

THE POKAGON FUND, INC.

FINANCIAL STATEMENTS

For the years ended
June 30, 2025 and 2024



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INDEPENDENT AUDITOR'S REPORT

October 22, 2025

To the Board of Directors
The Pokagon Fund, Inc.
New Buffalo, Michigan

Opinion

We have audited the accompanying financial statements of The Pokagon Fund, Inc., (a non-profit organization) which comprise the statements of assets, liabilities, and net assets – modified cash basis as of June 30, 2025, and the related statements of revenues, expenses, and changes in net assets – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of The Pokagon Fund, Inc. as of June 30, 2025, and its revenues, expenses and changes in net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Pokagon Fund, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of The Pokagon Fund, Inc. as of June 30, 2024 were audited by other auditors whose report dated February 12, 2025, expressed an unmodified opinion on those statements. As described more fully in Note F to the financial statements, the Organization adjusted its 2024 financial statements to record building and depreciation costs. The other auditors reported on the 2024 financial statements before the restatement. As part of our audit of the 2025 financial statements, we also audited the adjustments to the 2024 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Prior Period Financial Statements (Continued)

We were not engaged to audit, review or apply any procedures to The Pokagon Fund, Inc.'s 2024 financial statements other than with respect to adjustments, and accordingly , do not express an opinion or any other form of assurance on the 2024 financial statements as whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 The Pokagon Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Pokagon Fund, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in black ink that reads "Hungerford". The script is cursive and fluid, with the first letter 'H' being particularly large and stylized.

Certified Public Accountants
Grand Rapids, Michigan

FINANCIAL STATEMENTS

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS

THE POKAGON FUND, INC.

June 30, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,069,537	\$ 856,617
Investments	8,109,847	8,239,692
Total Current Assets	9,179,384	9,096,309
Property and equipment, net	383,578	402,740
Total Assets	\$ 9,562,962	\$ 9,499,049
LIABILITIES AND NET ASSETS		
Current Liabilities		
Payroll tax liability	\$ 529	\$ 7,869
Net Assets without Donor Restrictions	9,562,433	9,491,180
Total Liabilities and Net Assets	\$ 9,562,962	\$ 9,499,049

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS

THE POKAGON FUND, INC.

For the years ended June 30, 2025 and 2024

	Without Donor Restrictions 2025	Without Donor Restrictions 2024
Support		
Four Winds Casino revenue sharing	\$ 1,174,599	\$ 1,212,466
Government reimbursements	15,000	-
Miscellaneous income	2,080	-
Realized and unrealized gain on investments, net of expenses	402,136	468,683
Interest and dividends	312,827	236,079
Total Support	1,906,642	1,917,228
Expenses		
Program services	1,464,540	1,166,597
Management and general	370,849	338,482
Total Expenses	1,835,389	1,505,079
Change in Net Assets	71,253	412,149
Net Assets - beginning of year, as restated	9,491,180	9,079,031
Net Assets - end of year	\$ 9,562,433	\$ 9,491,180

STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS

THE POKAGON FUND, INC.
For the year ended June 30, 2025

	Program Services	Management and General	Total
Disbursements			
Pokagon Band grants	\$ 66,600	\$ -	\$ 66,600
Municipal grants	450,251	-	450,251
Discretionary grants	725,022	-	725,022
Scholarship awards	146,691	-	146,691
Total disbursements	1,388,564	-	1,388,564
Advertising	579	868	1,447
Bank fees	-	3,826	3,826
Depreciation	1,916	17,247	19,163
Director's stipends	1,150	10,350	11,500
Dues and subscriptions	-	5,378	5,378
Education and seminars	-	2,400	2,400
Employees benefits plan	4,849	43,644	48,493
Insurance	450	4,046	4,496
Meals and entertainment	2,465	1,056	3,521
Office supplies	-	8,842	8,842
Payroll taxes	4,324	12,973	17,297
Professional fees	-	61,442	61,442
Repairs and maintenance	545	4,909	5,454
Salaries	57,425	173,075	230,500
Taxes paid	-	6,208	6,208
Technology	760	6,838	7,598
Travel	880	2,053	2,933
Utilities	633	5,694	6,327
Total Expenses	\$ 1,464,540	\$ 370,849	\$ 1,835,389

STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS (Continued)

THE POKAGON FUND, INC.
For the year ended June 30, 2024

	Program Services	Management and General	Total
Disbursements			
Pokagon Band grants	\$ 93,940	\$ -	\$ 93,940
Municipal grants	435,124	-	435,124
Discretionary grants	410,193	-	410,193
Scholarship awards	154,476	-	154,476
Total disbursements	1,093,733	-	1,093,733
Advertising	2,208	3,314	5,522
Bank fees	-	2,731	2,731
Depreciation	2,003	18,024	20,027
Director's stipends	1,090	9,810	10,900
Dues and subscriptions	-	5,626	5,626
Education and seminars	-	788	788
Employees benefits plan	3,988	35,892	39,880
Insurance	434	3,906	4,340
Meals and entertainment	3,800	1,627	5,427
Miscellaneous	-	1,762	1,762
Office supplies	-	7,785	7,785
Salaries	54,008	162,023	216,031
Payroll taxes	4,039	12,115	16,154
Professional fees	-	59,494	59,494
Repairs and maintenance	401	3,633	4,034
Taxes paid (refunded)	(629)	-	(629)
Technology	359	3,231	3,590
Travel	562	1,313	1,875
Utilities	601	5,408	6,009
Total Expenses	\$ 1,166,597	\$ 338,482	\$ 1,505,079

STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS

THE POKAGON FUND, INC.

For the years ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 71,253	\$ 412,149
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	19,163	20,027
Realized and unrealized gain on investments, net of expenses	(402,136)	(468,683)
Changes in operating assets and liabilities:		
Payroll tax liability	(7,340)	4,391
Net Cash Used for Operating Activities	(319,060)	(32,116)
Cash Flows from Investing Activities		
Purchases of investments	(276,130)	(1,836,396)
Proceeds from sale of investments	808,110	1,640,008
Net Cash Provided by (Used for) Investing Activities	531,980	(196,388)
Net Increase (Decrease) in Cash and Cash Equivalents	212,920	(228,504)
Beginning Cash and Cash Equivalents	856,617	1,085,121
Ending Cash and Cash Equivalents	<u><u>\$ 1,069,537</u></u>	<u><u>\$ 856,617</u></u>

NOTES TO FINANCIAL STATEMENTS

THE POKAGON FUND, INC.

For the years ended June 30, 2025 and 2024

Note A – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The accompanying financial statements present the financial position, results of operations and cash flows of The Pokagon Fund, Inc. (the "Fund"). The Fund is a Michigan non-profit organization whose purpose is to enhance the lives of the residents in the New Buffalo region and communities surrounding Pokagon Band trust land through the financial support of local governments, nonprofits, charities, and other organizations.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. That basis differs from generally accepted accounting principles primarily because the Fund's revenue is recognized when received rather than when earned, and expenses are recorded when paid rather than when incurred. The Fund has elected to modify the cash basis of accounting to report the Fund's property and equipment at cost, provide for depreciation of such assets over their estimated useful lives, and report investment at fair value.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the modified cash basis statements of cash flows, the Fund considers all short-term investments with an original maturity of ninety (90) days or less to be cash equivalents. The Fund maintains several cash accounts at one bank. Cash in these accounts at times exceeds the amount insured by the Federal Deposit Insurance Companies (FDIC).

Investments

Investments are carried at fair value. Investments consist of cash and equivalents, U.S. government notes and bonds, government agency securities, GNMA and mortgage-backed pools, corporate bonds, money markets, common stocks, international and U.S. equity funds and brokerage CDs recorded at their current market value.

Property and Equipment

Property and equipment are stated at cost, or in the case of donated property, at estimated fair value at the date of donation. The Fund follows a capitalization policy of \$2,500 in determining assets to be depreciated.

