

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2018 AND 2017

UNIFORM GUIDANCE SUPPLEMENTARY FINANCIAL REPORTS
YEAR ENDED DECEMBER 31, 2018



KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	2 - 3
STATEMENTS OF FINANCIAL POSITION	
December 31, 2018 and 2017	4
STATEMENTS OF ACTIVITY	
Years ended December 31, 2018 and 2017	5
STATEMENTS OF FUNCTIONAL EXPENSES	
Years ended December 31, 2018 and 2017	6
STATEMENTS OF CASH FLOWS	
Years ended December 31, 2018 and 2017	7 - 8
NOTES TO FINANCIAL STATEMENTS	9 - 15
SUPPLEMENTARY INFORMATION	
Schedule of State Financial Assistance	
Year ended December 31, 2018	17
UNIFORM GUIDANCE SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	
Year ended December 31, 2018	19
Notes to the Schedule of Expenditures Federal Awards	20
Independent Auditor's Report Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance as Required by the Uniform Guidance	23
Schedule of Findings and Questioned Costs	25

INDEPENDENT AUDITOR'S REPORT

August 7, 2019

Board of Directors
King County Sexual Assault Resource Center
Renton, Washington

We have audited the accompanying financial statements of King County Sexual Assault Resource Center, a nonprofit corporation, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activity, 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 fraud or error.

Auditors' 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 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.

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 in the first paragraph of this letter present fairly, in all material respects, the financial position of King County Sexual Assault Resource Center as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis, and is also 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2019 on our consideration of King County Sexual Assault Resource Center'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 King County Sexual Assault Resource Center's internal control over financial reporting and compliance.



Jacobson Jarvis & Co, PLLC

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 1,125,539	\$ 990,287
Grants and accounts receivable	762,419	726,095
Promises to give	189,356	80,105
Prepays and deposits	148,382	149,549
Total Current Assets	<u>2,225,696</u>	<u>1,946,036</u>
Promises to Give, net of current portion	40,000	-
Furniture and Equipment	530,603	477,159
Accumulated Depreciation	(360,587)	(310,665)
Net Furniture and Equipment	<u>170,016</u>	<u>166,494</u>
	<u>\$ 2,435,712</u>	<u>\$ 2,112,530</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 60,937	\$ 59,061
Accrued payroll and related liabilities	359,769	381,585
Current portion, copier lease	15,344	16,114
Total Current Liabilities	<u>436,050</u>	<u>456,760</u>
Copier Lease, less current portion above	-	15,344
Total Liabilities	<u>436,050</u>	<u>472,104</u>
Net Assets		
Without donor restrictions	1,560,465	1,370,111
With donor restrictions	439,197	270,315
Total Net Assets	<u>1,999,662</u>	<u>1,640,426</u>
	<u>\$ 2,435,712</u>	<u>\$ 2,112,530</u>

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF ACTIVITY

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Government grants	\$ 4,363,548		\$ 4,363,548	\$ 3,853,798		\$ 3,853,798
Private grants and contributions	861,396	\$ 429,197	1,290,593	677,603	\$ 284,315	961,918
In-kind contributions	55,780	-	55,780	13,321	-	13,321
Fundraising events	464,658	-	464,658	399,159	-	399,159
Fees for service	326,628		326,628	250,375		250,375
Investment returns	(1,534)		(1,534)	9,534		9,534
Miscellaneous	7,575		7,575	8,486		8,486
Net assets released from time restrictions	137,243	(137,243)	-	145,709	(145,709)	-
Net assets released from purpose restrictions	123,072	(123,072)	-	64,167	(64,167)	-
Total Public Support and Revenue	6,338,366	168,882	6,507,248	5,422,152	74,439	5,496,591
Expenses						
Program services	4,572,592		4,572,592	3,888,425		3,888,425
Management and general	598,312		598,312	734,439		734,439
Fundraising	977,108		977,108	890,096		890,096
Total Expenses	6,148,012		6,148,012	5,512,960		5,512,960
Total Change in Net Assets	190,354	168,882	359,236	(90,808)	74,439	(16,369)
Net Assets - beginning of year	1,370,111	270,315	1,640,426	1,460,919	195,876	1,656,795
Net Assets - end of year	\$ 1,560,465	\$ 439,197	\$ 1,999,662	\$ 1,370,111	\$ 270,315	\$ 1,640,426

