

ENVIRONMENTAL DESIGN RESEARCH ASSOCIATION, INC.

St. Paul, MN

Reviewed Financial Statements
For the Year Ended
December 31, 2016



ENVIRONMENTAL DESIGN RESEARCH ASSOCIATION, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Environmental Design Research Association, Inc.
St. Paul, MN

We have reviewed the accompanying financial statements of Environmental Design Research Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

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

Accountant's Conclusion

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

Petersen Professionals PC
May 26, 2017

ENVIRONMENTAL DESIGN RESEARCH ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

<i>Current Assets</i>	
Cash	\$ 15,983
Prepaid Expenses	24,033
Total Current Assets	40,016
 <i>Noncurrent Assets</i>	
Investments	219,981
Website	6,876
Accumulated Amortization	(6,876)
Total Noncurrent Assets	219,981
TOTAL ASSETS	\$ 259,997

LIABILITIES

<i>Current Liabilities</i>	
Accounts Payable	\$ 6,642
Deferred Revenue	11,467
Total Current Liabilities	18,109
TOTAL LIABILITIES	18,109

NET ASSETS

<i>Unrestricted</i>	
Board Designated for Student Funds	54,459
Undesignated	187,429
Temporarily Restricted	-
Permanently Restricted	-
TOTAL NET ASSETS	241,888
TOTAL LIABILITIES AND NET ASSETS	\$ 259,997

See accompanying notes and independent accountant's review report.

ENVIRONMENTAL DESIGN RESEARCH ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Membership Dues	\$ 54,575	\$ -	\$ -	\$ 54,575
Annual Conference Fees	120,785	-	-	120,785
Great Places Award Entry Fees	5,978	-	-	5,978
Publications	4,065	-	-	4,065
Contributions	24,172	-	-	24,172
Investment Return	22,762	-	-	22,762
	<u>232,337</u>	<u>-</u>	<u>-</u>	<u>232,337</u>
 NET ASSETS RELEASED FROM RESTRICTIONS	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
TOTAL SUPPORT AND REVENUE	<u>232,337</u>	<u>-</u>	<u>-</u>	<u>232,337</u>
 EXPENSES				
Program	192,772	-	-	192,772
Support and General	63,279	-	-	63,279
	<u>256,051</u>	<u>-</u>	<u>-</u>	<u>256,051</u>
TOTAL EXPENSES	<u>256,051</u>	<u>-</u>	<u>-</u>	<u>256,051</u>
 CHANGE IN NET ASSETS	 (23,714)	 -	 -	 (23,714)
 NET ASSETS AT BEGINNING OF YEAR	 <u>265,602</u>	 <u>-</u>	 <u>-</u>	 <u>265,602</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 241,888</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 241,888</u>

See accompanying notes and independent accountant's review report.

ENVIRONMENTAL DESIGN RESEARCH ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2016

	Program	Support and General	Total
Management	\$ 76,819	\$ 25,606	\$ 102,425
Accounting	-	4,000	4,000
Credit Card and Bank Fees	-	6,893	6,893
Printing and Postage	976	1,334	2,310
Office Expense	60	4,594	4,654
Information Technology	28,551	6,652	35,203
Audio Visual	19,001	-	19,001
Travel	5,040	9,643	14,683
Food and Beverage	31,929	1,799	33,728
Conference, Conventions, and Meetings	25,834	1,925	27,759
Grants and Award	4,005	-	4,005
Insurance	557	833	1,390
TOTAL EXPENSES	\$ 192,772	\$ 63,279	\$ 256,051

See accompanying notes and independent accountant's review report.

ENVIRONMENTAL DESIGN RESEARCH ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2016

CASH FLOW FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ (23,714)
Adjustments to Reconcile to Net Cash Provided/(Used) by Operating Activities:	
Unrealized and Realized (Gain)/Loss on Investments	(11,483)
(Increase)/Decrease in Current Assets:	
Accounts Receivable	4,519
Prepaid Expenses	(7,664)
Increase/(Decrease) in Current Liabilities:	
Accounts Payable	2,462
Deferred Revenue	<u>(11,550)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(47,430)</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Sale of Investments	55,000
Purchase of Investments	<u>(11,197)</u>
Net Cash Provided/(Used) by Investing Activities	<u>43,803</u>
NET INCREASE/(DECREASE) IN CASH	(3,627)
CASH AT BEGINNING OF YEAR	<u>19,610</u>
CASH AT END OF YEAR	<u>\$ 15,983</u>
SUPPLEMENTAL DISCLOSURES:	
Cash Paid for Foreign Tax on Dividends	\$ 68

See accompanying notes and independent accountant's review report.

