

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

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015 AND  
NINE MONTHS ENDED JUNE 30, 2014**

**WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015 AND  
NINE MONTHS ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report</b> .....	1-2
<b>Financial Statements for the Year Ended June 30, 2015 and Nine Months Ended June 30, 2014</b>	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statements of Cash Flows .....	6-7
Notes to Financial Statements .....	8-14



# DOLINKA, VANNOORD & COMPANY

A PROFESSIONAL LIMITED LIABILITY PARTNERSHIP

Certified Public Accountants

## 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, 2015, 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, 2015 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.

## **Other Matter – 2014 Financial Statements**

The financial statements of the Organization as of June 30, 2014 were audited by predecessor auditors. In their report, dated October 27, 2014, they issued an unmodified opinion of those financial statements.

## **Emphasis of Matter**

The previously issued financial statements have been restated for the correction of a material misstatement in financial statements for the nine months ended June 30, 2014. This restatement is discussed in Note 10 to the financial statements.

Respectfully submitted,

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



Certified Public Accountants  
Grand Rapids, Michigan

October 19, 2015

## 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, 2015 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.

## Other Matter – 2014 Financial Statements

The financial statements of the Organization as of June 30, 2014 were audited by predecessor auditors. In their report, dated October 27, 2014, they issued an unmodified opinion of those financial statements.

## Emphasis of Matter

The previously issued financial statements have been restated for the correction of a material misstatement in financial statements for the nine months ended June 30, 2014. This restatement is discussed in Note 10 to the financial statements.

Respectfully submitted,

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



Certified Public Accountants  
Grand Rapids, Michigan

October 19, 2015

**WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015 AND 2014**

<b>ASSETS</b>	<u>2015</u>	<u>Restated 2014</u>
Cash and Cash Equivalents	\$ 512,329	\$ 402,127
Pledges Receivable - Net of Allowance for Uncollectible Pledges	1,063,647	1,075,302
Accounts Receivable	25,636	-
Prepaid Expenses	25,369	84,735
Collection	22,010	22,010
Property and Equipment - Net of Accumulated Depreciation	881,120	1,006,555
Goodwill	2,934	-
Investment in Agency Endowment Fund	<u>284,643</u>	<u>280,717</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,817,688</u></u>	<u><u>\$ 2,871,446</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 18,954	\$ 26,406
Accrued Payroll	61,801	46,095
Accrued Payroll Liabilities	<u>6,119</u>	<u>8,264</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 86,874</u></u>	<u><u>\$ 80,765</u></u>
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	\$ 1,233,080	\$ 1,281,622
Board Designated - Technology Grant	153,040	153,040
Temporarily Restricted	1,134,694	1,146,019
Permanently Restricted	<u>210,000</u>	<u>210,000</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 2,730,814</u></u>	<u><u>\$ 2,790,681</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,817,688</u></u>	<u><u>\$ 2,871,446</u></u>

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

**WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2015 AND NINE MONTHS ENDED JUNE 30, 2014**

	Year Ended June 30, 2015				Restated Nine Months Ended June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE</b>								
Support:								
Contributions	\$ 515,082	\$ 917,091	\$ -	\$ 1,432,173	\$ 641,322	\$ 773,807	\$ -	\$ 1,415,129
In-kind Contributions	82,333	-	-	82,333	54,283	-	-	54,283
Revenues:								
Program Revenue	160,417	-	-	160,417	97,465	-	-	97,465
Special Events, net of related expense of \$85,808 and \$52,018 for June 30, 2015 and June 30, 2014	130,478	-	-	130,478	55,449	-	-	55,449
Investment Income	-	6,619	-	6,619	-	35,364	-	35,364
Interest Income	561	-	-	561	470	-	-	470
Net Assets Released from Restriction	935,035	(935,035)	-	-	277,594	(277,594)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<u>\$ 1,823,906</u>	<u>\$ (11,325)</u>	<u>\$ -</u>	<u>\$ 1,812,581</u>	<u>\$ 1,126,583</u>	<u>\$ 531,577</u>	<u>\$ -</u>	<u>\$ 1,658,160</u>
<b>EXPENSES</b>								
Program Services:								
Program Activity	\$ 1,600,972	\$ -	\$ -	\$ 1,600,972	\$ 923,573	\$ -	\$ -	\$ 923,573
Supporting Services:								
General and Administrative	186,450	-	-	186,450	111,360	-	-	111,360
Fundraising	85,026	-	-	85,026	131,295	-	-	131,295
<b>TOTAL EXPENSES</b>	<u>\$ 1,872,448</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,872,448</u>	<u>\$ 1,166,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,166,228</u>
<b>CHANGE IN NET ASSETS</b>	\$ (48,542)	\$ (11,325)	\$ -	\$ (59,867)	\$ (39,645)	\$ 531,577	\$ -	\$ 491,932
<b>NET ASSETS - BEGINNING OF YEAR</b>	1,434,662	1,146,019	210,000	2,790,681	1,474,307	614,442	210,000	2,298,749
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,386,120</u>	<u>\$ 1,134,694</u>	<u>\$ 210,000</u>	<u>\$ 2,730,814</u>	<u>\$ 1,434,662</u>	<u>\$ 1,146,019</u>	<u>\$ 210,000</u>	<u>\$ 2,790,681</u>

