



SOUTHWEST MICHIGAN PLANNING COMMISSION

FINANCIAL REPORT

December 31, 2019 and 2018

**SOUTHWEST MICHIGAN PLANNING COMMISSION
FINANCIAL REPORT
DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Southwest Michigan Planning Commission
Benton Harbor, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Southwest Michigan Planning Commission (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

INDEPENDENT AUDITOR'S REPORT, CONCLUDED

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Michigan Planning Commission as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2020 on our consideration of Southwest Michigan Planning Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwest Michigan Planning Commission's internal control over financial reporting and compliance.

Other Information

We have audited the financial statements of Southwest Michigan Planning Commission as of and for the years ended December 31, 2019 and 2018, and have issued our report thereon dated April 17, 2020, which expressed an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole.

The supplementary information as shown in the table in of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,



Certified Public Accountants

St. Joseph, Michigan
April 17, 2020

SOUTHWEST MICHIGAN PLANNING COMMISSION
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

Assets	2019	2018
Current Assets		
Cash and cash equivalents	\$ 319,824	\$ 106,366
Due from grantors	263,247	802,086
Prepaid expenses	32,302	19,816
Total Current Assets	\$ 615,373	\$ 928,268
Fixed Assets		
Less accumulated depreciation of \$35,897 for 2019 and \$31,357 for 2018	\$ 6,332	\$ 10,872
Total Assets	\$ 621,705	\$ 939,140
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 4,494	\$ 377,843
Provision for accrued leave	32,523	33,281
Accrued payroll taxes	8,364	8,536
Escrow accounts	37,507	37,507
Deferred revenue	298,032	260,859
Total Current Liabilities	\$ 380,920	\$ 718,026
Net Assets		
Without donor restrictions	\$ 240,785	\$ 221,114
Total Liabilities and Net Assets	\$ 621,705	\$ 939,140

The Notes to Financial Statements are an integral part of this statement.

SOUTHWEST MICHIGAN PLANNING COMMISSION
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2019 and 2018

	2019	2018
	Without Donor Restrictions	Without Donor Restrictions
Support and Revenues		
Federal	\$ 398,177	\$ 556,918
State	396,287	1,116,883
County	121,546	57,627
Local	209,841	173,629
Interest and other	1,061	621
Total Support and Revenues	\$ 1,126,912	\$ 1,905,678
Expenses		
Program Expenses		
Grants and Projects		
NATS	\$ 130,889	\$ 142,392
TCATS	231,978	220,055
MDOT	121,277	220,055
U of M NSF	5,664	-
CZM	-	1,276
PPRWT	31,034	41,469
MDEQ/SAW	16,729	619,927
Rideshare	35,295	39,791
CEDS/EDA	46,808	84,056
RPI	254,650	170,017
PEP Phase II	34,748	26,887
Asset Management	24,008	110,692
FTA Mobility Management	83	5,630
Berrien Consolidated Transit	3,448	59,006
Local Planning	124,116	222,082
Total Grants and Projects	\$ 1,060,727	\$ 1,870,009
Local projects and services	46,514	46,053
Total Program Expenses	\$ 1,107,241	\$ 1,916,062
Change in Net Assets	\$ 19,671	\$ (10,384)
Net Assets, Beginning of Year	221,114	231,498
Net Assets, End of Year	\$ 240,785	\$ 221,114

The Notes to Financial Statements are an integral part of this statement.

SOUTHWEST MICHIGAN PLANNING COMMISSION
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Change in net assets	\$ 19,671	\$ (10,384)
Adjustment to reconcile change in net assets to net cash from operating activities:		
Depreciation	4,540	7,408
Changes in operating assets and liabilities which provided (used) cash:		
Due from grantors	538,839	(249,669)
Prepaid expenses	(12,486)	4,986
Accounts payable	(373,349)	227,522
Provision for accrued leave	(758)	9,512
Accrued payroll taxes	(172)	5,119
Deferred revenue	37,173	(66,217)
Net Cash Provided By (Used In) Operating Activities	\$ 213,458	\$ (71,723)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 213,458	\$ (71,723)
Cash and Cash Equivalents - Beginning of Year	106,366	178,089
Cash and Cash Equivalents - End of Year	\$ 319,824	\$ 106,366

The Notes to Financial Statements are an integral part of this statement.