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018						2017					
	Client Services	Prevention/ Education	Total Program Services	Management and General	Fundraising	Total	Client Services	Prevention/ Education	Total Program Services	Management and General	Fundraising	Total
Salaries, benefits, and taxes	\$3,585,851	\$ 146,225	\$3,732,076	\$ 456,772	\$ 614,203	\$4,803,051	\$3,100,816	\$ 85,144	\$3,185,960	\$ 456,127	\$ 558,609	\$4,200,696
Professional fees	290,854	5,288	296,142	89,993	148,382	534,517	233,533	6,420	239,953	196,309	154,656	590,918
Occupancy	177,810	5,483	183,293	17,453	18,314	219,060	166,655	5,441	172,096	18,597	19,387	210,080
Travel and events	64,592	3,047	67,639	5,681	49,592	122,912	45,480	4,544	50,024	5,846	47,732	103,602
Miscellaneous	83,351	1,286	84,637	4,345	29,824	118,806	53,779	474	54,253	16,385	20,435	91,073
Depreciation	35,369	1,493	36,862	2,786	10,274	49,922	29,146	1,080	30,226	2,666	4,248	37,140
Dues and subscriptions	22,678	645	23,323	8,515	14,069	45,907	20,658	633	21,291	12,662	15,773	49,726
Communication	34,912	1,358	36,270	2,507	3,770	42,547	39,156	1,927	41,083	3,905	4,229	49,217
Supplies	12,425	994	13,419	1,022	27,452	41,893	22,532	972	23,504	2,893	7,554	33,951
Program expenses and fees	35,678	2,194	37,872	-	-	37,872	19,196	272	19,468	213	4	19,685
Printing	7,917	10,090	18,007	453	12,807	31,267	3,272	115	3,387	303	9,996	13,686
Conference fees	9,470	-	9,470	-	20,760	30,230	-	-	-	-	20,900	20,900
Insurance	13,342	473	13,815	6,013	1,718	21,546	10,267	315	10,582	7,444	1,239	19,265
Advertising	386	3	389	165	19,503	20,057	3,083	149	3,232	749	12,280	16,261
Repairs and maintenance	10,958	468	11,426	1,266	1,700	14,392	26,746	881	27,627	6,003	4,207	37,837
Training	6,087	172	6,259	1,121	515	7,895	3,089	19	3,108	3,972	4,634	11,714
Postage and shipping	1,626	67	1,693	220	4,225	6,138	2,536	95	2,631	365	4,213	7,209
Total Expenses	<u>\$4,393,306</u>	<u>\$ 179,286</u>	<u>\$4,572,592</u>	<u>\$ 598,312</u>	<u>\$ 977,108</u>	<u>\$6,148,012</u>	<u>\$3,779,944</u>	<u>\$ 108,481</u>	<u>\$3,888,425</u>	<u>\$ 734,439</u>	<u>\$ 890,096</u>	<u>\$5,512,960</u>

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Cash received from:		
Governmental agencies	\$ 4,342,242	\$ 3,777,298
Donors	1,606,000	1,374,413
Service fees and other revenue	319,185	261,183
Interest received	-	9,534
Cash paid to:		
Personnel	(4,828,445)	(4,079,274)
Vendors	(1,233,389)	(1,360,841)
Interest paid	(783)	(1,063)
Net Cash Provided (Used) by Operating Activities	204,810	(18,750)
Cash Flows Used by Investing Activities		
Purchases of property and equipment	(53,444)	(107,735)
Cash Flows Used by Financing Activities		
Repayments on capital lease obligations	(16,114)	(13,235)
Changes in Cash and Cash Equivalents	135,252	(139,720)
Cash and Cash Equivalents - beginning of year	990,287	1,130,007
Cash and Cash Equivalents - end of year	\$ 1,125,539	\$ 990,287