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**  
**YEAR ENDED JUNE 30, 2015 AND NINE MONTHS ENDED JUNE 30, 2014**

	Year Ended June 30, 2015				Restated Nine Months Ended June 30, 2014			
	Program Activity	General and Administrative	Fundraising	Total	Program Activity	General and Administrative	Fundraising	Total
Salaries	\$ 827,054	\$ 41,017	\$ 21,683	\$ 889,754	\$ 456,064	\$ 33,352	\$ 69,192	\$ 558,608
Employee Benefits	25,093	4,525	1,732	31,350	19,200	3,182	8,076	30,458
Payroll Taxes	76,213	11,627	1,118	88,958	59,930	3,516	6,235	69,681
Professional Fees	161,623	24,007	9,723	195,353	28,582	9,888	3,489	41,959
Instructional Costs	7,152	-	-	7,152	37,458	-	-	37,458
Insurance	6,355	14,330	552	21,237	9,635	3,867	900	14,402
Travel and Accommodations Expense	44,241	10,340	1,269	55,850	23,164	6,983	1,771	31,918
Program Supplies	60,228	8,195	2,764	71,187	30,043	3,502	1,054	34,599
Office Supplies and Printing	4,292	1,674	12,230	18,196	2,035	1,123	12,425	15,583
Telephone	2,669	1,566	235	4,470	1,769	226	815	2,810
Rent	124,974	24,831	11,027	160,832	99,672	8,615	8,615	116,902
Utilities	14,481	2,837	1,278	18,596	9,687	855	855	11,397
Repairs and Maintenance	16,320	1,480	1,398	19,198	12,961	3,373	1,555	17,889
Adult Program Evaluation	19,323	51	51	19,425	13,700	-	-	13,700
Promotional and Marketing	4,168	2,026	6,987	13,181	6,095	7,560	7,788	21,443
Events	20,813	1,013	701	22,527	-	-	-	-
Bank and Credit Card Fees	1,243	7,924	1,815	10,982	2,614	2,287	4,403	9,304
Professional Development	12,813	1,693	1,524	16,030	1,610	2,624	233	4,467
Conference and Seminars	4,169	4,284	2,190	10,643	102	5,189	2,640	7,931
Bad Debt	-	-	4,500	4,500	-	-	-	-
Depreciation	167,343	22,914	1,910	192,167	108,620	14,982	1,249	124,851
Miscellaneous	405	116	339	860	632	236	-	868
<b>TOTAL EXPENSES</b>	<b>\$ 1,600,972</b>	<b>\$ 186,450</b>	<b>\$ 85,026</b>	<b>1,872,448</b>	<b>\$ 923,573</b>	<b>\$ 111,360</b>	<b>\$ 131,295</b>	<b>\$ 1,166,228</b>

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**  
**YEAR ENDED JUNE 30, 2015 AND NINE MONTHS ENDED JUNE 30, 2014**

	2015	Restated 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Contributions and Grants	\$ 1,439,328	\$ 919,202
Cash Received from Special Events - Net of Related Expenses	130,478	55,449
Cash Received from Program Revenue	134,781	97,465
Cash Received from Interest	561	470
Cash Paid for Employees	(994,356)	(623,601)
Cash Paid to Suppliers	(530,924)	(451,899)
	<b>\$ 179,868</b>	<b>\$ (2,914)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash Paid for Property and Equipment	\$ (66,732)	\$ (94,715)
Cash Paid for Goodwill	(2,934)	-
	<b>\$ (69,666)</b>	<b>\$ (94,715)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>\$ 110,202</b>	<b>\$ (97,629)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>402,127</b>	<b>499,756</b>
<b>CASH - END OF YEAR</b>	<b>\$ 512,329</b>	<b>\$ 402,127</b>