SOUTHWEST MICHIGAN PLANNING COMMISSION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

Grants and Projects

	NATS	TCATS	MDOT	U of M NSF	PPRWT	MDEQ/SAW	Rideshare	CEDS/EDA	RPI	PEP Phase II	Asset Management	FTA Mobility Management	Berrien Consolidated Transit	Local Planning	Local Activities	Total Program Expenses
Expenses																
Salaries	\$ 51,110	\$ 89,322	\$ 42,182	\$ 2,355	\$ 2,925	\$ 6,895	\$ 14,240	\$ 18,602	\$ 15,306	\$ 12,800	\$ 7,578	\$ 35	\$ 1,430	\$ 36,380	\$ 14,890	\$ 316,050
Fringe benefits	23,928	41,818	19,748	1,103	1,369	3,228	6,667	8,709	7,166	6,951	4,803	16	669	17,032	12,747	155,954
Travel	2,843	6,919	1,709	-	340	24	155	1,583	1,059	-	1,810	-	-	2,956	208	19,606
Printing and postage	42	57	11,097	-	7	-	41	-	-	-	-	-	-	14	154	11,412
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,900	4,900
Dues and subscriptions	213	313	213	-	-	-	294	213	213	-	213	-	-	-	-	1,672
Supplies and materials	682	1,843	1,281	-	-	115	48	103	327	196	171	-	-	396	637	5,799
Computer services	2,600	4,191	363	-	-	-	396	-	344	-	-	-	-	-	-	7,894
Advertising	529	1,442	2,410	-	-	-	-	-	-	-	-	-	-	-	-	4,381
Conferences and training	604	1,748	-	-	-	-	-	135	123	45	268	-	-	15	-	2,938
Contractual	-	-	2,771	-	23,650	-	-	-	215,654	2,720	2,038	-	-	32,976	-	279,809
General Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,521	5,521
Direct equipment	304	304	-	-	-	-	-	-	-	-	-	-	-	-	-	608
Bank fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79	79
Indirect cost pool	48,034	84,021	39,503	2,206	2,743	6,467	13,454	17,463	14,458	12,036	7,127	32	1,349	34,347	7,378	290,618
Total Expenses	\$ 130,889	\$ 231,978	\$ 121,277	\$ 5,664	\$ 31,034	\$ 16,729	\$ 35,295	\$ 46,808	\$ 254,650	\$ 34,748	\$ 24,008	\$ 83	\$ 3,448	\$ 124,116	\$ 46,514	\$ 1,107,241

The Notes to Financial Statements are an integral part of this statement.

SOUTHWEST MICHIGAN PLANNING COMMISSION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

