

# Fair Housing Center of West Michigan

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

FAIR HOUSING CENTER OF WEST MICHIGAN  
GRAND RAPIDS, MICHIGAN  
FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Fair Housing Center of West Michigan  
Grand Rapids, Michigan

### Report on the Financial Statements

I have audited the accompanying statements of financial position of the Fair Housing Center of West Michigan (a not-for-profit organization) as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### 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 audits. I conducted my audits 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 Fair Housing Center of West Michigan as of December 31, 2019 and 2018, and the changes in its net assets, statement of activities, functional expenses and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "William T. Morgan CPA".

William Morgan, CPA

Morgan & Associates, CPAs, PC

Grand Rapids, Michigan  
March 19, 2020

FAIR HOUSING CENTER OF WEST MICHIGAN  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018

|                                        | 2019         | 2018         |
|----------------------------------------|--------------|--------------|
| ASSETS                                 |              |              |
| CURRENT ASSETS                         |              |              |
| Cash (Note 1)                          | \$ 797,680   | \$ 696,058   |
| Certificates of Deposit (Note 1)       | 552,887      | 549,868      |
| TOTAL CASH AND CASH EQUIVALENTS        | 1,350,567    | 1,245,926    |
| Grants and contracts receivable        | 206,011      | 187,431      |
| Prepaid expenses                       | 4,843        | 4,738        |
| TOTAL CURRENT ASSETS                   | 1,561,421    | 1,438,095    |
| FIXED ASSETS                           |              |              |
| Building                               | 943,047      | 943,047      |
| Equipment and furniture                | 146,287      | 137,808      |
|                                        | 1,089,334    | 1,080,855    |
| Less accumulated depreciation          | (417,467)    | (385,803)    |
| TOTAL FIXED ASSETS                     | 671,868      | 695,052      |
| TOTAL ASSETS                           | \$ 2,233,289 | \$ 2,133,147 |
| LIABILITIES AND NET ASSETS             |              |              |
| CURRENT LIABILITIES                    |              |              |
| Accounts payable and accrued expenses  | \$ 14,190    | \$ 10,031    |
| Deferred revenue (Note 5)              | 23,550       | 15,450       |
| TOTAL CURRENT LIABILITIES              | 37,740       | 25,481       |
| COMMITMENTS AND CONTINGENCIES (Note 6) |              |              |
| Net Assets without Donor Restrictions  | 2,195,548    | 2,107,666    |
| Net Assets with Donor Restriction      | -            | -            |
| TOTAL NET ASSETS                       | 2,195,548    | 2,107,666    |
| TOTAL LIABILITIES & NET ASSETS         | \$ 2,233,289 | \$ 2,133,147 |

FAIR HOUSING CENTER OF WEST MICHIGAN  
STATEMENTS OF ACTIVITIES  
FOR YEARS ENDED DECEMBER 31, 2019 AND 2018

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|                                                                     | 2019                 | 2018                   |
|---------------------------------------------------------------------|----------------------|------------------------|
| <b>SUPPORT AND REVENUE</b>                                          |                      |                        |
| U.S. HUD Fair Housing Initiatives Program                           | \$ 404,792           | \$ 349,618             |
| Professional services and settlements                               | 153,352              | 83,376                 |
| Community Development Block Grants (Note 3)                         | 156,845              | 139,510                |
| Special events and memberships, net of expenses of \$50,747(Note 4) | 14,537               | 13,489                 |
| Donations                                                           | 14,600               | 7,409                  |
| Interest Income                                                     | 7,563                | 6,266                  |
|                                                                     | <b>\$ 751,688</b>    | <b>\$ 599,668</b>      |
| <br><b>EXPENSES</b>                                                 |                      |                        |
| Program services:                                                   |                      |                        |
| Fair Housing Services                                               | 587,296              | 523,744                |
| Supporting Services:                                                |                      |                        |
| Management and general                                              | 67,125               | 118,009                |
| Fundraising                                                         | 9,385                | 3,322                  |
|                                                                     | <b>\$ 663,806</b>    | <b>\$ 645,075</b>      |
| <br><b>CHANGE IN NET ASSETS</b>                                     | <br><b>\$ 87,882</b> | <br><b>\$ (45,407)</b> |

