

**WEST MICHIGAN ENVIRONMENTAL ACTION
COUNCIL**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

Lori J Lemieux CPA, PLC

WEST MICHIGAN ENVIRONMENTAL ACTION COUNCIL

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
West Michigan Environmental Action Council
Grand Rapids, Michigan

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Grand Rapids, MI 49534

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Report on the Financial Statements

I have audited the accompanying statement of financial position of the West Michigan Environmental Action Council (WMEAC) (a not-for-profit organization) as of March 31, 2017, and the related statements of activities, net assets, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information is derived from the Organization's 2016 financial statements which were audited by me. In my report dated August 18, 2016, I expressed an unqualified opinion on them.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

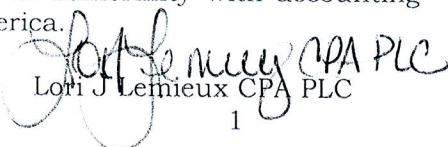
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I do not express such an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the WMEAC as of March 31, 2017, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Grand Rapids Michigan,
June 30, 2017


Lori J Lemieux CPA PLC
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WEST MICHIGAN ENVIRONMENTAL ACTION COUNCIL
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2017 AND 2016

ASSETS	2017	2016
Current Assets		
Cash and cash equivalents	\$ 47,683	\$ 42,715
Contributions and grants receivable, current portion	117,633	103,404
Miscellaneous receivable	-	3,185
Prepaid expenses	4,610	12,888
TOTAL CURRENT ASSETS	169,926	162,192
Fixed Assets		
Land, buildings, improvements, furnishings and equipment - Net of accumulated depreciation - Note 3	513,109	531,004
TOTAL FIXED ASSETS	513,109	531,004
Other Assets		
Contributions and grants receivable, long-term portion	90,000	50,000
Investments - Note 4	608,595	881,634
TOTAL OTHER ASSETS	698,595	931,634
TOTAL ASSETS	\$ 1,381,630	\$ 1,624,830
LIABILITIES AND NET ASSETS		
Current Liabilities		
Wages and benefits payable	\$ 13,218	\$ 15,775
Accounts payable	17,569	33,301
Accrued expenses	13,273	6,352
Deferred revenue	9,069	15,700
Grant payable - short term portion	30,000	-
Line of credit - Note 2	38,138	198,138
Notes payable, current portion - Note 5	238,843	43,114
TOTAL CURRENT LIABILITIES	360,110	312,380
Long-term Liabilities		
Grant payable - long term portion	90,000	-
Note payable, long-term portion - Note 5	20,970	260,506
TOTAL LONG TERM LIABILITIES	110,970	260,506
COMMITMENTS AND CONTINGENCIES - Note 2		
Net assets		
Unrestricted - undesignated	168,794	(26,088)
Unrestricted - designated	608,595	881,634
TOTAL UNRESTRICTED NET ASSETS	777,389	855,546
Temporarily restricted - Notes 6 and 7	133,161	196,398
TOTAL NET ASSETS	910,550	1,051,944
TOTAL LIABILITIES AND NET ASSETS	\$ 1,381,630	\$ 1,624,830

See accompanying notes to the financial statements.

WEST MICHIGAN ENVIRONMENTAL ACTION COUNCIL
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED
MARCH 31, 2017

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Donations and grants	\$ 332,124	\$ 120,868	\$ 452,992
Event income, less expenses of \$32,413	25,015	-	25,015
Membership dues	12,731	-	12,731
Investment income	57,875	-	57,875
Other program revenues	37,466	-	37,466
Earned income	10,112	-	10,112
Net assets released from restrictions:			
Satisfaction of restrictions	184,105	(184,105)	-
TOTAL SUPPORT AND REVENUE	\$ 659,428	\$ (63,237)	\$ 596,191
EXPENSES			
Programs	\$ 484,837	\$ -	\$ 484,837
Management and general	171,288	-	171,288
Fundraising	81,460	-	81,460
TOTAL EXPENSES	\$ 737,585	\$ -	\$ 737,585
INCREASE (DECREASE) IN NET ASSETS	\$ (78,157)	\$ (63,237)	\$ (141,394)
NET ASSETS AT BEGINNING OF PERIOD	855,546	196,398	1,051,944
NET ASSETS AT END OF PERIOD	\$ 777,389	\$ 133,161	\$ 910,550

See accompanying notes to the financial statements.

