

**WESTERN STATES SEISMIC POLICY COUNCIL**

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

**NOVEMBER 30, 2016 AND 2015**

## **CONTENTS**

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	PAGE
<b>INDEPENDENT ACCOUNTANT'S REVIEW REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4 - 5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 10

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors  
Western States Seismic Policy Council

We have reviewed the accompanying financial statements of Western States Seismic Policy Council (a nonprofit organization), which comprise the statements of financial position as of November 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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'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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

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

*Cook CPA Group*

Roseville, California  
January 10, 2017

**WESTERN STATES SEISMIC POLICY COUNCIL**  
**STATEMENTS OF FINANCIAL POSITION**  
**NOVEMBER 30, 2016 AND 2015**

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	<b>2016</b>	<b>2015</b>
<b>Assets:</b>		
Cash	\$ 149,283	\$ 129,107
Grants receivables (Note 2)	30,785	59,437
Books and periodicals	500	500
Office equipment at cost (Less accumulated depreciation of \$7,203 and \$7,165) (Note 3)	<u>-</u>	<u>979</u>
<b>Total Assets</b>	<u><u>\$ 180,568</u></u>	<u><u>\$ 190,023</u></u>
<b>Liabilities:</b>		
Accrued expenses and accounts payable	\$ 3,636	\$ 16,675
Accrued vacation	<u>8,946</u>	<u>5,148</u>
<b>Total Liabilities</b>	<u>12,582</u>	<u>21,823</u>
<b>Net Assets:</b>		
Unrestricted	<u>167,986</u>	<u>168,200</u>
<b>Total Net Assets</b>	<u>167,986</u>	<u>168,200</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 180,568</u></u>	<u><u>\$ 190,023</u></u>

**WESTERN STATES SEISMIC POLICY COUNCIL**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015**

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	<b>Unrestricted</b>	
	<u>2016</u>	<u>2015</u>
<b>Revenues and Support:</b>		
FEMA cooperative agreements	\$ 294,189	\$ 281,488
Membership dues and registration	4,075	3,875
Interest income and other	507	214
<b>Total Revenues and Support</b>	<u>298,771</u>	<u>285,577</u>
<b>Expenses:</b>		
Program services	262,441	249,049
Management and general	36,544	37,537
<b>Total Expenses</b>	<u>298,985</u>	<u>286,586</u>
<b>Change in Net Assets</b>	(214)	(1,009)
<b>Net Assets at Beginning of Year</b>	<u>168,200</u>	<u>169,209</u>
<b>Net Assets at End of Year</b>	<u><u>\$ 167,986</u></u>	<u><u>\$ 168,200</u></u>

**WESTERN STATES SEISMIC POLICY COUNCIL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED NOVEMBER 30, 2016**

	Program Services	Management and General	Total
Salaries and fringe benefits	\$ 132,515	\$ 16,416	\$ 148,931
Payroll taxes	8,838	1,561	10,399
Professional fees - accounting	1,985	7,939	9,924
Professional fees - other	2,280	402	2,682
Rent	15,830	2,794	18,624
Insurance	1,069	356	1,425
Telephone	2,082	695	2,777
Office supplies and miscellaneous	3,917	2,534	6,451
Internet services	1,176	-	1,176
Staff expenses	6,108	-	6,108
Conference expenses	11,482	-	11,482
State assistance	66,530	-	66,530
Executive committee	7,969	887	8,856
Bank and payroll charges	660	1,981	2,641
Depreciation and amortization	-	979	979
<b>Total Expenses</b>	<b>\$ 262,441</b>	<b>\$ 36,544</b>	<b>\$ 298,985</b>