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of Change in Net Assets to Net Cash from Operating Activities		
Change in net assets	\$ 359,236	\$ (16,369)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	49,922	37,140
(Increase) decrease in:		
Grants receivable	(36,324)	(19,022)
Promises to give	(149,251)	13,336
Prepays and deposits	1,167	(2,211)
Increase (decrease) in:		
Accounts payable	1,876	(97,604)
Accrued payroll and related liabilities	(21,816)	121,136
Deferred revenue	-	<u>(55,156)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 204,810</u>	<u>\$ (18,750)</u>

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

King County Sexual Assault Resource Center provides comprehensive treatment and advocacy services to victims of sexual assault and their families, as well as prevention and education to the community. The long-range vision of King County Sexual Assault Resource Center is for a community free of sexual violence. King County Sexual Assault Resource Center victim and family services include: professionally staffed, 24-hour resource telephone line, legal advocacy services, family support programs, and individual and group therapy. Dando Voz, a program for the Spanish speaking community, provides state of the art prevention and education programs to the community through engagement programs, training, and responding to community concerns.

Adoption of new accounting pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. King County Sexual Assault Resource Center has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

Federal income taxes

The Internal Revenue Service has recognized King County Sexual Assault Resource Center as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation.

Use of estimates

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

Basis of presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets with donor restrictions are as follows as of December 31:

	<u>2018</u>	<u>2017</u>
Future Periods	\$ 310,447	\$ 137,243
Phoenix/Project 360	35,000	51,095
Family Services	10,667	10,000
Dando Voz	-	2,000
Legal Advocacy	35,000	26,667
CourtWatch	5,000	16,667
Prevention	16,000	-
Client Services	12,083	20,226
Individual Therapy	15,000	6,417
	<u>\$ 439,197</u>	<u>\$ 270,315</u>

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activity as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Cash and cash equivalents

Cash and cash equivalents consist of general checking, savings, and money market accounts. King County Sexual Assault Resource Center maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. King County Sexual Assault Resource Center has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

As of December 31, 2018 and 2017, King County Sexual Assault Resource Center had no assets or liabilities measured at fair value on a recurring basis. Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities and services. Long-term promises to give are valued on a nonrecurring basis using the net present value of future cash flows discounted at an appropriate rate of return which is a level 3 input. King County Sexual Assault Resource Center also uses fair value concepts to test various long-lived assets for impairment.

Grants receivable

Grants receivable are based on billings submitted for reimbursement under contracts with various governmental agencies, are stated at net realizable value, and are considered fully collectible by management.

Promises to give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are shown net of the allowance for uncollectible amounts. The fair value of promises to give is estimated by discounting future cash flows. Discounts on long term promises to give as of December 31, 2018 are considered immaterial.

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unconditional promises to give were due as follows as of December 31:

	<u>2018</u>	<u>2017</u>
Due in less than one year	\$ 208,930	\$ 87,661
Due in one to two years	<u>40,000</u>	<u>-</u>
	248,930	87,661
Less allowance for uncollectible	<u>(19,574)</u>	<u>(7,556)</u>
Total Unconditional Promises to Give	<u>\$ 229,356</u>	<u>\$ 80,105</u>

Furniture and equipment

Furniture and equipment are stated at cost or, if donated, at fair value at date of donation. Furniture and equipment with an original cost of \$5,000 or greater are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, principally three to seven years.

Revenue recognition

King County Sexual Assault Resource Center recognizes grant revenue when amounts allowed to be billed for reimbursement according to the terms of the grant contract have been expended. Gifts and contributions are recognized as revenue when the pledge is made.

In-kind goods and services

Contributed materials have been recorded on the basis of rates that otherwise would have been paid for similar goods. Donated services are recorded as in-kind contributions and are recognized as revenue at estimated values at the date of receipt if they (a) create or enhance non-financial assets, or (b) require specialized skills and would need to be purchased if not provided by donation. Corresponding expenses are recognized as the assets and services are utilized. For the years ended December 31, 2018 and 2017, in-kind contributions of \$55,780 and \$13,321, respectively, consisted primarily of professional fees and donated facilities.