WEST MICHIGAN ENVIRONMENTAL ACTION COUNCIL
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED
MARCH 31, 2016

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Donations and grants	\$ 356,567	\$ 243,546	\$ 600,113
Event income	63,152	-	63,152
Membership dues	13,278	-	13,278
Investment income	30,722	-	30,722
Other program revenue	14,412	-	14,412
Earned income	14,599	-	14,599
Net assets released from restrictions:			
Satisfaction of restrictions	140,822	(140,822)	-
TOTAL SUPPORT AND REVENUE	\$ 633,552	\$ 102,724	\$ 736,276
EXPENSES			
Programs	\$ 563,466	\$ -	\$ 563,466
Management and General	195,346	-	195,346
Fundraising	81,899	-	81,899
TOTAL EXPENSES	\$ 840,711	\$ -	\$ 840,711
INCREASE IN NET ASSETS	\$ (207,159)	\$ 102,724	\$ (104,435)
NET ASSETS AT BEGINNING OF PERIOD	1,062,705	93,674	1,156,379
NET ASSETS AT END OF PERIOD	\$ 855,546	\$ 196,398	\$ 1,051,944

See accompanying notes to the financial statements.

WEST MICHIGAN ENVIRONMENTAL ACTION COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES

FOR YEAR ENDED MARCH 31, 2017
[WITH COMPARATIVE TOTALS FOR 2016]

	PROGRAM SERVICES				SUPPORTING SERVICES		
	Climate Resiliency	Education & Engagement	Membership Committees & Events	Water Protection	Total Programs	Management & General	Fundraising
Wages	\$ 62,386	\$ 69,023	\$ 42,807	\$ 44,467	\$ 218,683	\$ 71,014	\$ 42,144
Payroll Taxes	4,573	5,060	3,138	3,260	16,031	5,206	3,089
Employee Benefits	3,141	3,475	2,155	2,239	11,010	3,575	2,121
Internship Stipends	3,445	3,811	4,190	4,281	15,727	-	2,595
Conferences and Events	1,276	4,011	4,713	2,917	12,917	576	532
Dues and Subscriptions	-	299	299	299	897	1,319	434
Interest	-	-	-	-	-	10,777	-
Equipment Lease	454	454	454	454	1,816	454	454
Equipment Purchases	-	-	-	-	-	2,999	554
Office Supplies	264	264	264	264	1,056	264	265
Computer Expenses	2,298	2,298	2,298	2,298	9,192	2,298	2,296
Other Expenses	67	221	247	153	688	750	42
Postage and Shipping	-	28	1,009	102	1,139	919	225
Printing and Publishing	980	3,081	3,619	2,240	9,920	237	614
Professional Development	-	50	75	894	1,019	7,528	11,167
Professional Services	23,386	23,386	23,386	23,386	93,544	17,908	9,047
Program Services	14,935	-	-	32,082	47,017	-	-
Program Supplies	3,209	10,087	11,850	7,337	32,483	776	2,010
Rent and Association Fees	1,250	1,250	1,250	1,250	5,000	1,250	804
Telephone	-	-	-	-	-	6,664	-
Travel	2,428	1,912	934	1,424	6,698	220	3,067
Occupancy Expenses	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	17,895	-
Interest	-	-	-	-	-	7,360	-
Insurance	-	-	-	-	-	4,701	-
Building Maintenance	-	-	-	-	-	3,087	-
Utilities	-	-	-	-	-	3,511	-
Total Expenses	\$ 124,092	\$ 128,710	\$ 102,688	\$ 129,347	\$ 484,837	\$ 171,288	\$ 81,460
	16.82%	17.45%	13.92%	17.54%	65.73%	23.22%	11.04%
							\$ 737,585 \$ 840,711