Grants and Projects

Expenses	Grants and Projects																Total Program Expenses
	NATS	TCATS	MACOG TDM	MDOT	CZM	PPRWT	MDEQ/SAW	Rideshare	CEDS/EDA	RPI	PEP Phase II	Asset Management	FTA Mobility Management	Berrien Consolidated Transit	Local Planning	Local Activities	
Salaries	\$ 52,580	\$ 81,856	\$ -	\$ 40,875	\$ 500	\$ 5,650	\$ 23,145	\$ 14,900	\$ 32,090	\$ 16,155	\$ 8,027	\$ 14,704	\$ 4,843	\$ 20	\$ 13,048	\$ 10,477	\$ 318,870
Fringe benefits	19,958	30,770	-	15,098	183	2,066	8,843	5,401	11,581	5,771	2,851	5,208	125	10	11,292	19,755	138,912
Travel	3,760	2,953	-	1,559	-	317	572	818	579	1,140	678	1,109	-	-	536	66	14,087
Dues and subscriptions	116	100	-	-	-	-	-	-	-	-	-	116	-	-	-	-	332
Supplies and materials	1,018	3,895	-	633	1	1,952	132	49	237	15	18	44	117	12	982	280	9,385
Computer services	2,388	1,847	-	2,814	-	-	-	463	1,096	739	162	739	272	-	759	-	11,279
Advertising	361	1,525	-	485	-	730	-	52	10	-	5,442	-	-	-	22	-	8,627
Conferences and training	239	428	-	1,058	-	-	-	-	-	-	40	2,237	-	-	65	-	4,067
Contractual	-	-	15,910	-	-	24,275	562,295	-	-	129,017	-	68,228	-	58,918	173,840	-	1,032,483
General Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,918	6,918
Direct equipment	361	487	-	143	-	-	-	-	143	-	-	738	-	-	-	-	1,872
Bank fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38	38
Indirect cost pool	61,505	96,109	-	48,129	592	6,479	24,812	17,711	38,320	17,180	9,574	17,568	273	46	21,215	8,194	367,707
Total Expenses	\$ 142,392	\$ 220,055	\$ 15,910	\$ 110,819	\$ 1,276	\$ 41,469	\$ 619,927	\$ 39,791	\$ 84,056	\$ 170,017	\$ 26,887	\$ 110,692	\$ 5,630	\$ 59,006	\$ 222,082	\$ 46,053	\$ 1,916,062

The Notes to Financial Statements are an integral part of this statement.

SOUTHWEST MICHIGAN PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. General** - The Southwest Michigan Planning Commission (the “Commission”), one of fourteen Michigan regional planning and development agencies, serves Berrien, Cass, and Van Buren Counties. Through the Commission, local units of government coordinate their efforts to maintain and improve the physical, economic and social well being of the area. The Commission has been determined to be a not-for-profit agency for financial reporting purposes.

Commission funding is obtained from county per capita contributions and federal, state and other contracts for specified projects designed to further the Commission’s goals and objectives.

- B. Accounting Method** - The financial statements of the Commission are prepared on the accrual basis.

Financial Statement Presentation - The Commission adheres to Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, which sets standards for reporting on financial statements of not-for-profit organizations. ASC 958-205 requires the classification and presentation of net assets in two categories: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Commission. These assets may be used at the discretion of the Commission’s management and board of directors.

Net assets with donor restrictions are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Commission or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated maintained in perpetuity.

SOUTHWEST MICHIGAN PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- C. Functional Allocation of Expenses** – The costs of providing the programs have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among program services benefited.

Significant expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Fringe benefits	Time and effort
Indirect cost pool	Time and effort

- D. Project and Salary Expenses** - The costs of goods and services which are identifiable for specific projects are directly charged to those projects at the time costs are incurred. Indirect costs are allocated to projects as described in Note 4.

Salary expenses for Commission employees are direct charges to the appropriate projects, with the exception of management and administrative time, which is charged to the indirect cost pool. Fringe benefits are accumulated in cost pools and distributed to projects in proportion to their direct chargeable salaries. For the years ended December 31, 2019 and 2018, the total fringe benefit rate was 49% and 44%, respectively.

- E. Fixed Assets** - Fixed assets are valued at historical cost. Depreciation has been provided over the estimated useful lives using the straight-line method. When a grantor has designated funds to be used for an equipment purchase as part of a specific grant to the Commission, the equipment is immediately expensed.
- F. Income Tax Status** - The Commission has been determined to be a governmental unit for income tax purposes and is therefore exempt from taxation.
- G. Statements of Cash Flows** - For the purpose of the Statements of Cash Flows, the Commission considers all highly liquid instruments purchased with an original maturity of three months or less to be cash and cash equivalents.
- H. Deferred Revenue** - The deferred revenue represents amounts received, but not yet earned, from various granting and local agencies.