FAIR HOUSING CENTER OF WEST MICHIGAN  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR YEAR ENDED DECEMBER 31, 2019 AND 2018  
(WITH COMPARATIVE TOTALS FOR 2018)

|                                                          | 2019                     |                              |                 |                   |
|----------------------------------------------------------|--------------------------|------------------------------|-----------------|-------------------|
|                                                          | Fair Housing<br>Services | Management<br>And<br>General | Fundraising     | Total             |
| EXPENSES:                                                |                          |                              |                 |                   |
| Personnel expenses:                                      |                          |                              |                 |                   |
| Salaries                                                 | \$ 329,208               | \$ 31,457                    | \$ 7,255        | \$ 367,921        |
| Employee benefits                                        | 67,819                   | 2,213                        | -               | 70,032            |
| Payroll taxes                                            | 26,121                   | 2,195                        | 555             | 28,871            |
| <b>TOTAL PERSONNEL EXPENSES</b>                          | <b>423,148</b>           | <b>35,865</b>                | <b>7,811</b>    | <b>466,824</b>    |
| Depreciation                                             | 30,724                   | 940                          | -               | 31,663            |
| Professional services                                    | 24,876                   | 8,602                        | -               | 33,478            |
| Office supplies                                          | 8,590                    | 7,243                        | 108             | 15,940            |
| Printing and postage                                     | 11,302                   | 1,022                        | 1,316           | 13,640            |
| Professional development                                 | 14,072                   | 3,602                        | -               | 17,674            |
| Occupancy                                                | 21,802                   | -                            | -               | 21,802            |
| Contract services                                        | 11,376                   | 20                           | -               | 11,395            |
| Tester and staff mileage                                 | 11,877                   | (662)                        | 10              | 11,225            |
| Telephone                                                | 9,578                    | 743                          | 140             | 10,461            |
| Travel                                                   | 1,600                    | 7,379                        | -               | 8,979             |
| Insurance                                                | 11,812                   | 53                           | -               | 11,865            |
| Equipment rental and maintenance                         | 6,539                    | 2,319                        | -               | 8,858             |
| Miscellaneous                                            | -                        | -                            | -               | -                 |
| <b>TOTAL PROGRAM AND SUPPORTING<br/>SERVICES EXPENSE</b> | <b>\$ 587,296</b>        | <b>\$ 67,125</b>             | <b>\$ 9,385</b> | <b>\$ 663,806</b> |

FAIR HOUSING CENTER OF WEST MICHIGAN  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR YEAR ENDED DECEMBER 31, 2019 AND 2018  
(WITH COMPARATIVE TOTALS FOR 2018)

|                                                          | 2018                     |                   |                 |                   |
|----------------------------------------------------------|--------------------------|-------------------|-----------------|-------------------|
|                                                          | Management               |                   |                 | Total             |
|                                                          | Fair Housing<br>Services | And<br>General    | Fundraising     |                   |
| EXPENSES:                                                |                          |                   |                 |                   |
| Personnel expenses:                                      |                          |                   |                 |                   |
| Salaries                                                 | \$ 303,875               | \$ 42,213         | \$ 495          | \$ 346,583        |
| Employee benefits                                        | 54,986                   | 8,901             | -               | 63,887            |
| Payroll taxes                                            | 24,161                   | 3,379             | 38              | 27,578            |
| <b>TOTAL PERSONNEL EXPENSES</b>                          | <b>383,022</b>           | <b>54,493</b>     | <b>533</b>      | <b>438,048</b>    |
| Depreciation                                             | 24,456                   | 6,864             | -               | 31,320            |
| Professional services                                    | 27,395                   | 9,317             | -               | 36,712            |
| Office supplies                                          | 4,030                    | 9,876             | -               | 13,906            |
| Printing and postage                                     | 13,286                   | 1,519             | 2,432           | 17,237            |
| Professional development                                 | 14,966                   | 3,805             | -               | 18,771            |
| Occupancy                                                | 14,975                   | 5,482             | 64              | 20,521            |
| Contract services                                        | 15,512                   | -                 | -               | 15,512            |
| Tester and staff mileage                                 | 9,144                    | 4,785             | -               | 13,929            |
| Telephone                                                | 7,838                    | 2,252             | 293             | 10,383            |
| Travel                                                   | -                        | 6,974             | -               | 6,974             |
| Insurance                                                | 4,510                    | 7,615             | -               | 12,125            |
| Equipment rental and maintenance                         | 2,280                    | 5,027             | -               | 7,307             |
| Miscellaneous                                            | 2,330                    | -                 | -               | 2,330             |
| <b>TOTAL PROGRAM AND SUPPORTING<br/>SERVICES EXPENSE</b> | <b>\$ 523,744</b>        | <b>\$ 118,009</b> | <b>\$ 3,322</b> | <b>\$ 645,075</b> |



