermal Management Research	12.300		N000-14-21-1-2551	571,967	1,039,645
Hypersonics Thermal Management Research - Phase 2	12.300		N000-14-21-1-2660	1,044,841	1,969,024
Hypersonics Thermal Management Research - Phase 3	12.300		N00014-23-1-2393	240,360	796,493
Hypersonics Thermal Management Research - Phase 4	12.300		N00014-23-1-2389	94,800	1,375,364
Hypersonics Thermal Management Research - Phase 5	12.300		N00014-24-1-2020	-	120,593
Advancing Manufacturing Technology & Talent in Puerto Rico	12.300		N00014-22-1-2836	-	600,570
DOD Manufacturing Innovation Institute, Cross Institute Collaborative Project: Digital Data Management for Transcribing Structural Part Performance Across Additive Manufacturing Platforms	12.300		N00014-22-1-2451	1,503,388	2,051,730
Pilot DOD Mentor Protege Program-Manufacturing Innovation Institute (MPP-MII) Partnership Initiative	12.300		N00014-23-1-2087	155,023	279,091
Other Transaction Agreement-Blanket Army Order	12.300		W56HZV209D001	5,272,725	8,151,453

See notes to schedule of expenditures of federal awards.

American Lightweight Materials Manufacturing Innovation Institute

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2023

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Contract Number	Provided to Subrecipients	Federal Expenditures
Passed through NCDMM (America Makes) - Manufacturing Innovation for Organic Base (OIB) Modernization - Pilot Program	12.300	FA8650-20-2-5700	202300650	\$ -	\$ 84,862
Passed through Excet - Fuel Cell Project	12.300	N00173-20-F-3001	1394-LIFT	-	404,320
Total Research and Development Cluster				20,895,996	39,020,970
U.S. Department of Education - Fund for the Improvement of Education - LIFT Detroit MI for a Manufacturing Technician Education Program	84.215		S215K230155	-	541,212
Department of Housing and Urban Development - Passed through Wayne County, Michigan - COVID-19 Community Development Block Grant Program Coronavirus Aid, Relief, and Economic Security (CARES) Funding - Regional Talent Innovation Grant Program	14.228	B-20-DW-26-0001	MSC 221020-CV	-	614,630
Total				\$ 20,895,996	\$ 40,176,812

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of American Lightweight Materials Manufacturing Innovation Institute (ALMMII) under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of ALMMII, it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of ALMMII.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The pass-through entity identifying numbers are presented where available.

ALMMII has elected to use the 10 percent *de minimis* indirect cost rate on certain grants, where it is included in the agreement, to recover indirect costs, as allowed under the Uniform Guidance.

American Lightweight Materials Manufacturing Innovation Institute

Schedule of Findings and Questioned Costs

Year Ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
12.300	Research and Development Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs:

\$1,205,304

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None