SOUTHWEST MICHIGAN PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED

- I. Estimates** - The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses.
- J. Reclassifications** – The Commission’s policy is to reclassify, where appropriate, prior year financials to conform to the current year presentation.
- K. Adoption of New Accounting Pronouncements** – On May 28, 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* and later, various subsequent amendments (collectively “ASC 606”). This standard outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition, including industry-specific guidance. ASC 606 requires that revenue is recognized when a customer obtains control of a good or service, which is when a customer has the ability to direct the use of and obtain benefits of the good or service. ASC 606 is effective for annual periods beginning after December 15, 2018. The Association adopted ASC 606 for the annual period ended December 31, 2019 using the modified retrospective method applied to all contracts not completed as of January 1, 2019. Prior period amounts continue to be reported in accordance with legacy GAAP. The adoption of ASC 606 did not result in a material change in the accounting for any revenue streams. As such, no cumulative effect adjustment was recorded.

NOTE 2. LIQUIDITY AND AVAILABILITY

As of December 31, the Commission has the following:

	<u>2019</u>	<u>2018</u>
Working capital	\$ 234,453	\$ 210,242
Average days' cash on hand	106	20

The table below represents financial assets available for general expenditures within one year at December 31, 2019:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 319,824	\$106,366
Due from grantors	263,247	802,086
Prepaid expenses	32,302	19,816
Total financial assets available to meet general expenditures within one year	<u>\$ 615,373</u>	<u>\$928,268</u>

SOUTHWEST MICHIGAN PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 3. FISCAL PERIODS

The grants/programs listed below are awarded on a December 31st year-end basis. Expenses and revenues relating to these grants/programs have been included in their entirety in these financial statements.

Grants/Program

Economic Development Administration (EDA)
Community Economic Development
Regional Prosperity Initiative

The grants/programs listed below are awarded on a September 30th year-end basis.

Grants/Programs

Twin Cities Area Transportation Study (TCATS)
Niles Area Transportation Study – (NATS)
Michigan Department of Transportation Regional Transportation Planning (MDOT)
Asset Management

The Rideshare grant/program is awarded on a June 30th year-end basis.

The remaining grants/programs including National Pollutant Discharge Elimination System: Public Education Program Phase II (PEP II) are entered based on a project specific contractual agreement that varies depending on the project.

Only those expenses and related revenues applicable to the activities occurring during the Commission's fiscal year ended December 31 are included in the accompanying financial statements.

SOUTHWEST MICHIGAN PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 4. INDIRECT COSTS

Indirect costs that support all on-premises projects are allocated based on the ratio of the individual project’s salaries, fringe benefits and contract services on-site. Occasionally the Commission will take on projects with a maximum allowable indirect rate predetermined by contract.

The Commission’s bookkeeping necessitates that projects with contractually fixed maximum allowable indirect rates must be segregated from the overall indirect rate calculation for the Commission. The resulting indirect cost rate for the years ended December 31, 2019 and 2018 was 64% and 72%, respectively.

The following are the total indirect costs allocated to projects:

	<u>2019</u>	<u>2018</u>
Salaries (chargeable)	\$ 118,604	\$ 139,614
Benefits	51,524	71,861
Travel	497	395
Printing and advertising	1,331	463
Rent	70,538	76,073
Telephone	2,071	2,810
Professional fees	10,319	11,980
Postage	1,286	422
Dues and subscriptions	1,778	3,586
Office supplies	5,282	6,150
Conferences	50	7,131
Equipment depreciation	4,540	8,022
Equipment maintenance	2,041	9,716
Computer services	20,757	29,484
	<u>\$ 290,618</u>	<u>\$ 367,707</u>

NOTE 5. DEFINED CONTRIBUTION PENSION PLAN

The Commission has established an insured; money purchase contributory pension plan which covers substantially all full-time employees. Pension expense for the years ended December 31, 2019 and 2018 amounted to \$25,788 and \$31,214, respectively.

**SOUTHWEST MICHIGAN PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 6. 457 DEFERRED COMPENSATION PLAN

The 457 Deferred Compensation Plan is offered on a voluntary basis to all employees. These funds are withheld from the employee’s wages or salary on a pretax basis as allowed by the Internal Revenue Service.

