

**WEST MICHIGAN CENTER FOR ARTS &
TECHNOLOGY
(A Non-Profit Corporation)**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

**WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
West Michigan Center for Arts & Technology
Grand Rapids, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of West Michigan Center for Arts & Technology (a nonprofit corporation), which are comprised of the statement of financial position as of June 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.

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 error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Michigan Center for Arts & Technology as of June 30, 2017 and 2016 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

DOLINKA, VANNOORD & COMPANY, P.L.L.P.

A handwritten signature in cursive script that reads "Dolinka, Van Noord & Co., PLLP".

Certified Public Accountants
Grand Rapids, Michigan

October 24, 2017

WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

ASSETS

	2017	2016
Cash and Cash Equivalents	\$ 363,340	\$ 466,707
Pledges Receivable - Net of Allowance for Uncollectible Pledges		
Operations	806,770	722,590
Leave Your Mark Capital Campaign	4,243,756	4,149,202
Accounts Receivable	91,045	20,847
Prepaid Expenses	43,771	32,126
Collection	22,010	22,010
Property and Equipment - Net of Accumulated Depreciation	611,134	721,958
Investment in Agency Endowment Fund	304,887	271,141
Restricted Cash and Cash Equivalents for Capital Campaign	3,811,115	1,115,729
TOTAL ASSETS	\$ 10,297,828	\$ 7,522,310

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 37,399	\$ 47,669
Accrued Payroll	70,205	71,468
Accrued Payroll Liabilities	15,942	6,578
Deferred Revenue	3,000	-
TOTAL LIABILITIES	\$ 126,546	\$ 125,715

NET ASSETS

Unrestricted:		
Undesignated	\$ 873,997	\$ 971,482
Board Designated - Technology Grant	154,805	139,632
Temporarily Restricted	8,932,480	6,075,481
Permanently Restricted	210,000	210,000
TOTAL NET ASSETS	\$ 10,171,282	\$ 7,396,595
TOTAL LIABILITIES AND NET ASSETS	\$ 10,297,828	\$ 7,522,310

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY
STATEMENT OF ACTIVITIES
JUNE 30, 2017 AND 2016

	Year Ended June 30, 2017				Year Ended June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE								
Support:								
Contributions	\$ 471,732	\$ 3,776,252	\$ -	\$ 4,247,984	\$ 304,630	\$ 5,926,724	\$ -	\$ 6,231,354
In-kind Contributions	33,320	20,338	-	53,658	42,691	2,358	-	45,049
Revenues:								
Program Revenue	471,458	-	-	471,458	342,317	-	-	342,317
Special Events, net of related expense of \$77,599 and \$85,805 for June 30, 2017 and June 30, 2016	87,625	-	-	87,625	96,744	-	-	96,744
Investment Income (Loss)	-	22,228	-	22,228	-	(13,150)	-	(13,150)
Interest Income	330	21,123	-	21,453	132	-	-	132
Net Assets Released from Restriction	982,942	(982,942)	-	-	975,145	(975,145)	-	-
TOTAL REVENUE AND SUPPORT	\$ 2,047,407	\$ 2,856,999	\$ -	\$ 4,904,406	\$ 1,761,659	\$ 4,940,787	\$ -	\$ 6,702,446
EXPENSES								
Program Services:								
Program Activity	\$ 1,820,090	\$ -	\$ -	\$ 1,820,090	\$ 1,706,699	\$ -	\$ -	\$ 1,706,699
Supporting Services:								
General and Administrative	113,290	-	-	113,290	160,580	-	-	160,580
Fundraising	196,339	-	-	196,339	169,386	-	-	169,386
TOTAL EXPENSES	\$ 2,129,719	\$ -	\$ -	\$ 2,129,719	\$ 2,036,665	\$ -	\$ -	\$ 2,036,665
CHANGE IN NET ASSETS	\$ (82,312)	\$ 2,856,999	\$ -	\$ 2,774,687	\$ (275,006)	\$ 4,940,787	\$ -	\$ 4,665,781
NET ASSETS - BEGINNING OF YEAR	1,111,114	6,075,481	210,000	7,396,595	1,386,120	1,134,694	210,000	2,730,814
NET ASSETS - END OF YEAR	\$ 1,028,802	\$ 8,932,480	\$ 210,000	\$ 10,171,282	\$ 1,111,114	\$ 6,075,481	\$ 210,000	\$ 7,396,595