**WESTERN STATES SEISMIC POLICY COUNCIL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED NOVEMBER 30, 2015**

	Program Services	Management and General	Total
Salaries and fringe benefits	\$ 113,100	\$ 20,679	\$ 133,779
Payroll taxes	8,078	1,426	9,504
Professional fees - accounting	1,345	5,380	6,725
Professional fees - other	1,004	177	1,181
Rent	15,830	2,794	18,624
Insurance	911	304	1,215
Telephone	2,349	784	3,133
Office supplies and miscellaneous	7,180	2,394	9,574
Internet services	1,145	-	1,145
Staff expenses	10,878	-	10,878
Conference expenses	5,529	-	5,529
State assistance	71,357	-	71,357
Executive committee	9,540	1,061	10,601
Bank and payroll charges	803	2,408	3,211
Depreciation and amortization	-	130	130
<b>Total Expenses</b>	<b>\$ 249,049</b>	<b>\$ 37,537</b>	<b>\$ 286,586</b>

**WESTERN STATES SEISMIC POLICY COUNCIL**  
**STATEMENT OF CASH FLOWS**  
**NOVEMBER 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
<b>Change in net assets:</b>	<u>\$ (214)</u>	<u>\$ (1,009)</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	979	130
(Increase) Decrease in:		
Grants receivable	28,652	(40,226)
Increase (Decrease) in:		
Accounts payable	(13,039)	13,967
Accrued vacation	<u>3,798</u>	<u>1,397</u>
<b>Cash provided by operating activities</b>	<u>20,176</u>	<u>(25,741)</u>
<b>Net Increase (Decrease) In Cash:</b>	20,176	(25,741)
<b>Cash, Beginning of the year</b>	<u>129,107</u>	<u>158,848</u>
<b>Cash, End of the year</b>	<u><u>\$ 149,283</u></u>	<u><u>\$ 129,107</u></u>



**WESTERN STATES SEISMIC POLICY COUNCIL**  
NOTES TO FINANCIAL STATEMENTS  
NOVEMBER 30, 2016 AND 2015

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**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 2016 and 2015.

*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, 2016 AND 2015

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**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 10, 2017, 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:

	<b>2016</b>	<b>2015</b>
FEMA	\$ 30,785	\$ 59,437
Total	<u>\$ 30,785</u>	<u>\$ 59,437</u>

**WESTERN STATES SEISMIC POLICY COUNCIL**  
NOTES TO FINANCIAL STATEMENTS  
NOVEMBER 30, 2016 AND 2015

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**NOTE 3 – OFFICE EQUIPMENT**

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

	<b>2016</b>	<b>2015</b>
Computer equipment	\$ 3,136	\$ 3,321
Office equipment	4,067	4,823
Total	<u>7,203</u>	<u>8,144</u>
Less accumulated depreciation	<u>(7,203)</u>	<u>(7,165)</u>
Capital assets, net	<u>\$ -</u>	<u>\$ 979</u>

Depreciation expense for the years ending November 30, 2016 and 2015 totaled \$979 and \$130, respectively.

**NOTE 4 – FEMA REVENUE**

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

	<b>2016</b>	<b>2015</b>
2014 FEMA	\$ -	\$ 192,113
2015 FEMA	211,110	89,375
2016 FEMA	<u>83,079</u>	<u>-</u>
Total	<u>\$ 294,189</u>	<u>\$ 281,488</u>

**NOTE 5 – LEASE AGREEMENT**

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

**WESTERN STATES SEISMIC POLICY COUNCIL**  
NOTES TO FINANCIAL STATEMENTS  
NOVEMBER 30, 2016 AND 2015

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**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% of compensation 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, 2016 and 2015 were \$2,587 and \$2,522, respectively.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

The Council received a grant from FEMA for an amount of \$350,000 for the time period from August 1, 2015 to July 31, 2016. As of November 30, 2016, there was a total remaining of \$49,515, which has been extended for use through December 31, 2016. The Council received a grant from FEMA for an amount of \$343,000 for the time period from August 1, 2016 to July 31, 2017, \$218,000 for basic operations and \$125,000 for supporting state projects designated by FEMA. As of November 30, 2016, there was a total of \$259,921 remaining to be used by the Council for performance of various services in accordance with the terms of the grant.