NOTE 7. LEASE COMMITMENT

The Commission entered into a 10 - year lease at a new location effective January 1, 2014. The Commission has made an \$11,220 security deposit on the lease which is included in prepaid expenses in the accompanying financial statements. Monthly rent is \$5,610 under this new lease. Future minimum rent payments are as follows:

2020	\$	67,320
2021		67,320
2022		67,320
2023		67,320
2024		67,320
		\$ 336,600

NOTE 8. EXPLANATION OF ACRONYMS

TCATS	Twin Cities Area Transportation Study
NATS	Niles Area Transportation Study
MDOT	Michigan Department of Transportation
U of M NSF	University of Michigan National Science Foundation
CEDS/EDA	Comprehensive Economic Development Strategy – Economic Development Administration (U.S. Department of Commerce)
Local Planning	Local Technical Assistance, Local Recreational Planning and Local Planning Assistance
PPRWT	Paw Paw River Water Trail
MDEQ SAW	Michigan Department of Environmental Quality/ Stormwater Asset Management and Wastewater St. Joseph River Watershed Wetland
SJRWS Wetland	Regional Prosperity Initiative
RPI	National Pollutant Discharge Elimination
PEP II	System: Public Education Program

SOUTHWEST MICHIGAN PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 9. CONCENTRATION OF CREDIT RISK

The Commission maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019, \$94,146 was uninsured, while all deposits were insured as of December 31, 2018.

NOTE 10. FIXED ASSETS

Fixed assets are summarized as follows as of December 31:

	Estimated Asset Lives	2019	2018
Furniture and equipment	5 years	\$ 42,229	\$ 42,229
Less accumulated depreciation		(35,897)	(31,357)
		\$ 6,332	\$ 10,872

Depreciation included in the statement of activities and changes in net assets for the years ended December 31, 2019 and 2018, amounted to \$4,540 and \$7,408, respectively.

NOTE 11. DEFERRED REVENUES

	2019	2018
MDOT	\$ 453	\$ 512
CZM	1,555	1,554
PPRWT	19,914	7,832
MDEQ SAW	7,457	12,716
Rideshare	3,036	3,037
CEDS/EDA	4,708	6,989
RPI	216,184	164,003
PEP Phase II	-	419
Asset Management	25,948	9,490
Local Planning	18,777	54,307
	\$ 298,032	\$ 260,859

SOUTHWEST MICHIGAN PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 12. SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through April 17, 2020 the date the financials were available to be issued. Except as noted below, no events or transactions occurred during this period which requires recognition of disclosures in the financial statements.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Commission’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation and the impact on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Commission is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

Although the Commission cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Commission’s results of future operations, financial position, and liquidity in fiscal year 2020.