NOTES TO FINANCIAL STATEMENTS

THE POKAGON FUND, INC.
For the years ended June 30, 2025 and 2024

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Depreciation is computed using the straight-line method over the useful lives of the related assets as follows:

	<u>Estimated Useful Life</u>
Land improvements	5 - 15 years
Buildings and improvements	5 - 40 years
Furniture and fixtures	3 - 10 years

Net Assets

The Fund reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of The Fund. These net assets may be used at the discretion of The Fund’s management and the board of directors.

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 the actions of The Fund or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Revenue Recognition

Revenue-sharing and government reimbursements are reported as revenue when received and reported as support without donor restrictions.

The Fund is supported by a percentage of the electronic gaming revenue form the Four Winds Casino New Buffalo and is governed by a seven-member board of directors. The income from the Four Winds Casino New Buffalo was two percent of the net win during the first and second years of operation, reduced to one percent during the third, fourth, and fifth years. The Fund is to receive three-quarters of one percent of the net win from the Class III electronic games of chance at Four Winds Casino New Buffalo through the remainder of the term of the Local Agreement. For both the years ended June 30, 2025 and 2024, it received three-quarters of one percent of such wins.

NOTES TO FINANCIAL STATEMENTS

THE POKAGON FUND, INC.

For the years ended June 30, 2025 and 2024

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income Taxes

The Fund is exempt from certain income taxes under Internal Revenue Code Section 501(c)(3). In addition, the Fund has been determined to be a private foundation within the meaning of Section 509(a) of the Code.

The Fund evaluates tax positions taken on its federal Return of Private Foundation in accordance with accounting principles generally accepted in the United States of America, which require that tax positions taken be more-likely-than-not to be sustained. Management believes that the Fund has no significant unrecognized tax benefits under that criteria. Penalties and interest, if any, assessed by income taxing authorities are included in operating expenses. The Fund's federal Exempt Organization Business Income Tax Returns are generally subject to examination by taxing authorities for three years after they were filed.

Functional Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of The Fund.

Advertising

The Fund expenses advertising costs as incurred. Advertising costs for the years ended June 30, 2025 and 2024 were \$1,447 and \$5,522, respectively.

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 22, 2025, which is the date the financial statements were available to be issued.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the presentation of current-year financial statements.

NOTES TO FINANCIAL STATEMENTS

THE POKAGON FUND, INC.

For the years ended June 30, 2025 and 2024

Note B – Property and Equipment

Property and equipment at June 30, 2025 and 2024 consists of:

	2025	2024
Land	\$ 36,500	\$ 36,500
Land improvements	10,484	10,484
Buildings and improvements	563,231	563,230
Furniture and fixtures	87,843	87,843
	698,058	698,057
Less accumulated depreciation	314,480	295,317
Property and equipment, net	\$ 383,578	\$ 402,740

Depreciation expense for the years ended June 30, 2025 and 2024 was \$19,163 and \$20,027, respectively.

Note C – Related Party Transactions

Two board members are representatives of New Buffalo Township and the City of New Buffalo, Michigan for which grant distributions are made.

For the years ended June 30, 2025 and 2024, the Fund had approximately \$1,653,181 and \$1,963,000 grants outstanding, respectively.

Note D – Fair Value Measurements

Accounting principles generally accepted in the United States of America establish 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 market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices in markets that are not considered active or financial instruments for which significant inputs, include quoted prices for similar assets or liabilities, interest rates, credit risk, etc.

Level 3 – Significant unobservable inputs, which may include the Fund's own assumption in determining fair value.

NOTES TO FINANCIAL STATEMENTS

THE POKAGON FUND, INC.

For the years ended June 30, 2025 and 2024

Note D – Fair Value Measurements (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

U.S. government agency and corporate bonds: Valued based upon prices received from pricing services, using models which maximize observable inputs such as trades in exact or similar securities in active markets where available. Absent such trade data, models may incorporate other inputs such as yield curves constructed from yields of similar securities, broker quotes and other observable market data.

