

WESTERN STATES SEISMIC POLICY COUNCIL

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT
and
FINANCIAL STATEMENTS**

NOVEMBER 30, 2014 AND 2013

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Western States Seismic Policy Council

We have reviewed the accompanying statements of financial position of Western States Seismic Policy Council as of November 30, 2014 and 2013, and the related statements of activities, cash flows and functional expenses for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Cook CPA Group

Roseville, California
January 20, 2015

WESTERN STATES SEISMIC POLICY COUNCIL
STATEMENTS OF FINANCIAL POSITION
NOVEMBER 30, 2014 AND 2013

	2014	2013
Assets:		
Cash	\$ 154,848	\$ 146,332
Grants receivables (Note 2)	19,211	31,648
Books and periodicals	500	500
Office equipment at cost (Less accumulated depreciation of \$7,035 and \$6,767) (Note 3)	<u>1,109</u>	<u>1,377</u>
Total Assets	<u><u>\$ 175,668</u></u>	<u><u>\$ 179,857</u></u>
Liabilities:		
Accrued expenses and accounts payable	\$ 2,708	\$ 9,696
Accrued vacation	<u>3,751</u>	<u>4,069</u>
Total Liabilities	<u>6,459</u>	<u>13,765</u>
Net Assets:		
Unrestricted	<u>169,209</u>	<u>166,092</u>
Total Net Assets	<u>169,209</u>	<u>166,092</u>
Total Liabilities and Net Assets	<u><u>\$ 175,668</u></u>	<u><u>\$ 179,857</u></u>

WESTERN STATES SEISMIC POLICY COUNCIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

	Unrestricted	
	<u>2014</u>	<u>2013</u>
Revenues and Support:		
Membership dues and registration	\$ 4,475	\$ 4,175
FEMA cooperative agreements	232,199	246,165
Interest income	201	198
Total Revenues and Support	<u>236,875</u>	<u>250,538</u>
Expenses:		
Program services	197,123	209,588
Management and general	36,635	39,852
Total Expenses	<u>233,758</u>	<u>249,440</u>
Change in Net Assets	3,117	1,098
Net Assets at Beginning of Year	<u>166,092</u>	<u>164,994</u>
Net Assets at End of Year	<u>\$ 169,209</u>	<u>\$ 166,092</u>

WESTERN STATES SEISMIC POLICY COUNCIL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

	2014	2013
RECONCILIATION OF NET INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	\$ 3,117	\$ 1,098
Change in operating assets and liabilities:		
Depreciation	268	900
(Increase) Decrease in:		
Grants receivable	12,437	8,835
Increase (Decrease) in:		
Accounts payable	(6,988)	3,192
Accrued vacation	(318)	(943)
Cash provided by operating activities	8,516	13,082
 NET INCREASE IN CASH	 8,516	 13,082
 Cash, Beginning of the year	 146,332	 133,250
 Cash, End of the year	 \$ 154,848	 \$ 146,332

WESTERN STATES SEISMIC POLICY COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED NOVEMBER 30, 2014

	Program Services	Management and General	Total
Salaries and fringe benefits	\$ 115,822	\$ 21,468	\$ 137,290
Payroll taxes	6,835	1,207	8,042
Professional fees - accounting	1,262	5,047	6,309
Professional fees - other	3,756	663	4,419
Rent	15,830	2,794	18,624
Insurance	772	257	1,029
Telephone	2,078	694	2,772
Office supplies and miscellaneous	2,733	911	3,644
Internet services	1,401	-	1,401
Staff expenses	5,445	-	5,445
Conference expenses	8,391	-	8,391
State assistance	22,822	-	22,822
Executive committee	9,209	1,024	10,233
Bank and payroll charges	767	2,302	3,069
Depreciation and amortization	-	268	268
Total Expenses	\$ 197,123	\$ 36,635	\$ 233,758