Gifts of equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Fees from government agencies

A substantial portion of fees from government agencies is derived from grants and contracts administered by various federal, state, and local government agencies.

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of support and receivables

For the years ended December 31, 2018 and 2017, two governmental agencies provided 48% and 51%, respectively, of King County Sexual Assault Resource Center's total support and revenue. At December 31, 2018 and 2017, approximately 67% and 70%, respectively, of King County Sexual Assault Resource Center's grants receivable were due from the same two governmental agencies. A significant reduction in the level of this support or default on grants receivable, if this were to occur, would have a significant effect on King County Sexual Assault Resource Center's programs and activities.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activity and of functional expenses. Where possible, specific expenses have been charged directly to the appropriate category. When functions are shared or costs are intermingled, expenses are allocated based on estimated percentage of full time employees (such as miscellaneous expenses and portions of professional fees) or square footage (occupancy).

NOTE B - LIQUIDITY

King County Sexual Assault Resource Center regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the funds available from cost reimbursement grants. For purposes of analyzing resources available to meet general expenditures over a 12-month period, King County Sexual Assault Resource Center considers all expenditures related to its ongoing activities of providing services to victims of sexual assault as well as the conduct of services undertaken to support these services to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, King County Sexual Assault Resource Center operates with a balanced budget and anticipates collecting sufficient cash to cover general expenditures not covered by donor-restricted resources. King County Sexual Assault Resource Center's largest contracts are held by governmental entities. The aging for these accounts is 45 days to receipt. King County Sexual Assault Resource Center also has a line of credit available to meet short-term needs. See Note C for information about this arrangement.

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE B - LIQUIDITY (Continued)

King County Sexual Assault Resource Center considers contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. As of December 31, 2018, financial assets available to meet cash needs for general expenditures within one year were as follows:

Total financial assets	\$ 2,117,314
Less promises due in more than one year	<u>(40,000)</u>
Financial assets available to meet cash needs	
for general expenditures within one year	<u>\$ 2,077,314</u>

NOTE C - LINE OF CREDIT

King County Sexual Assault Resource Center has a \$300,000 revolving line of credit. The line of credit bears interest at a minimum of 6.25% and matures on October 1, 2019. There was no outstanding balance on the line of credit at December 31, 2018.

NOTE D – LEASE OBLIGATIONS

King County Sexual Assault Resource Center leases office facilities under a non-cancelable lease renewed in February 2015 with an expiration in February 2020. An addendum to the lease began January 1, 2017 and expires in February 2020. Rental expense incurred for this lease for the years ended December 31, 2018 and 2017 was \$216,288 and \$204,146, respectively. Related minimum future rental commitments on this lease for the years ending December 31 are:

2019	\$ 221,334
2020	<u>36,992</u>
	<u>\$ 258,326</u>

King County Sexual Assault Resource Center leases certain office equipment under a non-cancelable capital lease, with a total recorded cost of \$69,978 and related accumulated depreciation at December 31, 2018 of \$216,288. Total monthly payments are \$1,300 including interest of 3.00% per annum. Scheduled lease payments for the years ending December 31 are as follows:

2019	\$ 15,595
Less amounts for interest	<u>(251)</u>
	<u>\$ 15,344</u>

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE E - PASS-THROUGH CONTRACT OBLIGATIONS

King County Sexual Assault Resource Center serves as an agent for various contracts that pass through to other victim support organizations throughout the year. Such agency transactions are not recorded as revenue or expense by King County Sexual Assault Resource Center. Pass-through obligations are collected in advance and unpaid portions (if any) are included in accounts payable on the statements of financial position. King County Sexual Assault Resource Center passed through \$0 and \$29,356, respectively, for the years ended December 31, 2018 and 2017, and no amounts were unpaid as of either year end.