Common Stock and Exchange Traded Funds (ETF): Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds and Money market: Valued based on quoted net asset values (NAV) of the shares held by the Fund on the last business day of the year.

GNMA and mortgage-backed pools: The fair value of pools are determined using quoted market prices in active markets when available (Level 1). When quoted prices are not available, fair value is estimated using observable inputs such as dealer quotes, benchmark yield curves, and prepayment assumptions (Level 2). In limited cases where significant unobservable inputs are used, the valuation is classified as Level 3

Certificates of deposit: Valued using present value techniques that incorporate report yields in recent sales of similar securities, as notes are "off the run" on the last day of the fiscal year.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Fund's management evaluated the significance of transfers between levels based on the nature of the financial instrument and size of the transfer relative to total net assets. For the years ended June 30, 2025 and 2024, there were no significant transfers into or out of levels 1, 2 or 3.

NOTES TO FINANCIAL STATEMENTS

THE POKAGON FUND, INC.

For the years ended June 30, 2025 and 2024

Note D – Fair Value Measurements (Continued)

The following table presents the fair value hierarchy of the Fund's investments at fair value as of June 30, 2025 and 2024:

	Level 1	Level 2	Fair Value June 30, 2025
U.S. government notes and bonds	\$ 2,688,534	\$ -	\$ 2,688,534
Government agency securities	-	189,481	189,481
GNMA pools	-	86,739	86,739
Mortgage-backed pools	-	77,922	77,922
Corporate bonds	-	243,988	243,988
Money market	271,899	-	271,899
Common stock	2,580,634	-	2,580,634
International equity mutual funds and EFTs	559,009	-	559,009
U.S. equity mutual funds and EFTs	860,885	-	860,885
Certificates of Deposit	-	550,756	550,756
Total	\$ 6,960,961	\$ 1,148,886	\$ 8,109,847

	Level 1	Level 2	Fair Value June 30, 2024
U.S. government notes and bonds	\$ 2,214,837	\$ -	\$ 2,214,837
Government agency securities	-	745,754	745,754
GNMA pools	-	95,675	95,675
Mortgage-backed pools	-	101,600	101,600
Corporate bonds	-	430,144	430,144
Money market	246,737	-	246,737
Common stock	2,694,042	-	2,694,042
Real estate investment trust	46,038	-	46,038
International equity mutual funds and EFTs	449,802	-	449,802
U.S. equity mutual funds and EFTs	677,229	-	677,229
Certificates of Deposit	-	537,834	537,834
Total	\$ 6,328,685	\$ 1,911,007	\$ 8,239,692

NOTES TO FINANCIAL STATEMENTS

THE POKAGON FUND, INC.

For the years ended June 30, 2025 and 2024

Note E – Liquidity and Availability

The Fund regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The Fund's sources of liquidity at its disposal include cash and cash equivalents and investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Fund considers all expenditures related to its ongoing programmatic activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As of June 30, 2025 and 2024, the following table shows all of the financial assets held by the Fund could readily be made available within one year of the balance sheet date to meet general expenditures.

	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 1,069,537	\$ 856,617
Investments	8,109,847	8,239,692
All financial assets available to meet general expenditures over the next twelve months	<u>\$ 9,179,384</u>	<u>\$ 9,096,309</u>

Note F – Prior Period Adjustments

The financial statements for the year ended June 30, 2024 were restated to reclassify capitalized expenses from property and equipment to professional fees for the Big T.O.E. building in the amount of \$21,298 as well as adding an additional \$3,880 in depreciation expense. There was an additional restatement to remove incorrectly allocated accrued interest from the investment balance to miscellaneous expense in the amount of \$1,762.

The beginning balance of net assets for the year ended June 30, 2024 was restated in the amount of \$23,470 in an effort to bring book depreciation to actual. Originally all depreciation amounts were reflected as of the tax value instead of the required book value.