FAIR HOUSING CENTER OF WEST MICHIGAN  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED  
DECEMBER 31, 2019 AND 2018

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|                                 | <u>2019</u>                | <u>2018</u>                |
|---------------------------------|----------------------------|----------------------------|
| NET ASSETS AT BEGINNING OF YEAR | \$ 2,107,666               | \$ 2,153,073               |
| Change in Net Assets            | <u>87,882</u>              | <u>(45,407)</u>            |
| NET ASSETS AT END OF YEAR       | <u><u>\$ 2,195,548</u></u> | <u><u>\$ 2,107,666</u></u> |

FAIR HOUSING CENTER OF WEST MICHIGAN  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED  
 DECEMBER 31, 2019 AND 2018

|                                                                                               | 2019                | 2018                |
|-----------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                   |                     |                     |
| Change in Net Assets                                                                          | \$ 87,882           | \$ (45,407)         |
| Adjustments to reconcile change in<br>unrestricted net assets to net cash from<br>operations: |                     |                     |
| Depreciation                                                                                  | 31,663              | 31,320              |
| Changes in operating assets and liabilities:                                                  |                     |                     |
| Grant Receivable                                                                              | (18,580)            | (36,047)            |
| Prepaid Expenses                                                                              | (193)               | (2,415)             |
| Accounts Payable and Accrued Expenses                                                         | 4,247               | (1,956)             |
| Deferred Revenue                                                                              | 8,100               | 550                 |
| <b>NET CASH USED BY OPERATING ACTIVITIES</b>                                                  | <b>\$ 113,120</b>   | <b>\$ (53,955)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                   |                     |                     |
| Changes in fixed assets                                                                       |                     |                     |
| Building                                                                                      | \$ (8,479)          | \$ (70)             |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                                              | <b>\$ (8,479)</b>   | <b>\$ -</b>         |
| <b>NET INCREASE/(DECREASE) IN CASH</b>                                                        | <b>104,641</b>      | <b>(53,955)</b>     |
| <b>CASH AT BEGINNING OF YEAR</b>                                                              | <b>1,245,926</b>    | <b>1,299,881</b>    |
| <b>CASH AT END OF YEAR</b>                                                                    | <b>\$ 1,350,567</b> | <b>\$ 1,245,926</b> |

FAIR HOUSING CENTER OF WEST MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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Note 1 – Summary of Significant Accounting Policies

**ORGANIZATION** – The Fair Housing Center of West Michigan (FHCWM) was established and incorporated in 1980. The FHCWM was established to ensure equal opportunities in housing in the West Michigan area. The organization receives a majority of its funding from Community Development grants or other Department of Housing and Urban Development funds which are administered by various government entities.

**MISSION** – The Fair Housing Center of West Michigan’s mission is to prevent and eliminate illegal housing discrimination and to ensure equal housing opportunity.

We achieve our objective through education, outreach, advocacy, and enforcement.

Our Guiding principle is to work with others to eliminate illegal housing discrimination and build an understanding of the value of fair housing through education, outreach, advocacy and enforcement.

**BASIS OF PRESENTATION** – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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

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.

**CASH AND CASH EQUIVALENTS** – For purposes of the financial statements, the Organization considers all unrestricted highly liquid investments to be cash equivalents. Certificates of deposit in the amounts of \$549,868 and \$547,346 are included in cash at December 31, 2019 and 2018, respectively. The certificates bear interest ranging from .10% to .95%, and have staggered maturities through August 2020, with penalties for early withdrawal.

FAIR HOUSING CENTER OF WEST MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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Note 1 – Summary of Significant Accounting Policies - Continued

**EQUIPMENT AND FURNITURE** – Equipment and furniture are stated at cost, or if donated, recorded at the fair value at the date of gift. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

**USE OF ESTIMATES** – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenue and expenses. Actual results could differ from those estimates.

**RECLASSIFICATIONS** – Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**INCOME TAX STATUS** – The FHCWM is a not-for-profit organization exempt from federal income tax under Section 501 (c) 3 of the Internal Revenue Code. The Organizations Federal Form 990 returns for the years 2019, 2018, and 2017 are subject to examination by the IRS, generally for three years after they are filed. Management believes that its income tax filing 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 years, the Organization has not recorded any reserves or related accruals for uncertain tax positions at December 31, 2019 or 2018.