NOTE F – RETIREMENT PLAN

King County Sexual Assault Resource Center offers a retirement savings plan (the plan) under section 401(k) of the Internal Revenue Code. King County Sexual Assault Resource Center matches 100% up to 3% of an employee's compensation, and 50% between 3% and 5%. King County Sexual Assault Resource Center's contributions to the plan totaled \$112,979 and \$89,650, respectively, for the years ended December 31, 2018 and 2017.

NOTE G - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2018 through August 7, 2019, which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2018, including the estimates inherent in the processing of financial statements. The following event arose after December 31, 2018 relating to a condition that did not exist as of December 31, 2018.

On June 28, 2019 King County Sexual Assault Resource Center entered into a new lease office agreement for its main office relocating from 200 Mill Ave S, Renton, WA 98057. The new lease commencement date is December 31, 2019. King County Sexual Assault Resource Center will lease 11,718 square feet of office space starting at a monthly base rent of \$20,507 and escalating to \$27,830 per month by the end of the term April 30, 2030.

SUPPLEMENTARY INFORMATION

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

SCHEDULE OF STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2018

Grantor*Pass-through Grantor*

Program Name	Period	BARS #	State Grant No.	Award Amount	Expenditures
Washington Department of Commerce, Office of Crime Victims Advocacy					
Sexual Assault Core and Specialized Services	1/1-6/30/2018	3340421	18-31310-134	\$ 2,094,287	
Sexual Assault Core and Specialized Services	7/1-12/31/2018	3340423	19-31310-134	<u>2,094,483</u>	
				4,188,770	\$ 530,379
Crime Victims Service Center	1/1-6/30/2018	3340422	S18-31119-022	57,654	
Crime Victims Service Center and Language Bank	7/1-12/31/2018	3340424	19-31219-022	<u>57,654</u>	
				115,308	6,091
Washington Department of Social and Health Services					
<i>DHHS Children's Administration</i>					
Sexually Aggressive Youth Services	1/1-12/31/2018	3340461	1712-14805	Fee for Service	<u>395</u>
Total State Financial Assistance					
				\$ <u>536,865</u>	

UNIFORM GUIDANCE SUPPLEMENTARY INFORMATION

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2018

Federal Grantor <i>Pass-through Grantor</i> "Program Title"	Contract Number	CFDA Number	Passed Through to Subrecipients	Federal Expenditures
Department of Justice				
"Consolidated and Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies"	2016-CY-AX-0014	16.888	\$ 55,633	\$ 161,071
"Legal Assistance for Victims"	2017-WL-AX-0046	16.524	94,388	141,012
"Justice Systems Response to Families"	2015-FJ-AX-0002	16.021	-	121,808
<i>State of Washington Department of Community, Trade and Economic Development, Office of Crime Victims Advocacy</i>				
"Sexual Assault Services Formula Program"	F17-31311-505	16.017	-	58,500
"Crime Victim Assistance"	18-31310-134		-	711,272
"Crime Victim Assistance"	19-31310-134		-	830,331
"Crime Victim Assistance"	S18-31119-022		-	22,567
"Crime Victim Assistance"	19-31219-022		-	24,869
"Crime Victim Assistance"	F18-31119-808		-	47,573
"Crime Victim Assistance"	F19-31219-808		-	38,607
"Crime Victim Assistance"	F17-31119-721		-	1,800
"Crime Victim Assistance"	F17-31219-736		-	2,849
"Crime Victim Assistance"	F17-31119-961		-	2,090
"Crime Victim Assistance"	F17-31219-948		-	3,657
	16.575*			<u>1,685,615</u>
Total Expenditures of Federal Awards		\$ 150,021		\$ 2,168,006

* Denotes a major program.

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2018

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of King County Sexual Assault Resource Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - INDIRECT COST RATE

King County Sexual Assault Resource Center has a negotiated indirect cost rate for use on federal grants and contracts. For 2018, the provisional rate is 30.2% based on Modified Total Direct Costs. As such, the organization is not eligible to elect use of the 10% *de minimus* indirect cost rate.