The accompanying notes are an integral part of these financial statements.
See independent auditors' report

WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY
STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2017 AND 2016

	Year Ended June 30, 2017				Year Ended June 30, 2016			
	Program Activity	General and Administrative	Fundraising	Total	Program Activity	General and Administrative	Fundraising	Total
Salaries	\$ 995,273	\$ 51,197	\$ 42,771	\$ 1,089,241	\$ 917,652	\$ 64,881	\$ 31,658	\$ 1,014,191
Employee Benefits	42,020	1,396	1,622	45,038	32,322	3,215	1,558	37,095
Payroll Taxes	85,496	4,388	3,443	93,327	81,848	5,722	2,791	90,361
Retirement Plan Contribution	13,495	1,132	771	15,398	-	-	-	-
Professional Fees	60,210	1,207	21,966	83,383	124,489	20,475	36,423	181,387
Insurance	14,060	3,720	931	18,711	15,676	4,221	1,099	20,996
Travel and Accommodations Expense	36,288	895	52	37,235	31,902	256	42	32,200
Program Supplies	164,201	1,653	1,632	167,486	128,173	7,829	895	136,897
Office Supplies and Printing	6,481	638	20,041	27,160	4,115	1,107	15,527	20,749
Telecommunications	5,117	365	531	6,013	3,106	1,291	251	4,648
Rent	141,920	12,765	12,345	167,030	137,587	13,238	12,103	162,928
Utilities	17,934	1,582	1,582	21,098	16,361	1,444	1,444	19,249
Repairs and Maintenance	14,435	1,223	1,202	16,860	15,391	1,992	1,242	18,625
Miscellaneous Equipment	27,136	1,418	670	29,224	-	-	-	-
Adult Program Evaluation	15,000	-	-	15,000	16,250	-	-	16,250
Promotional and Marketing	7,888	1,685	51,439	61,012	5,311	1,747	42,805	49,863
Events	17,988	1,392	1,952	21,332	17,559	489	3,029	21,077
Professional Development	1,845	8,656	6,076	16,577	3,706	10,212	358	14,276
Conference and Seminars	2,389	2,831	1,561	6,781	3,436	4,730	2,454	10,620
Depreciation	142,001	12,133	12,133	166,267	145,388	12,585	12,585	170,558
Bad Debt	-	-	8,965	8,965	-	-	705	705
Bank and Credit Card Fees	4,686	3,014	4,654	12,354	2,874	5,038	2,417	10,329
Loss on Disposal	-	-	-	-	2,269	-	-	2,269
Miscellaneous	4,227	-	-	4,227	1,284	108	-	1,392
TOTAL EXPENSES	\$ 1,820,090	\$ 113,290	\$ 196,339	\$ 2,129,719	\$ 1,706,699	\$ 160,580	\$ 169,386	\$ 2,036,665

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY
STATEMENT OF CASH FLOWS
JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributions and Grants	\$ 1,289,425	\$ 1,133,200
Cash Received from Special Events - Net of Related Expenses	87,625	96,744
Cash Received from Program Revenue	404,260	347,106
Cash Received from Interest	5,327	132
Cash Paid for Employees	(1,244,267)	(1,131,980)
Cash Paid to Suppliers	(667,866)	(648,716)
	\$ (125,496)	\$ (203,514)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Paid for Property and Equipment	\$ (55,443)	\$ (14,449)
Cash Received from Sale of Assets	-	784
	\$ (55,443)	\$ (13,665)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions and Investment Earnings Restricted for Capital Campaign	\$ 77,572	\$ 171,557
	\$ 77,572	\$ 171,557
NET DECREASE IN CASH	\$ (103,367)	\$ (45,622)
CASH - BEGINNING OF YEAR	466,707	512,329
CASH - END OF YEAR	\$ 363,340	\$ 466,707

NON CASH TRANSACTIONS

The Organization received \$53,658 and \$45,049 of donated goods, equipment and services for the year ended June 30, 2017 and 2016, respectively.

