

FAIR HOUSING CENTER OF WEST MICHIGAN

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

Lori J Lemieux CPA PLC

**FAIR HOUSING CENTER OF WEST MICHIGAN
GRAND RAPIDS, MICHIGAN
FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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INDEPENDENT AUDITOR'S REPORT

910 Maplerow Ave NW
Grand Rapids, MI 49534

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

(616)735-4233 Phone/Fax
Lemieuxcpa@hotmail.com

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, 2014 and 2013, and the related statements of activities, 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.

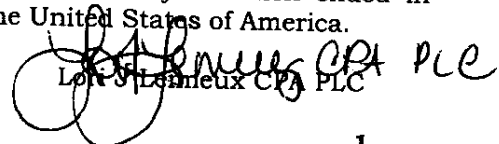
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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, 2014 and 2013, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Grand Rapids, Michigan
March 24, 2015


Lori J. Lemieux CPA PLC

**FAIR HOUSING CENTER OF WEST MICHIGAN
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash (Note 1)	\$ 1,294,623	\$ 1,839,842
Certificates of Deposit (Note 1)	491,330	440,116
TOTAL CASH AND CASH EQUIVALENTS	<u>1,785,953</u>	<u>2,279,958</u>
Grants and contracts receivable	141,873	146,051
Prepaid expenses	3,280	1,945
TOTAL CURRENT ASSETS	<u>1,931,106</u>	<u>2,427,954</u>
FIXED ASSETS		
Building	942,977	942,977
Equipment and furniture	139,255	142,875
	<u>1,082,232</u>	<u>1,085,852</u>
Less accumulated depreciation	(294,282)	(268,039)
TOTAL FIXED ASSETS	<u>787,950</u>	<u>817,813</u>
TOTAL ASSETS	<u>\$ 2,719,056</u>	<u>\$ 3,245,767</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 9,211	\$ 8,375
Deferred revenue (Note 5)	3,800	16,100
TOTAL CURRENT LIABILITIES	<u>13,011</u>	<u>24,475</u>
COMMITMENTS AND CONTINGENCIES (Note 6)		
Unrestricted net assets	1,959,350	1,905,108
Temporarily restricted net assets (Note 4)	746,695	1,316,184
TOTAL NET ASSETS	<u>2,706,045</u>	<u>3,221,292</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 2,719,056</u>	<u>\$ 3,245,767</u>

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

**FAIR HOUSING CENTER OF WEST MICHIGAN
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013**

	Unrestricted	Temporarily Restricted	Total	
			2014	2013
SUPPORT AND REVENUE				
U.S. HUD Fair Housing Initiatives Program				
Professional services and settlements	\$ 352,000	\$ -	\$ 352,000	\$ 409,816
Community Development Block Grants (Note 2)	98,514	-	98,514	1,658,365
Special events and memberships, net of expenses of \$24,517 (Note 3)	127,152	-	127,152	118,757
Donations	26,762	-	26,762	20,873
Interest Income	3,875	-	3,875	6,963
Net assets released from restrictions	3,925	-	3,925	3,111
	569,489	(569,489)	-	-
TOTAL SUPPORT AND REVENUE	\$ 1,181,717	\$ (569,489)	\$ 612,228	\$ 2,217,885
EXPENSES				
Program services:				
Fair Housing Services	1,089,073	-	1,089,073	610,146
Supporting Services:				
Management and general	37,847	-	37,847	39,274
Fundraising	555	-	555	435
TOTAL EXPENSES	\$ 1,127,475	\$ -	\$ 1,127,475	\$ 649,855
CHANGE IN NET ASSETS	\$ 54,242	\$ (569,489)	\$ (515,247)	\$ 1,568,030

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

**FAIR HOUSING CENTER OF WEST MICHIGAN
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)**

	PROGRAM SERVICES		SUPPORTING SERVICES				Total	
	Fair Housing Services	49507f	Total Program Services	Management And General	Fundraising	Total Supporting Services	2014	2013
EXPENSES:								
Personnel expenses:								
Salaries	\$ 259,228	\$ 5,771	\$ 264,999	\$ 13,947	\$ -	\$ 13,947	\$ 278,946	\$ 297,120
Employee benefits	43,648		43,648	2,297	-	2,297	45,945	56,032
Payroll taxes	21,357	462	21,819	1,148	-	1,148	22,967	24,945
TOTAL PERSONNEL EXPENSES	324,233	6,233	330,466	17,392	-	17,392	347,858	378,097
Depreciation	29,132	-	29,132	731	-	731	29,863	32,827
Professional services	30,371	34,980	65,351	6,739	-	6,739	72,090	67,860
Office supplies	6,841	1,475	8,316	9,522	-	9,522	17,838	20,998
Printing and postage	16,788	37	16,825	555	555	1,110	17,935	24,126
Professional development	19,631	14,706	34,337	2,536	-	2,536	36,873	40,893
Occupancy	27,026	3,247	30,273	-	-	-	30,273	32,395
Contract services	13,761	508,508	522,269	-	-	-	522,269	15,135
Tester and staff mileage	15,677	303	15,980	-	-	-	15,980	13,137
Technology and web development		-	-	-	-	-	-	2,853
Telephone	9,131	-	9,131	-	-	-	9,131	9,796
Insurance	10,142	-	10,142	320	-	320	10,462	8,745
Equipment rental and maintenance	15,842	-	15,842	-	-	-	15,842	2,531
Miscellaneous	1,009	-	1,009	52	-	52	1,061	462
TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSE	\$ 519,584	\$ 569,489	\$ 1,089,073	\$ 37,847	\$ 555	\$ 38,402	\$ 1,127,475	\$ 649,855