**NON CASH TRANSACTIONS**

The Organization received \$82,333 and \$54,283 of donated goods , equipment and services for the year ended June 30, 2015 and nine months ended June 30, 2014, 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**  
**YEAR ENDED JUNE 30, 2015 AND NINE MONTHS ENDED JUNE 30, 2014**

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

	2015	Restated 2014
<b>CHANGE IN NET ASSETS</b>	\$ (59,867)	\$ 491,932
<b>Adjustments:</b>		
Depreciation	192,167	124,851
In-Kind Furniture Donation	-	(54,283)
 <b>CHANGES IN ASSETS AND LIABILITIES</b>		
<b>(Increase) Decrease in:</b>		
Pledges and Accounts Receivable	(13,981)	(495,927)
Prepaid Expenses	59,366	(84,735)
Investment in Agency Endowment	(3,926)	(33,650)
 <b>Increase (Decrease) in:</b>		
Accounts Payable	(7,452)	13,752
Accrued Payroll	15,706	35,146
Accrued Payroll Liabilities	(2,145)	-
 <b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 179,868</b>	<b>\$ (2,914)</b>

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**  
**YEAR ENDED JUNE 30, 2015 AND NINE MONTHS ENDED JUNE 30, 2014**

**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.

*Ambrose* – This program is a screen printing business used to teach students about different aspects of business management. The students work in areas of invoicing, estimating and production.

**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 represent the Organization's resources that are available for operations.

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. The temporarily restricted net assets were \$1,134,694 and \$1,146,019 as of June 30, 2015 and 2014, respectively.

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, 2015 and 2014.

**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.

See independent auditors' report.

**WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015 AND NINE MONTHS ENDED JUNE 30, 2014**

**NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**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, 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 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, 2015 and 2014, the organization has an allowance for uncollectible pledges of \$2,650 and \$5,000, respectively.

**Accounts Receivable**

Accounts receivable represents amounts billed for the Organization's screen printing program which was purchased in January, 2015. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance. As of June 30, 2015, 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.

**Goodwill**

Goodwill resulted from the purchase of Ambrose, LLC on January 20, 2015 and represents the excess of the acquisition cost over the fair market value of its assets at the date of acquisition.

**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. 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.

**Contributions**

Contributions and unconditional promises to give are recorded as revenue when the 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.

See independent auditors' report.

**WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015 AND NINE MONTHS ENDED JUNE 30, 2014**

**NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**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 \$82,333 and \$54,283 for the year ended June 30, 2015 and nine months ended June 30, 2014, 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, 2012 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Receivable in Less than One Year	\$ 725,675	\$ 722,334
Receivable in One to Five Years	354,622	364,768
Receivable in More than Five Years	<u>-</u>	<u>5,100</u>
Total Unconditional Promises to Give	\$ 1,080,297	\$ 1,092,202
Less:		
Discounts to Net Present Value at 3%	(14,000)	(11,900)
Allowance for Uncollectible Pledges	<u>(2,650)</u>	<u>(5,000)</u>
	<u>\$ 1,063,647</u>	<u>\$ 1,075,302</u>

See independent auditors' report.

**WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015 AND NINE MONTHS ENDED JUNE 30, 2014**

**NOTE 3 – PROPERTY AND EQUIPMENT – at cost**

Property and equipment at June 30, 2015 and June 30, 2014 consisted of:

	2015	2014
Leasehold Improvements	\$ 1,026,584	\$ 1,011,889
Furniture and Fixtures	712,566	708,141
Equipment	149,406	115,752
Computers	147,420	133,463
Software	37,909	37,909
<b>Total Property and Equipment</b>	<b>\$ 2,073,885</b>	<b>\$ 2,007,154</b>
Less Accumulated Depreciation	(1,192,765)	(1,000,599)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>\$ 881,120</b>	<b>\$ 1,006,555</b>

**NOTE 4 – INVESTMENT IN AGENCY ENDOWMENT FUND**

The Organization transferred \$50,000 in June, 2006 and an additional \$160,000 in September, 2007 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 \$284,643 and \$280,717 as of June 30, 2015 and 2014, 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. Assets measured at fair value on a recurring basis are comprised of the following:

See independent auditors' report.

**WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015 AND NINE MONTHS ENDED JUNE 30, 2014**

**NOTE 5 – FAIR VALUE MEASUREMENTS - continued**

**Assets Measured at Fair Value on a Recurring Basis:**

	June 30, 2015 Level 3	June 30, 2014 Level 3
	Significant Unobservable Inputs	Significant Unobservable Inputs
<b>Total Assets at Fair Value</b>	\$ 284,643	\$ 280,717

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

<b>Beginning Balance</b>	\$ 280,717	\$ 247,067
Total gains or losses (realized and unrealized) included in changes in net assets	6,619	35,364
Investment Fees	(2,693)	(1,714)
<b>Ending Balance</b>	\$ 284,643	\$ 280,717

**NOTE 6 – LINE OF CREDIT**

During 2015, 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 (3.25% at June 30, 2015) with a floor of 4%. The line of credit is secured by the assets of the Organization and matures in May, 2016. There were no borrowings on the line of credit at June 30, 2015 and June 30, 2014.

**NOTE 7 - LEASES**

The Organization has entered into a non cancellable agreement to rent office space. The agreement was extended during the current year for an additional five years beginning October 1, 2014, and ending September 30, 2019. The lease requires monthly payments \$13,249. 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, 2015 are as follows:

Year Ending	Amount
June 30, 2016	\$ 161,372
June 30, 2017	164,600
June 30, 2018	167,892
June 30, 2019	171,250
June 30, 2020	43,023

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See independent auditors' report.

**WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015 AND NINE MONTHS ENDED JUNE 30, 2014**

**NOTE 8 – ENDOWMENT FUNDS**

The West Michigan Center for Arts & Technology Endowment funds 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, 2015 and 2014**

	Unrestricted Designated	Temporarily Restricted	Permanently Restricted	Total
Net Assets - October 1, 2013	\$ -	\$ 37,067	\$ 210,000	\$ 247,067
Investment Income	-	4,243	-	4,243
Net Appreciation (Depreciation) on Investments	-	31,121	-	31,121
Expenditures - Fees	-	(1,714)	-	(1,714)
Net Assets - June 30, 2014	\$ -	\$ 70,717	\$ 210,000	\$ 280,717
Investment Income	-	3,732	-	3,732
Net Appreciation (Depreciation) on Investments	-	2,887	-	2,887
Expenditures - Fees	-	(2,693)	-	(2,693)
Net Assets - June 30, 2015	\$ -	\$ 74,643	\$ 210,000	\$ 284,643

**NOTE 9 - RECLASSIFICATIONS**

Certain reclassifications have been made to the June 30, 2014 financial statements to conform with the June 30, 2015 financial statement presentation. Such reclassifications have no effect on net income previously reported.

See independent auditors' report.



**WEST MICHIGAN CENTER FOR ARTS & TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015 AND NINE MONTHS ENDED JUNE 30, 2014**

**NOTE 10 - RESTATEMENT**

The Organization expensed a \$72,000 payment for consultant services during the nine months ended June 30, 2014. These services were for a contract period beginning September 1, 2014 through August 31, 2015. This payment should have been recorded as a prepaid expense and expensed during the contract period. The effect of this restatement was to increase the change in net assets for the prior year by \$72,000 and the unrestricted net assets as of June 30, 2014. There was also a change decreasing the temporarily restricted contributions by \$10,800 and increasing unrestricted net assets as of June 30, 2014.

The following financial statement line items were restated as of June 30, 2014:

	Amount Previously Reported	Amount as Restated	Restatements
Balance Sheet:			
Prepaid Expense	\$ 12,735	\$ 84,735	<u>\$ 72,000</u>
Statement of Activity:			
Professional Fees	\$ 113,959	\$ 41,959	\$ (72,000)
Unrestricted Contributions	630,522	641,322	10,800
Restricted Contributions	784,607	773,807	<u>(10,800)</u>
Restatement to Net Assets at June 30, 2014			<u>\$ 72,000</u>

**NOTE 11 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events occurring after the balance sheet date and through October 19, 2015, the date these financial statements were available to be issued, and has determined that no items require disclosure.

See independent auditors' report.