INDEPENDENT AUDITOR'S REPORT
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

August 7, 2019

Board of Directors
King County Sexual Assault Resource Center
Renton, Washington

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 King County Sexual Assault Resource Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activity, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 7, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered King County Sexual Assault Resource Center'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 King County Sexual Assault Resource Center's internal control. Accordingly, we do not express an opinion on the effectiveness of King County Sexual Assault Resource Center'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether King County Sexual Assault Resource Center'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 King County Sexual Assault Resource Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering King County Sexual Assault Resource Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jacobson Jarvis & Co, PLLC

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE**

August 7, 2019

Board of Directors
King County Sexual Assault Resource Center
Renton, Washington

Report on Compliance with Each Major Federal Program

We have audited King County Sexual Assault Resource Center's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of King County Sexual Assault Resource Center's major federal programs for the year ended December 31, 2018. King County Sexual Assault Resource Center's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of King County Sexual Assault Resource Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about King County Sexual Assault Resource Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of King County Sexual Assault Resource Center's compliance.

Opinion on Each Major Federal Program

In our opinion, King County Sexual Assault Resource Center complied, in all material respects, with the types of compliance requirements referred to in the first paragraph of this letter that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of King County Sexual Assault Resource Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered King County Sexual Assault Resource Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of King County Sexual Assault Resource Center's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

King County Sexual Assault Resource Center's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. King County Sexual Assault Resource Center's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Jacobson Jarvis & Co, PLLC

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2018

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of King County Sexual Assault Resource Center.
2. No material weaknesses relating to the financial statements are reported in the "Independent Auditor's Report Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance material to the financial statements of King County Sexual Assault Resource Center were disclosed during the audit.
4. A deficiency in internal control over compliance is reported in the "Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance as Required by the Uniform Guidance." Item 2018-001 was deemed to be significant deficiency.
5. The auditor's report on compliance for the major federal award program for King County Sexual Assault Resource Center expresses an unmodified opinion.
6. Audit findings relative to the major federal award program for King County Sexual Assault Resource Center are reported in Part C of this Schedule.
7. The program tested as major was CFDA No. 16.575 "Crime Victim Assistance."
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. King County Sexual Assault Resource Center was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

2018-001 Internal Control Over Procurement and Suspension and Debarment

Federal Agency: Department of Justice

CFDA No. 16.575

Criteria: Award recipients must adopt and maintain procurement policies that comply with procurement standards set out at 2 CFR sections 200.318 through 200.326.

Condition: King County Sexual Assault Resource Center has yet to adopt a procurement policy that meets the requirements of the Uniform Guidance.

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2018

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT
(Continued)

Questioned Costs: No reportable questioned costs.

Effect: The lack of a procurement policy that meets the requirements of the Uniform Guidance could lead to inappropriate purchasing decisions and potentially disallowed costs.

Cause: Management intended to postpone the implementation to 2019 and did not fully understand the procurement requirements of the Uniform Guidance.

Recommendation: We recommend that King County Sexual Assault Resource Center adopt and maintain procurement policies that comply with procurement standards set out at 2 CFR sections 200.318 through 200.326.

Views of a Responsible Official: Management concurs with the finding and recommendation as reflected in the corrective action plan.



Corrective Action Plan

July 10, 2019

Organization submits the following corrective action plan for the year ended December 31, 2018.

Name and address of independent accounting firm: Jacobson Jarvis & Co., PLLC, 200 First Ave. West, Suite 200, Seattle, WA 98119

Audit period: January 1 to December 31, 2018

Contact person responsible for corrective action: Anne Mace-Deines, Director of Finance & Administration

2018-001: Internal Control Over Procurement and Suspension and Debarment

King County Sexual Assault Resource Center has yet to adopt a procurement policy that meets the requirements of the Uniform Guidance.

Response: Effective May 9, 2019 Organization has taken the following corrective action:

A Procurement Policy meeting requirement of the Uniform Guidance was adopted by the agency and provided to auditing firm via electronic mail.