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY
STATEMENT OF CASH FLOWS - CONTINUED
JUNE 30, 2017 AND 2016

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH
FROM OPERATING ACTIVITIES**

	2017	2016
CHANGE IN NET ASSETS	\$ 2,774,687	\$ 4,665,781
Adjustments:		
Depreciation	166,267	170,558
Loss on Sale of Assets	-	2,269
Contributions and Investment Earnings Restricted for Capital Campaign	(2,867,512)	(5,517,488)
CHANGES IN ASSETS AND LIABILITIES		
(Increase) Decrease in:		
Pledges and Accounts Receivable	(154,378)	426,846
Prepaid Expenses	(11,645)	(3,823)
Investment in Agency Endowment	(33,746)	13,502
Increase (Decrease) in:		
Accounts Payable	(10,270)	28,715
Accrued Payroll	(1,263)	9,667
Accrued Payroll Liabilities	9,364	459
Deferred Revenue	3,000	-
NET CASH FROM OPERATING ACTIVITIES	\$ (125,496)	\$ (203,514)

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

West Michigan Center for Arts & Technology (WMCAT) is a not-for-profit organization whose mission is to provide a culture of opportunity for people to create social and economic progress in their lives and community.

WMCAT operates the following programs:

Teen Arts & Tech Program – This is an after-school program for local high school students. Through professional teaching, these students are involved in studio labs for photography, illustration, fashion, video game design, ceramics and audio/visual production.

Adult Career Training – This program is for adults to be prepared for career opportunities. These adults are trained for careers in medical technology, medical coding, medical billing and pharmaceutical fields.

Social Enterprise – This program consists of two social enterprises: Ambrose and Public Agency. Ambrose at WMCAT is a screen printing business used to teach students about the different aspects of business management. Students work in the areas of customer service, graphic design, quality production and basic accounting. Public Agency is a design thinking consultancy that engages community leaders, business leaders, and nonprofits to foster collaboration, innovation and action.

Basis of Accounting and Presentation

West Michigan Center for Arts & Technology has adopted the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization presents its financial position and activities according to three classes of net assets depending on the existence or absence of donor imposed restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets

Unrestricted net assets represent the Organization's resources that are available for operations.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions whose use is limited by donor imposed restrictions that expire either by passage of time or fulfillment of stipulations. The funds are reported as temporarily restricted revenues upon receipt and are transferred to unrestricted net assets when the time or purpose restrictions have been met. See Note 10 for the balances in the temporarily restricted net assets.

Permanently Restricted Net Assets

Permanently restricted net assets represent contributions that are subject to restrictions of gift instruments requiring that the principal be maintained in perpetuity and invested, but allow the income to be used for specific purposes. The permanently restricted net assets include cash and investment funds held by the Grand Rapids Community Foundation in an Agency Endowment Fund. The Organization has \$210,000 of permanently restricted net assets as of June 30, 2017 and 2016.

See independent auditors' report.

WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents consists of demand deposits, cash on hand and temporary investments that have maturities of ninety days or less. Although the balances exceed the federally insured limits at certain times during the year and at year end, they are, in the opinion of management, subject to minimal risk.

Pledges Receivable

Pledges receivable are unconditional promises to give over a donor-specified period of time. These amounts have been discounted to present value using a risk free interest rate (1% at June 30, 2017 and June 30, 2016) applicable when the pledge was received. The Organization evaluates pledges receivable for uncollectible pledges based upon historical loss experience and current economic conditions. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance. As of June 30, 2017 and 2016, the organization has an allowance for uncollectible pledges of \$5,000 and \$2,335, respectively.

Accounts Receivable

Accounts receivable represents amounts billed for the Organization's screen printing program and other services. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance. As of June 30, 2017 and 2016, the allowance for uncollectible accounts is zero.

Collection

The collection includes paintings which, if purchased, are added to the collection at cost, and if donated, are capitalized at their appraised fair market value on the date received. It is assumed that the collection does not lose value.