SUPPLEMENTARY INFORMATION

SOUTHWEST MICHIGAN PLANNING COMMISSION
STATEMENT OF FINANCIAL POSITION – DESIGNATED
DECEMBER 31, 2019

	<u>NATS</u>	<u>TCATS</u>	<u>St. Joseph Watershed</u>	<u>MDOT</u>	<u>U of M NSF</u>	<u>CZM</u>	<u>PPRWT</u>	<u>MDEQ SAW</u>	<u>Rideshare</u>	<u>CEDS/EDA</u>	<u>RPI</u>	<u>Asset Management</u>	<u>Local Planning</u>	<u>Totals</u>
Assets														
Current Assets														
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from grantors	30,861	66,003	-	19,380	2,224	-	13,088	29,432	10,272	3,520	-	29,435	59,032	263,247
Due from (to) other funds	(14,368)	(46,606)	1,208	(18,927)	(2,224)	1,555	6,826	(21,975)	(7,236)	1,597	216,184	(3,487)	(40,255)	72,292
Total Current Assets	<u>\$ 16,493</u>	<u>\$ 19,397</u>	<u>\$ 1,208</u>	<u>\$ 453</u>	<u>\$ -</u>	<u>\$ 1,555</u>	<u>\$ 19,914</u>	<u>\$ 7,457</u>	<u>\$ 3,036</u>	<u>\$ 5,117</u>	<u>\$ 216,184</u>	<u>\$ 25,948</u>	<u>\$ 18,777</u>	<u>\$ 335,539</u>
Liabilities and Net Assets														
Current Liabilities														
Escrow accounts	\$ 16,493	\$ 19,397	\$ 1,208	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 409	\$ -	\$ -	\$ -	\$ 37,507
Deferred revenue	-	-	-	453	-	1,555	19,914	7,457	3,036	4,708	216,184	25,948	18,777	298,032
Total Current Liabilities	<u>\$ 16,493</u>	<u>\$ 19,397</u>	<u>\$ 1,208</u>	<u>\$ 453</u>	<u>\$ -</u>	<u>\$ 1,555</u>	<u>\$ 19,914</u>	<u>\$ 7,457</u>	<u>\$ 3,036</u>	<u>\$ 5,117</u>	<u>\$ 216,184</u>	<u>\$ 25,948</u>	<u>\$ 18,777</u>	<u>\$ 335,539</u>
Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities and Net Assets	<u>\$ 16,493</u>	<u>\$ 19,397</u>	<u>\$ 1,208</u>	<u>\$ 453</u>	<u>\$ -</u>	<u>\$ 1,555</u>	<u>\$ 19,914</u>	<u>\$ 7,457</u>	<u>\$ 3,036</u>	<u>\$ 5,117</u>	<u>\$ 216,184</u>	<u>\$ 25,948</u>	<u>\$ 18,777</u>	<u>\$ 335,539</u>

SOUTHWEST MICHIGAN PLANNING COMMISSION
STATEMENT OF FINANCIAL POSITION – DESIGNATED
DECEMBER 31, 2018

	NATS	TCATS	St. Joseph Watershed	MDOT	CZM	PPRWT	MDEQ SAW	Rideshare	CEDS/EDA	RPI	Pep Phase II	Asset Management	Berrien Consolidated Transit	Local Planning	Totals
Assets															
Current Assets															
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from grantors	5,178	77,879	-	476	-	12,182	569,709	15,541	24,281	-	-	3,506	3,471	89,863	802,086
Due from (to) other funds	11,315	(58,482)	1,208	36	1,554	(4,350)	(556,993)	(12,504)	(16,883)	164,003	419	5,984	(3,471)	(35,556)	(503,720)
Total Current Assets	\$ 16,493	\$ 19,397	\$ 1,208	\$ 512	\$ 1,554	\$ 7,832	\$ 12,716	\$ 3,037	\$ 7,398	\$ 164,003	\$ 419	\$ 9,490	\$ -	\$ 54,307	\$ 298,366
Liabilities and Net Assets															
Current Liabilities															
Escrow accounts	16,493	19,397	1,208	-	-	-	-	-	409	-	-	-	-	-	37,507
Deferred revenue	-	-	-	512	1,554	7,832	12,716	3,037	6,989	164,003	419	9,490	-	54,307	260,859
Total Current Liabilities	\$ 16,493	\$ 19,397	\$ 1,208	\$ 512	\$ 1,554	\$ 7,832	\$ 12,716	\$ 3,037	\$ 7,398	\$ 164,003	\$ 419	\$ 9,490	\$ -	\$ 54,307	\$ 298,366
Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities and Net Assets	\$ 16,493	\$ 19,397	\$ 1,208	\$ 512	\$ 1,554	\$ 7,832	\$ 12,716	\$ 3,037	\$ 7,398	\$ 164,003	\$ 419	\$ 9,490	\$ -	\$ 54,307	\$ 298,366