WESTERN STATES SEISMIC POLICY COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED NOVEMBER 30, 2013

	Program Services	Management and General	Total
Salaries and fringe benefits	\$ 124,914	\$ 24,073	\$ 148,987
Payroll taxes	7,271	1,284	8,555
Professional fees - accounting	1,269	5,076	6,345
Professional fees - other	4,029	711	4,740
Rent	15,830	2,794	18,624
Insurance	816	272	1,088
Telephone	2,190	731	2,921
Office supplies and miscellaneous	3,147	1,049	4,196
Internet services	1,145	-	1,145
Staff expenses	8,742	-	8,742
Conference expenses	5,060	-	5,060
State assistance	25,384	-	25,384
Executive committee	9,143	1,017	10,160
Bank and payroll charges	648	1,945	2,593
Depreciation and amortization	-	900	900
Total Expenses	\$ 209,588	\$ 39,852	\$ 249,440

WESTERN STATES SEISMIC POLICY COUNCIL
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2014 AND 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Western States Seismic Policy Council (the Council) was founded in 1979 and incorporated in 1996 as a 501 (c)(3) non-profit organization. The Council provides a forum to develop seismic policies and share information to promote programs to reduce earthquake losses throughout the western region of the United States, three U.S. territories, a Canadian territory, and a Canadian province. It is funded primarily by the Department of Homeland Security's Federal Emergency Management Agency (FEMA).

Basis of Accounting

The Council prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenue and support are recognized when earned, and expenses are recognized when incurred.

Financial Statement Presentation

Financial statement presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Council has no temporarily and permanently restricted net assets during 2014 and 2013.

Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been provided since management considers all accounts to be collectible as the grants receivable have historically been received in full.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of reporting cash flows, the Council considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

WESTERN STATES SEISMIC POLICY COUNCIL
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2014 AND 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the Council's programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services.

Grants and Cooperative Agreements

The grants and cooperative agreements are cost reimbursement type agreements; therefore, the Council records income when expenditures are made in compliance with the terms of the agreements.

Income Taxes

The Council under preliminary determination is a not-for-profit organization that is exempt from income taxed under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

Property and Equipment

Property and equipment are recorded at cost when acquisition costs are greater than \$5,000. Depreciation is provided on the straight-line basis over five years.

Subsequent Event

The Council has evaluated subsequent events for potential recognition and/or disclosure through January 20, 2015, the date the financial statements were issued.

NOTE 2 – GRANTS AND COOPERATIVE AGREEMENT RECEIVABLES

The Council has a receivable from FEMA in the following amounts as of November 30:

	2014	2013
FEMA	\$ 19,211	\$ 31,648
	<u>\$ 19,211</u>	<u>\$ 31,648</u>

WESTERN STATES SEISMIC POLICY COUNCIL
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2014 AND 2013

NOTE 3 – OFFICE EQUIPMENT

Property and equipment consist of the following as of November 30:

	2014	2013
Computer equipment	\$ 3,321	\$ 3,321
Office equipment	4,823	4,823
Total	8,144	8,144
Less accumulated depreciation	(7,035)	(6,767)
Capital assets, net	\$ 1,109	\$ 1,377

Depreciation expense for the year ending November 30, 2014 and 2013 totaled \$268 and \$900, respectively.

NOTE 4 – FEMA REVENUE

FEMA revenue consists of the following for the year ended November 30:

	2014	2013
2012 FEMA	\$ 4,707	\$ 175,549
2013 FEMA	172,229	70,616
2014 FEMA	55,263	-
Total	\$ 232,199	\$ 246,165

NOTE 5 – LEASE AGREEMENT

The Council leases office space in Sacramento, California on a month to month lease, in arrears, in the amount of \$1,552.

WESTERN STATES SEISMIC POLICY COUNCIL
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2014 AND 2013

NOTE 6 – DEFINED CONTRIBUTION PLAN

The Council sponsors a defined contribution plan (a SIMPLE IRA plan) covering regular employees who meet certain eligibility requirements. The Council matches an employee's contribution dollar for dollar up to 3% per year. Employees who qualify under Internal Revenue Service rules may make catch up contributions to this plan. The contributions made during the years ended November 30, 2014 and 2013 were \$2,460 and \$2,563, respectively.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Council received a grant from FEMA for an amount of \$275,500 for the time period from August 1, 2014 to July 28, 2015. The Council received a grant from FEMA for an amount of \$250,000 for the time period from August 1, 2013 to July 31, 2014. As of November 30, 2014, there was a total of \$220,237 remaining to be used by the Council for performance of various services in accordance with the terms of the grant.