

WESTERN STATES SEISMIC POLICY COUNCIL

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

NOVEMBER 30, 2017 AND 2016

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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, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related 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, 2018

WESTERN STATES SEISMIC POLICY COUNCIL
STATEMENTS OF FINANCIAL POSITION
NOVEMBER 30, 2017 AND 2016

	2017	2016
Assets:		
Cash and cash equivalents	\$ 170,101	\$ 149,283
Grants receivables (Note 2)	20,623	30,785
Books and periodicals	500	500
	<hr/>	<hr/>
Total Assets	\$ 191,224	\$ 180,568
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Liabilities:		
Accrued expenses and accounts payable	\$ 7,320	\$ 3,636
Accrued vacation	7,509	8,946
	<hr/>	<hr/>
Total Liabilities	14,829	12,582
	<hr/>	<hr/>
Net Assets:		
Unrestricted	176,395	167,986
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Total Net Assets	176,395	167,986
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 191,224	\$ 180,568
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WESTERN STATES SEISMIC POLICY COUNCIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED NOVEMBER 30, 2017 AND 2016

	Unrestricted	
	<u>2017</u>	<u>2016</u>
Revenues and Support:		
FEMA cooperative agreements	\$ 377,307	\$ 294,189
Membership dues and registration	3,800	4,075
Interest income and other	<u>209</u>	<u>507</u>
Total Revenues and Support	381,316	298,771
Expenses:		
Program services	344,058	262,441
Management and general	<u>28,849</u>	<u>36,544</u>
Total Expenses	<u>372,907</u>	<u>298,985</u>
Change in Net Assets	8,409	(214)
Net Assets at Beginning of Year	<u>167,986</u>	<u>168,200</u>
Net Assets at End of Year	<u><u>\$ 176,395</u></u>	<u><u>\$ 167,986</u></u>

WESTERN STATES SEISMIC POLICY COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED NOVEMBER 30, 2017

	Program Services	Management and General	Total
Salaries and fringe benefits	\$ 134,746	\$ 14,836	\$ 149,582
Payroll taxes	8,397	1,483	9,880
Professional fees - accounting	1,102	4,408	5,510
Professional fees - other	1,239	219	1,458
Rent	21,083	3,721	24,804
Insurance	879	293	1,172
Telephone	1,832	612	2,444
Office supplies and miscellaneous	2,808	937	3,745
Internet services	1,236	-	1,236
Staff expenses	27	-	27
Conference expenses	3,664	-	3,664
State assistance	162,492	-	162,492
Executive committee	3,918	436	4,354
Bank and payroll charges	635	1,904	2,539
Total Expenses	\$ 344,058	\$ 28,849	\$ 372,907

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
Total Expenses	\$ 262,441	\$ 36,544	\$ 298,985

WESTERN STATES SEISMIC POLICY COUNCIL
STATEMENT OF CASH FLOWS
NOVEMBER 30, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets:	<u>\$ 8,409</u>	<u>\$ (214)</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	-	979
(Increase) Decrease in:		
Grants receivable	10,162	28,652
Increase (Decrease) in:		
Accounts payable	3,684	(13,039)
Accrued vacation	<u>(1,437)</u>	<u>3,798</u>
Cash provided by operating activities	<u>20,818</u>	<u>20,176</u>
Net increase in cash and cash equivalents	20,818	20,176
Cash and cash equivalents, beginning of the year	<u>149,283</u>	<u>129,107</u>
Cash and cash equivalents, end of the year	<u><u>\$ 170,101</u></u>	<u><u>\$ 149,283</u></u>

WESTERN STATES SEISMIC POLICY COUNCIL
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2017 AND 2016

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 2017 and 2016.

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, 2017 AND 2016

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, 2018, 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:

	2017	2016
FEMA	\$ 20,623	\$ 30,785
Total	<u>\$ 20,623</u>	<u>\$ 30,785</u>

WESTERN STATES SEISMIC POLICY COUNCIL
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2017 AND 2016

NOTE 3 – OFFICE EQUIPMENT

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

	2017	2016
Computer equipment	\$ 3,136	\$ 3,136
Office equipment	4,067	4,067
	<hr/>	<hr/>
Total	7,203	7,203
Less accumulated depreciation	(7,203)	(7,203)
	<hr/>	<hr/>
Capital assets, net	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>

Depreciation expense for the year ending November 30, 2016 was \$979. There was no depreciation expense in 2017.

NOTE 4 – FEMA REVENUE

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

	2017	2016
2015 FEMA	\$ 49,515	\$ 211,110
2016 FEMA	259,921	83,079
2017 FEMA	67,871	-
	<hr/>	<hr/>
Total	\$ 377,307	\$ 294,189
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NOTE 5 – 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, 2017 and 2016 were \$2,637 and \$2,587, respectively.

WESTERN STATES SEISMIC POLICY COUNCIL
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2017 AND 2016

NOTE 6 – LEASE AGREEMENT

The Council leases office space for its office location in Sacramento, California. On February 1, 2017, the Council signed a new sublease agreement that began February 1, 2017 and will expire December 31, 2020. The lease terms call for rent payments to be made monthly, in advance. Rent expenses totaled \$24,804 and \$18,624 for the years ended November 30, 2017 and 2016, respectively.

Future minimum lease payments as of November 30, are as follows:

2018	\$ 24,150
2019	24,885
2020	25,305
2021	19,215
Total	<u>\$ 93,555</u>

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Council received a cooperative agreement grant from FEMA for an amount of \$279,833 for the time period from August 1, 2017 to July 31, 2018: \$225,000 for basic operations and \$54,833 for supporting state projects designated by FEMA. As of November 30, 2017, 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.

During the fiscal year ending November 30, 2017, the previous grant monies available from 2015 and 2016, by extensions, were utilized in their entirety.