**FUNCTIONAL CLASSIFICATION OF EXPENSES** – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

| Expense           | Method of allocation |
|-------------------|----------------------|
| Salaries          | Time and effort      |
| Employee benefits | Time and effort      |
| Payroll taxes     | Time and effort      |
| Depreciation      | Square footage       |
| Occupancy         | Square footage       |

**REVENUE AND REVENUE RECOGNITION** - The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

FAIR HOUSING CENTER OF WEST MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

In accordance with the ASU, the organization has determined that no adjustments need to be made to the previously reported financial statements.

Note 2 – Availability of Financial Assets

Fair Housing Center of West Michigan financial assets available within one year of the balance sheet date for general expenditure are as follows:

|                                                                                        |                         |
|----------------------------------------------------------------------------------------|-------------------------|
| Financial assets at year end:                                                          | <u>2019</u>             |
| Cash and cash equivalents                                                              | \$ 797,680              |
| Certificates of Deposit                                                                | 552,887                 |
| Grant Receivable                                                                       | <u>206,011</u>          |
| Total financial assets                                                                 | \$ 1,556,578            |
| <br>                                                                                   |                         |
| Financial assets available to meet general expenditures<br>over the next twelve months | <br><u>\$ 1,556,578</u> |

FAIR HOUSING CENTER OF WEST MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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Note 3 – Community Development Block Grants

During 2019 and 2018 the FHCWM received Community Development grants from various governmental entities to provide services in the area of fair housing. The program fiscal period and program budget amounts are as follows:

|                      |                   |          |
|----------------------|-------------------|----------|
| City of Grand Rapids | 7/01/18 - 6/30/19 | \$75,000 |
|                      | 7/01/19 - 6/30/20 | \$75,000 |
| City of Holland      | 7/01/18 - 6/30/19 | \$ 8,000 |
|                      | 7/01/19 - 6/30/20 | \$10,000 |
| Kent County          | 7/01/18 - 6/30/19 | \$40,000 |
|                      | 7/01/19 - 6/30/20 | \$40,000 |
| City of Wyoming      | 7/01/18 - 6/30/19 | \$ 5,000 |
|                      | 7/01/19 - 6/30/20 | \$11,000 |

Note 4 – Special Events

Since 1987, the FHCWM has held an annual luncheon. This annual event features a keynote speaker and workshops designed to promote education around fair housing.

Note 5 – Deferred Revenue

At December 31, 2019 and 2018, the Organization has received revenue for future time periods and has recorded those receipts as Deferred Revenue until the revenue is earned.

Note 6 - Commitments and Contingencies

Grant programs require fulfillment of certain conditions or compliance with contractual agreements. Failure to fulfill these conditions or comply with the required contracts could result in questioned or disallowed costs that the FHCWM might be required to return to the grantors. It is management's opinion that they have complied with all contractual requirements. Generally, an annual performance audit is required by the funders. There were no material findings in these performance audits for the year ended December 31, 2019 and 2018.

During the course of the year, the Organization may maintain cash balances at various financial institutions over the FDIC insured limits.

The Organization has a credit card with an available limit of \$9,000. There was no outstanding balance on this card at December 31, 2019 or 2018.

Note 7 – Net Assets with Donor Restrictions

The organization has no assets with Donor Restrictions

FAIR HOUSING CENTER OF WEST MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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Note 8 - Retirement Plan

The Organization has adopted a retirement plan that is qualified under Section 401(k) of the Internal Revenue Code. The plan covers all employees of the Organization. During the years 2019 and 2018, the Organization matched employee contributions up to 7% of an employees' salary. Employees may make contributions to the plan up to the maximum allowed by the Internal Revenue Code if they wish. Plan expenses were \$22,108 and \$21,233 for the years ended December 31, 2019 and 2018, respectively.

Note 9 – Board Designated Net Assets

In 2013, the National Fair Housing Alliance (NFHA), along with its member organizations, including the FHCWM, received a settlement from Wells Fargo Bank to provide funds to promote home ownership, neighborhood stabilization, property rehabilitation, and development in communities of color. The FHCWM received \$1.42 million dollars to provide for investments into neighborhoods with the City of Grand Rapids that are predominantly occupied by African-American and Latino residents. This initiative is entitled the 49507! Project. This project was completed in 2015 with a balance of approximately \$72,000. These funds have been designated by the Board of Directors for specific programming.

Note 10 – Subsequent Events

Subsequent events were evaluated through March 19, 2020, which is the date the financial statements were available to be issued.