Property, Equipment and Depreciation

Property and equipment are recorded at cost or, if donated, at the fair market value on the date of the gift if the expenditure exceeds \$2,500. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation for financial statement purposes is computed using the straight-line method over the estimated useful lives of the assets, which generally range from 3 to 15 years. Depreciation expense was \$166,267 and \$170,558 for the years ended June 30, 2017 and 2016, respectively.

Restricted Cash and Cash Equivalents – Capital Projects

The restricted cash and cash equivalents consists of demand deposits and short term investments which were collected from the Leave Your Mark campaign during the fiscal years ended June 30, 2017 and 2016. These funds will be used to construct a new facility in Grand Rapids which will allow the Organization to increase their programs for teen and adult students and expand their social enterprise opportunities. The facility is expected to be completed by the fall of 2018.

See independent auditors' report.

WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributions

Contributions and unconditional promises to give are recorded as revenue when the contribution or promise to give is made. The contribution is recorded as unrestricted, temporarily restricted or permanently restricted revenue depending on the existence of donor restrictions and the nature of such restrictions, if they exist. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

In-Kind Contributions

The Organization recognizes in-kind contributions that create or enhance nonfinancial assets or require specialized skills and would typically be purchased had they not been provided by donation. These contributions assist the programs and supportive services of the Organization and are recorded at their fair value as contributions and expenses in the statement of activities in the period the service is provided. The total value of in-kind contributions provided was \$53,658 and \$45,049 for the year ended June 30, 2017 and 2016, respectively.

Functional Expenses

The costs to provide the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is a not for profit organization and is exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3) and is exempt from similar state and local taxes. Accordingly, no provision has been made for income tax in the accompanying financial statements.

With few exceptions, periods ending June 30, 2014 and thereafter are subject to U.S. income tax examinations by tax authorities.

NOTE 2 – PLEDGES RECEIVABLE

The Organization had the following unconditional pledges receivable for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Receivable in Less than One Year	\$ 2,592,755	\$ 2,005,711
Receivable in One to Five Years	2,220,746	2,549,416
Receivable in More than Five Years	<u>300,025</u>	<u>400,000</u>
Total Unconditional Promises to Give	\$ 5,113,526	\$ 4,955,127
Less:		
Discounts to Net Present Value	(58,000)	(81,000)
Allowance for Uncollectible Pledges	<u>(5,000)</u>	<u>(2,335)</u>
	<u>\$ 5,050,526</u>	<u>\$ 4,871,792</u>

See independent auditors' report.

WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 3 – PROPERTY AND EQUIPMENT – at cost

Property and equipment at June 30, 2017 and June 30, 2016 consisted of:

	2017	2016
Leasehold Improvements	\$ 1,026,584	\$ 1,026,584
Furniture and Fixtures	712,566	712,566
Equipment	186,385	153,336
Computers	153,079	153,079
Software	39,142	39,142
Vehicle	22,394	-
Total Property and Equipment	\$ 2,140,150	\$ 2,084,707
Less Accumulated Depreciation	(1,529,016)	(1,362,749)
NET PROPERTY AND EQUIPMENT	\$ 611,134	\$ 721,958

NOTE 4 – INVESTMENT IN AGENCY ENDOWMENT FUND

The Organization transferred a total of \$210,000 into an Agency Fund at the Grand Rapids Community Foundation. This investment is an asset of West Michigan Center for Arts & Technology. The fair market value of the investment held by the Organization was \$304,887 and \$271,141 as of June 30, 2017 and 2016, respectively.

The Board of Trustees of the Grand Rapids Community Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization, if in the sole judgment of the Board, such restriction or condition becomes in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

NOTE 5 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of inputs of the fair value hierarchy are: Level 1 – quoted prices in active markets for identical assets; Level 2 – significant other observable inputs; and Level 3 – significant unobservable inputs.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The investment in assets of the Grand Rapids Community Foundation are considered Level 3 because the interest is part of a pool that is made up of assets of various fair value inputs as determined by the Foundation. The Organization does not own any Level 1 or Level 2 investments.

See independent auditors' report.

WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 5 – FAIR VALUE MEASUREMENTS - Continued

Assets measured at fair value on a recurring basis are comprised of the following:

Assets Measured at Fair Value on a Recurring Basis:

	June 30, 2017 Level 3	June 30, 2016 Level 3
	Significant Unobservable Inputs	Significant Unobservable Inputs
Total Assets at Fair Value	\$ 304,887	\$ 271,141

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets:

Beginning Balance	\$ 271,141	\$ 284,643
Total gains (losses) - realized and unrealized, included in changes in net assets	36,256	(11,132)
Investment Fees	(2,510)	(2,370)
Ending Balance	\$ 304,887	\$ 271,141

NOTE 6 – LINE OF CREDIT

During 2017, West Michigan Center for Arts & Technology renewed their line of credit agreement with Fifth Third Bank which provides for borrowing up to \$100,000. The line of credit has an interest rate stated at the prime rate (4.25% at June 30, 2017) with a floor of 4%. The line of credit is secured by the assets of the Organization and matures in May, 2018. There were no borrowings on the line of credit at June 30, 2017 and June 30, 2016.

NOTE 7 – EMPLOYEE RETIREMENT PLAN

The Organization adopted a Simple IRA retirement plan for all eligible employees effective January 1, 2017. The Organization's retirement plan requires a match of up to 3% of an eligible employee's salary. Total retirement plan expense was \$15,398 and \$0 for June 30, 2017 and 2016, respectively.

See independent auditors' report.

WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 8 – LEASES

The Organization has entered into a non-cancellable agreement to rent office space. The agreement was extended for an additional five years beginning October 1, 2014, and ending September 30, 2019. The lease requires monthly payments \$13,514. The terms of the lease require the base rent to be adjusted on the first day of each subsequent 12 month period by 2%.

The future minimum lease obligations as of June 30, 2017 are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2018	\$ 167,892
June 30, 2019	171,250
June 30, 2020	43,023

NOTE 9 – ENDOWMENT FUND

The West Michigan Center for Arts & Technology Endowment fund consists of Agency Funds at the Grand Rapids Community Foundation.

The management of the West Michigan Center for Arts & Technology has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the policies of the endowment fund.

Endowment Net Asset Composition and Changes in Endowment Net Assets
For the Fiscal Years Ended June 30, 2017 and 2016

	<u>Unrestricted Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets - July 1, 2015	\$ -	\$ 74,643	\$ 210,000	\$ 284,643
Investment Income	-	4,438	-	4,438
Net (Depreciation) on Investments	-	(15,570)	-	(15,570)
Expenditures - Fees	-	(2,370)	-	(2,370)
Net Assets - June 30, 2016	\$ -	\$ 61,141	\$ 210,000	\$ 271,141
Investment Income	-	4,364	-	4,364
Net Appreciation on Investments	-	31,892	-	31,892
Expenditures - Fees	-	(2,510)	-	(2,510)
Net Assets - June 30, 2017	<u>\$ -</u>	<u>\$ 94,887</u>	<u>\$ 210,000</u>	<u>\$ 304,887</u>

See independent auditors' report.

WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent amounts received by the Organization as contributions designated for a specific purpose by the donor. The balances at June 30, 2017 and 2016 consist of the following:

	2017	2016
Operations	\$ 885,927	\$ 769,731
Capital Campaign	8,046,553	5,305,750
TOTAL	\$ 8,932,480	\$ 6,075,481

NOTE 11 – PURCHASE COMMITMENT

West Michigan Center for Arts & Technology entered into a buy/sell agreement with Rockford Construction on December 13, 2016 for the purchase of a condominium (entire top floor) to be built on the corner of First and Seward on the west side of Grand Rapids. An initial \$25,000 in earnest money was paid towards the purchase price upon signing the agreement with an additional \$200,000 deposit due upon the signing of the condominium documents. These documents have not yet been finalized but are anticipated to be signed at any time. The balance of the purchase price less these two deposits is due in full at closing upon possession.

NOTE 12 – RECLASSIFICATIONS

Certain items in the financial statements for the year ended June 30, 2016 have been reclassified to conform to the classifications used in the fiscal year ended June 30, 2017.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events occurring after the balance sheet date and through October 24, 2017, the date these financial statements were available to be issued, and has determined that no items require disclosure.

See independent auditors' report.