See Independent Auditor's Report and notes to the financial statements

WEST MICHIGAN ENVIRONMENTAL ACTION COUNCIL
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2017 AND 2016

CASH FLOWS FROM OPERATING ACTIVITIES	2017	2016
Decrease in net assets	\$ (141,394)	\$ (104,435)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	17,895	28,665
(Increase) decrease in:		
Contributions and grants receivable	(54,229)	(2,277)
Miscellaneous receivable	3,185	(3,185)
Prepaid expenses	8,278	(12,888)
Increase (decrease) in:		
Accounts payable and accrued expenses	(11,368)	12,260
Grant payable	120,000	-
Deferred revenue	(6,631)	15,700
Net cash used in operating activities	\$ (64,264)	\$ (66,160)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net activity in investment account	(57,875)	(30,889)
Withdrawal from investment account	330,914	105,500
Net cash provided by investing activities	273,039	74,611
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(203,807)	(41,476)
Net cash used in financing activities	(203,807)	(41,476)
INCREASE (DECREASE) IN CASH	\$ 4,968	\$ (33,025)
CASH AT BEGINNING OF YEAR	42,715	75,740
CASH AT END OF YEAR	\$ 47,683	\$ 42,715
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest:	\$ 18,137	\$ 20,602

See accompanying notes to the financial statements.

WEST MICHIGAN ENVIRONMENTAL ACTION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

WMEAC's mission is to "Inform and engage an inclusive community which acts together to protect natural resources and create a climate resilient West Michigan." WMEAC uses funds received to further the following goals: 1. Provide meaningful opportunities for all of West Michigan citizens to learn about and become engaged in actions to protect water, mitigate climate impacts and ensure resiliency to climate change. 2. To build an inclusive and diverse body of activities to address 21st century environmental issues and build a climate resilient West Michigan for all people and nature. 3. To protect water by delivering and/or fostering watershed education, water recreation and incentivization of low impact development (LID) best practices, in West Michigan. 4. To education, activate, and incentivize clean and efficient energy and state-of-the-art zero waste systems to mitigate West Michigan's greenhouse gas contributions and ensure a climate resilient region.

BASIS OF ACCOUNTING

The financial statements of the WMEAC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

BASIS OF PRESENTATION

Under the provisions of authoritative guidance, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the WMEAC and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization does not have any permanently restricted net assets.

Revenues are reported as increases in net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets. Expirations of temporarily restricted net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

WEST MICHIGAN ENVIRONMENTAL ACTION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

CASH AND CASH EQUIVALENTS

For purposes of the financial statements, cash equivalents include all highly liquid investments with initial maturities of one year or less.

INVESTMENTS

Investments are carried at fair market value. Fair values for all investments were determined using quoted market prices in active markets (Level 1 valuation). Unrealized gains and losses of investments are recognized in the accompanying Statement of Activities.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost, or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets.

DEFERRED REVENUE

Deferred revenue consists of funds received for an event to occur during FY2017 and is recognized when the event occurs.

DONATED ASSETS

Donated marketable securities and certain other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

DONATED SERVICES

The Organization recognizes donated services that creates or enhances nonfinancial assets or that require specialized skills, are proved by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization also receives significant donations of time by volunteers for program services and general operations, which are not recorded in the financial statements, as they do not meet the criteria to be recorded.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WEST MICHIGAN ENVIRONMENTAL ACTION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

INCOME TAX STATUS

The Organization is a tax-exempt organization under section 501 (c) (3) of the Internal Revenue Code. In addition, the Organization qualifies for a charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization that is not a private foundation under Section 509 (a) (2). Management believes tax years 2015 through 2017, following administrative practice of taxing authorities, remain open and subject to review. Management believes that its income tax positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations or cash flows. Accordingly, for all open tax years, the Organization has not recorded any reserves or related accruals for uncertain income tax positions at March 31, 2017.

EXPENSE ALLOCATIONS

All costs are allocated among the various programs and support services. Expenses that can be identified with a specific program or support service are directly allocated according to their natural expense classification. Certain expenses such as administration, accounting and occupancy are allocated and charged to specific programs and/or funding sources where budgetary considerations permit.

FAIR VALUE MEASUREMENT OF ASSETS

The Organization adopted the Financial Accounting Standards Board's (FASB) standard which provides a framework for measuring fair value under generally accepted accounting principles. The standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The standard for *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement is determined based on the assumptions – referred to as inputs – which market participants would use in pricing the investment, as follows:

Level 1 inputs – observable quoted price in an active market for an identical investment;

Level 2 inputs – input that is observable for the investment, either directly or indirectly, other than quoted prices included in level 1;

Level 3 inputs – unobservable inputs for the investment, used only when observable inputs are not available.