SOUTHWEST MICHIGAN PLANNING COMMISSION
STATEMENT OF ACTIVITIES – DESIGNATED
FOR THE YEAR ENDED DECEMBER 31, 2019

	NATS	TCATS	MDOT	U of M NSF	PPRWT	MDEQ/SAW	Rideshare	CEDS/EDA	RPI	PEP Phase II	Asset Management	FTA Mobility Management	Berrien Consolidated Transit	Local Planning	Totals
Support															
Federal	\$ 107,612	\$ 189,647	\$ 16,078	\$ -	\$ -	\$ -	\$ 35,295	\$ 46,787	\$ -	\$ -	\$ -	\$ -	\$ 2,758	\$ -	\$ 398,177
State	-	-	105,199	-	-	12,716	-	-	254,629	-	23,743	-	-	-	396,287
County	-	147	-	-	-	-	-	-	-	34,748	-	-	-	21,527	56,422
Local	23,277	42,184	-	5,664	31,034	4,013	-	21	21	-	265	83	690	102,589	209,841
Total Support	\$ 130,889	\$ 231,978	\$ 121,277	\$ 5,664	\$ 31,034	\$ 16,729	\$ 35,295	\$ 46,808	\$ 254,650	\$ 34,748	\$ 24,008	\$ 83	\$ 3,448	\$ 124,116	\$ 1,060,727
Expenses															
Salaries	\$ 51,110	\$ 89,322	\$ 42,182	\$ 2,355	\$ 2,925	\$ 6,895	\$ 14,240	\$ 18,602	\$ 15,306	\$ 12,800	\$ 7,578	\$ 35	\$ 1,430	\$ 36,380	\$ 301,160
Fringe benefits	23,928	41,818	19,748	1,103	1,369	3,228	6,667	8,709	7,166	6,951	4,803	16	669	17,032	143,207
Travel	2,843	6,919	1,709	-	340	24	155	1,583	1,059	-	1,810	-	-	2,956	19,398
Printing and postage	42	57	11,097	-	7	-	41	-	-	-	-	-	-	14	11,258
Dues and subscriptions	213	313	213	-	-	-	294	213	213	-	213	-	-	-	1,672
Supplies and materials	682	1,843	1,281	-	-	115	48	103	327	196	171	-	-	396	5,162
Computer services	2,600	4,191	363	-	-	-	396	-	344	-	-	-	-	-	7,894
Advertising	529	1,442	2,410	-	-	-	-	-	-	-	-	-	-	-	4,381
Conferences and training	604	1,748	-	-	-	-	-	135	123	45	268	-	-	15	2,938
Contractual - off site	-	-	2,771	-	23,650	-	-	-	215,654	2,720	2,038	-	-	32,976	279,809
Direct equipment	304	304	-	-	-	-	-	-	-	-	-	-	-	-	608
Indirect cost pool	48,034	84,021	39,503	2,206	2,743	6,467	13,454	17,463	14,458	12,036	7,127	32	1,349	34,347	283,240
Total Expenses	\$ 130,889	\$ 231,978	\$ 121,277	\$ 5,664	\$ 31,034	\$ 16,729	\$ 35,295	\$ 46,808	\$ 254,650	\$ 34,748	\$ 24,008	\$ 83	\$ 3,448	\$ 124,116	\$ 1,060,727
Excess (Deficiency) of Revenues over (under) Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer in Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Assets - Beginning of Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets - End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SOUTHWEST MICHIGAN PLANNING COMMISSION
STATEMENT OF ACTIVITIES – DESIGNATED
FOR THE YEAR ENDED DECEMBER 31, 2018