ENVIRONMENTAL DESIGN RESEARCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 – THE ORGANIZATION

Environmental Design Research Association, Inc. (the Organization) advances and disseminates behavior and design research toward improving understanding of the relationships between people and their environments. The Organization is primarily supported by membership dues and sponsorships. The Organization conducts an annual conference of researchers, academics, students, and policy makers to discuss and learn the latest in environmental design.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

In accordance with generally accepted accounting principles for not-for-profit organizations, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Income Taxes

Environmental Design Research Association, Inc. is a tax-exempt corporation according to provisions of Internal Revenue Code Section 501(c)(3). The state of North Carolina accepts this classification. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization did not have any such activities in 2016.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all instruments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts Receivable consist of balances due from customers for program services and goods provided and are recorded when invoices are issued. Accounts Receivable are written off when they are determined to be uncollectible. Management believes that all Accounts Receivable are fully collectible; accordingly, there is no Allowance for Doubtful Accounts.

ENVIRONMENTAL DESIGN RESEARCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets and Amortization

The Organization capitalizes and amortizes intangible assets using the straight-line method over the estimated useful life of the assets. For the period ending December 31, 2016, the Organization's website is valued at \$6,876 with accumulated amortization of \$6,876.

Revenue Recognition

Membership dues are billed to members annually. Under generally accepted accounting principles for not-for-profit organizations, dues are recognized as revenue over the dues' year. Dues applicable to periods subsequent to the date of the statements of financial position are presented as deferred revenue.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments held in debt securities at fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through May 26, 2017, the date on which the financial statements were available to be issued.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily Restricted Net Assets arise from either a program restriction established by the donor, or a time restriction as to when the funds will be received. At December 31, 2016, the Organization did not have any investments of this nature.

NOTE 4 – PERMANENTLY RESTRICTED NET ASSETS

Permanently Restricted Net Assets arise from investments in perpetuity, in which only the income is expendable to support a donor intended purpose. At December 31, 2016, the Organization did not have any investments of this nature.

ENVIRONMENTAL DESIGN RESEARCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5 – INVESTMENTS

Investments consisted of mutual funds at December 31, 2016. Investment return consisted of the following for 2016:

Interest and Dividends	\$ 11,265
Foreign Tax Paid	(68)
Unrealized and Realized Gain/(Loss)	<u>11,565</u>
Investment Return	<u>\$ 22,762</u>

NOTE 6 – FAIR VALUE MEASUREMENTS

The Organization follows the guidance in FASB ASC 820-10 which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1—Observable inputs such as quoted market prices in active markets for identical assets or liabilities
- Level 2—Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3—Unobservable inputs for which there is little or no market data, which require the use of the reporting entity’s own assumptions

Certain financial instruments are carried at cost on the Statement of Financial Position, which approximates fair value due to their short-term, highly liquid nature. These instruments include cash and cash equivalents, accounts receivable, accounts payable and other current liabilities. Mutual Funds were classified in Level 1 and were valued based on quoted market prices and other relevant information generated by market transaction, which approximates fair value. Management believes the estimated fair value to be a reasonable approximation of the exit price for these investments.

The following is a summary of input levels used to determine fair values, measured on a recurring basis, of the following assets at December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 219,981	\$ -	\$ -	\$ 219,981
Total	<u>\$ 219,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,981</u>

ENVIRONMENTAL DESIGN RESEARCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 7 – COMMITMENTS

The Organization has signed contracts with hotels to hold future annual conferences. If cancellation occurs, the Organization could be liable for approximately \$575,809 in damages.

The Organization had a management contract with Association Management Partners & Executive Directors, LLC. The contract covered the period through September 1, 2017; however, the Organization terminated the contract as of September 15, 2016. The contract provided membership support, financial services, website/data management services, and meeting support. The Organization paid \$68,425 for these services in 2016.

The Organization has a management contract with Ewald Consulting, Inc. beginning September 1, 2016 through August 31, 2017. The contract will automatically continue for subsequent terms of one year unless either party terminates the contract with at least a 180 day notice. The contract provides office administration, leadership/board support, meeting and conference support, financial services, membership services, and website support. The Organization paid \$34,000 for these services in 2016. Future obligations on the contract for 2017 are \$68,000.