The Organization invests in publicly traded securities which are exposed to various risks such as interest rate, market, and credit risks. Due to the level of the risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

WEST MICHIGAN ENVIRONMENTAL ACTION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Assets measured at fair value on a recurring basis on March 31, 2017

	Total	Level 1 Quoted Prices
Equities	\$474,141	\$474,141
Mutual funds	122,196	122,196
Money market fund	12,258	12,258

NOTE 2 - COMMITMENTS AND CONTINGENCIES

CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at a financial institution located in Western Michigan. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000.

LINE OF CREDIT

The Organization has an available line of credit with a financial institution of \$200,000. This line of credit has an interest rate floor of 4.5% and matured on May 13, 2017. The line of credit is secured by the Organization's assets. The balance on this line of credit at March 31, 2017 was \$38,138.

NOTE 3 - LAND, BUILDINGS, IMPROVEMENTS, FURNISHINGS, AND EQUIPMENT

Land, buildings, improvements, furnishings, and equipment consist of the following:

	<u>March 31, 2017</u>
Land	\$ 60,000
Building and improvements	680,073
Furnishings and equipment	<u>164,133</u>
	904,206
Less: Accumulated depreciation	<u>(391,097)</u>
Net property and equipment	\$ 513,109

NOTE 4 - INVESTMENTS

The Organization carries investments in marketable securities measured at fair value on a recurring basis at quoted prices in active markets for identical assets in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities under investment income.

WEST MICHIGAN ENVIRONMENTAL ACTION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

NOTE 4 – INVESTMENTS - continued

The Organization's investments at March 31, 2017 consist of the following:

	<u>Cost</u>	<u>Market Value</u>
Equities	\$299,902	\$474,141
Mutual funds	99,142	122,196
Money market fund	<u>12,258</u>	<u>12,258</u>
	\$411,302	\$608,595

NOTE 5 – NOTES PAYABLE

Notes payable at March 31, 2017 consists of the following:

Note payable to a bank, due in month installments of \$1,886 through March 2019 including interest at 4.9%, secured by the investment account.	\$ 43,003
Note payable to a trust, due in monthly installments of \$2,505 through December 2017 including interest at 3%, secured by land and building.	<u>216,810</u>
	\$259,813
less current portion	<u>(238,843)</u>
Note payable, long-term portion	\$ 20,970

Future maturities of notes payable for the years ended March 31 are as follows:

2018	\$238,843
2019	<u>20,970</u>
	\$259,813

NOTE 6 – NET ASSETS

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at March 31, 2017:

Time restricted promises to give	50,000
Restricted grants to be expended	<u>83,161</u>
Total	\$ 133,161

WEST MICHIGAN ENVIRONMENTAL ACTION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

NOTE 7 – ENDOWMENT FUND

Certain donors created the West Michigan Environmental Action Endowment Fund in 1984. Per the trust agreement, the Endowment Fund is not permanently restricted by the original donors.

The investment policy of the organization for the Endowment Fund is to provide a growing inflation-adjusted cash flow to WMEAC while growing and protecting the principal. To achieve these goals, a significant percentage of the portfolio will be invested in equities, with a smaller portion diversified into fixed-income securities. The return objectives and long time horizon advocates the portfolio be invested in a moderately aggressive fashion.

Endowment Net Asset Composition by Type of Fund

As of March 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Fund	\$608,595	\$ -0-	\$ -0-	\$608,595

Changes in Endowment Net Assets

For the year ended March 31, 2017

	<u>Unrestricted</u>
Endowment net assets, Beginning of year	\$881,634
Investment return:	
Investment Income	57,875
Contributions	-0-
Amounts withdrawn	<u>(330,914)</u>
Endowment net assets, End of year	\$608,595

NOTE 9 – RETIREMENT SAVINGS PLAN

The Organization offers a SIMPLE IRA retirement savings plan which is qualified under section 408(p) of the Internal Revenue Code. Under the plan, eligible employees are permitted to defer a portion of their compensation, not to exceed limitations set by the IRS. WMEAC makes contributions to the plan. Total plan contributions during the fiscal year ended March 31, 2017 were \$4,971.

WEST MICHIGAN ENVIRONMENTAL ACTION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

NOTE 10 - COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with organization's financial statements for the year ended March 31, 2016, from which the summarized information was derived.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events were evaluated through June 30, 2017, which is the date of the financial statements were available to be issued.