	NATS	TCATS	MACOG TDM	MDOT	CZM	PPRWT	MDEQ/SAW	Rideshare	CEDS/EDA	RPI	PEP Phase II	Asset Management	FTA Mobility Management	Berrien Consolidated Transit	Local Planning	Totals
Support																
Federal	\$ 112,198	\$ 177,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,056	\$ -	\$ -	\$ -	\$ -	\$ 47,135	\$ 135,559	\$ 556,918
State	-	-	15,910	110,819	1,276	41,469	577,381	39,791	-	169,930	-	104,676	-	-	55,631	1,116,883
County	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,579	22,579
Local	30,194	42,085	-	-	-	-	42,546	-	-	87	26,887	6,016	5,630	11,871	8,313	173,629
Total Support	\$ 142,392	\$ 220,055	\$ 15,910	\$ 110,819	\$ 1,276	\$ 41,469	\$ 619,927	\$ 39,791	\$ 84,056	\$ 170,017	\$ 26,887	\$ 110,692	\$ 5,630	\$ 59,006	\$ 222,082	\$ 1,870,009
Expenses																
Salaries	\$ 52,580	\$ 81,856	\$ -	\$ 40,875	\$ 500	\$ 5,650	\$ 23,145	\$ 14,900	\$ 32,090	\$ 16,155	\$ 8,027	\$ 14,704	\$ 4,843	\$ 20	\$ 13,048	\$ 308,393
Fringe benefits	19,958	30,770	-	15,098	183	2,066	8,843	5,401	11,581	5,771	2,851	5,208	125	10	11,292	119,157
Travel	3,760	2,953	-	1,559	-	317	572	818	579	1,140	678	1,109	-	-	536	14,021
Dues and subscriptions	116	100	-	-	-	-	-	-	-	-	-	116	-	-	-	332
Supplies and materials	1,018	3,895	-	633	1	1,952	132	49	237	15	18	44	117	12	982	9,105
Computer services	2,388	1,847	-	2,814	-	-	-	463	1,096	739	162	739	272	-	759	11,279
Advertising	361	1,525	-	485	-	730	-	52	10	-	5,442	-	-	-	22	8,627
Conferences and training	239	428	-	1,058	-	-	-	-	-	-	40	2,237	-	-	65	4,067
Contractual - off site	-	-	15,910	-	-	24,275	562,295	-	-	129,017	-	68,228	-	58,918	173,840	1,032,483
Direct equipment	361	487	-	143	-	-	-	-	143	-	-	738	-	-	-	1,872
Indirect cost pool	61,505	96,109	-	48,129	592	6,479	24,812	17,711	38,320	17,180	9,574	17,568	273	46	21,215	359,513
Total Expenses	\$ 142,392	\$ 220,055	\$ 15,910	\$ 110,819	\$ 1,276	\$ 41,469	\$ 619,927	\$ 39,791	\$ 84,056	\$ 170,017	\$ 26,887	\$ 110,692	\$ 5,630	\$ 59,006	\$ 222,082	\$ 1,870,009
Excess (Deficiency) of Revenues over (under) Expenses																
Transfer in Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets - Beginning of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Assets - End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SOUTHWEST MICHIGAN PLANNING COMMISSION
ANALYSIS OF LOCAL ACTIVITIES
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Support and Revenues		
County	\$ 65,124	\$ 35,048
Interest and other	1,061	621
Total Support and Revenues	<u>\$ 66,185</u>	<u>\$ 35,669</u>
Expenses		
Salaries	\$ 14,890	\$ 10,477
Fringe benefits	12,747	19,755
Travel	208	66
Printing and postage	154	325
Supplies and materials	637	280
Professional services	4,900	-
Commission expenses	5,521	6,918
Bank fees	79	38
Indirect cost pool	7,378	8,194
Total Expenses	<u>\$ 46,514</u>	<u>\$ 46,053</u>
Excess (Deficiency) of Revenues Over (Under)		
Expenses	\$ 19,671	\$ (10,384)
Net Assets, Beginning of Year	221,114	231,498
Net Assets, End of Year	<u>\$ 240,785</u>	<u>\$ 221,114</u>

MANAGEMENT COMPLIANCE LETTER



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Southwest Michigan Planning Commission
Benton Harbor, Michigan 49022

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southwestern Michigan Planning Commission (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southwest Michigan Planning Commission’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest Michigan Planning Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Southwest Michigan Planning Commission’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**SOUTHWEST MICHIGAN PLANNING COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest Michigan Planning Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Certified Public Accountants

St. Joseph, Michigan
April 17, 2020