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

**FAIR HOUSING CENTER OF WEST MICHIGAN
 STATEMENTS OF CHANGES IN NET ASSETS
 FOR THE YEARS ENDED
 DECEMBER 31, 2014 (WITH COMPARATIVE TOTALS FOR 2013)**

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
NET ASSETS AT BEGINNING OF YEAR	\$ 1,905,108	\$ 1,316,184	\$ 3,221,292	\$ 1,653,262
Change in Net Assets	54,242	(569,489)	(515,247)	1,568,030
NET ASSETS AT END OF YEAR	\$ 1,959,350	\$ 746,695	\$ 2,706,045	\$ 3,221,292

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

**FAIR HOUSING CENTER OF WEST MICHIGAN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (515,247)	\$ 1,568,030
Adjustments to reconcile change in unrestricted net assets to net cash from operations:		
Depreciation	29,863	32,827
Changes in operating assets and liabilities:		
Grant Receivable	4,178	12,118
Prepaid Expenses	(1,335)	6,257
Accounts Payable and Accrued Expenses	836	(9,028)
Deferred Revenue	(12,300)	6,600
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (494,005)</u>	<u>\$ 1,616,804</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	-	(5,120)
NET CASH USED IN OPERATING ACTIVITIES	-	(5,120)
NET INCREASE/(DECREASE) IN CASH	(494,005)	1,611,684
CASH AT BEGINNING OF YEAR	<u>2,279,958</u>	<u>668,274</u>
CASH AT END OF YEAR	<u>\$ 1,785,953</u>	<u>\$ 2,279,958</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest:	<u>\$ -</u>	<u>\$ -</u>

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

**FAIR HOUSING CENTER OF WEST MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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

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 FHCWM and changes therein are classified and reported as follows:

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

Temporarily restricted net assets – Net assets that are subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. Temporarily restricted net assets includes funds from a settlement to be spent in 2015 for the 49507! Program.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. FHCWM had no permanently restricted net assets at December 31, 2014 and 2013.

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.

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 \$491,330 and \$440,116 are included in cash at December 31, 2014 and 2013, respectively. The certificates bear interest ranging from .05% to .95%, and have staggered maturities through August 2018, with penalties for early withdrawal.

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.

**FAIR HOUSING CENTER OF WEST MICHIGAN
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2014 AND 2013**

Note 1 - Summary of Significant Accounting Policies - continued

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 2014, 2013, and 2012 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, 2014 or 2013.

Note 2 - Community Development Block Grants

During 2014 and 2013 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	7/01/13 - 6/30/14	\$ 65,623
	7/01/14 - 6/30/15	\$ 71,450
City of Holland	7/01/13 - 6/30/14	\$ 5,000
	7/01/14 - 6/30/15	\$ 7,200
Kent County	7/01/13 - 6/30/14	\$ 40,000
	7/01/14 - 6/30/15	\$ 40,000
City of Wyoming	7/01/13 - 6/30/14	\$ 15,000
	7/01/14 - 6/30/15	\$ 15,000

Note 3 - Special Events

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

Note 4 - Neighborhood Investment Initiative

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.

	As of <u>December 31, 2014</u>
Total received	\$1,421,053
Expended to date	<u>(674,358)</u>
Remaining	\$ 746,695

**FAIR HOUSING CENTER OF WEST MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014 AND 2013**

Note 5 - Deferred Revenue

At December 31, 2014 and 2013, 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, 2014 and 2013.

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, 2014 or 2013.

Note 7 - 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 year 2014 and 2013, the Organization matched employee contributions, up to 6% of an employee's salary. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. Plan expenses were \$16,548 and \$18,665 for the years ended December 31, 2014 and 2013, respectively.

Note 8 - Subsequent Events

Subsequent events were evaluated through March 24, 2015, which is the date the financial statements were available to be issued.