

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2019 AND 2018

UNIFORM GUIDANCE SUPPLEMENTARY FINANCIAL REPORTS
YEAR ENDED DECEMBER 31, 2019



KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

August 5, 2020

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, 2019 and 2018, 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, 2019 and 2018, 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 5, 2020, 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, 2019 AND 2018

| | <u>ASSETS</u> | |
|------------------------------------------|-----------------------------------|---------------------|
| | <u>2019</u> | <u>2018</u> |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,158,385 | \$ 1,125,539 |
| Grants and accounts receivable | 699,471 | 762,419 |
| Promises to give | 239,798 | 189,356 |
| Prepays and deposits | 355,912 | 148,382 |
| | <u>2,453,566</u> | <u>2,225,696</u> |
| Total Current Assets | | |
| | 110,000 | 40,000 |
| Promises to Give, net of current portion | | |
| Leasehold Improvement | 881,193 | - |
| Furniture and Equipment | 766,148 | 530,603 |
| Accumulated Depreciation | (175,825) | (360,587) |
| | <u>1,471,516</u> | <u>170,016</u> |
| Net Furniture and Equipment | | |
| | \$ 4,035,082 | \$ 2,435,712 |
| | <u>\$ 4,035,082</u> | <u>\$ 2,435,712</u> |
| | <u>LIABILITIES AND NET ASSETS</u> | |
| Current Liabilities | | |
| Accounts payable | \$ 126,893 | \$ 60,937 |
| Accrued payroll and related liabilities | 359,751 | 359,769 |
| Deferred revenue | 13,497 | - |
| Current portion, copier lease | 14,929 | 15,344 |
| Current portion, note payable | 44,266 | - |
| | <u>559,336</u> | <u>436,050</u> |
| Total Current Liabilities | | |
| | 48,883 | - |
| Copier Lease, less current portion above | | |
| | 247,366 | - |
| Note Payable, less current portion above | | |
| | 881,193 | - |
| Deferred Lease Liability | | |
| | <u>1,736,778</u> | <u>436,050</u> |
| Total Liabilities | | |
| Net Assets | | |
| Without donor restrictions | 1,790,259 | 1,560,465 |
| With donor restrictions | 508,045 | 439,197 |
| | <u>2,298,304</u> | <u>1,999,662</u> |
| Total Net Assets | | |
| | <u>\$ 4,035,082</u> | <u>\$ 2,435,712</u> |

See notes to financial statements.

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF ACTIVITY

YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | | | 2018 | | |
|-----------------------------------------------|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Public Support and Revenue | | | | | | |
| Government grants | \$ 4,587,365 | | \$ 4,587,365 | \$ 4,363,548 | | \$ 4,363,548 |
| Private grants and contributions | 849,055 | \$ 425,128 | 1,274,183 | 861,396 | \$ 429,197 | 1,290,593 |
| In-kind contributions | 96,611 | - | 96,611 | 55,780 | - | 55,780 |
| Fundraising events | 507,892 | - | 507,892 | 464,658 | - | 464,658 |
| Fees for service | 343,696 | | 343,696 | 326,628 | | 326,628 |
| Investment returns | 17,388 | | 17,388 | (1,534) | | (1,534) |
| Miscellaneous | (4,451) | | (4,451) | 7,575 | | 7,575 |
| Net assets released from time restrictions | 237,530 | (237,530) | - | 137,243 | (137,243) | - |
| Net assets released from purpose restrictions | 118,750 | (118,750) | - | 123,072 | (123,072) | - |
| Total Public Support and Revenue | <u>6,753,836</u> | <u>68,848</u> | <u>6,822,684</u> | <u>6,338,366</u> | <u>168,882</u> | <u>6,507,248</u> |
| Expenses | | | | | | |
| Program services | 4,911,783 | | 4,911,783 | 4,572,592 | | 4,572,592 |
| Management and general | 665,389 | | 665,389 | 598,312 | | 598,312 |
| Fundraising | 946,870 | | 946,870 | 977,108 | | 977,108 |
| Total Expenses | <u>6,524,042</u> | | <u>6,524,042</u> | <u>6,148,012</u> | | <u>6,148,012</u> |
| Total Change in Net Assets | 229,794 | 68,848 | 298,642 | 190,354 | 168,882 | 359,236 |
| Net Assets - beginning of year | <u>1,560,465</u> | <u>439,197</u> | <u>1,999,662</u> | <u>1,370,111</u> | <u>270,315</u> | <u>1,640,426</u> |
| Net Assets - end of year | <u>\$ 1,790,259</u> | <u>\$ 508,045</u> | <u>\$ 2,298,304</u> | <u>\$ 1,560,465</u> | <u>\$ 439,197</u> | <u>\$ 1,999,662</u> |

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | | | | | | 2018 | | | | | |
|-------------------------------|--------------------|-----------------------|------------------------|------------------------|-------------------|--------------------|--------------------|-----------------------|------------------------|------------------------|-------------------|--------------------|
| | 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 | \$3,715,470 | \$ 143,437 | \$3,858,907 | \$ 462,630 | \$ 669,356 | \$4,990,893 | \$3,585,851 | \$ 146,225 | \$3,732,076 | \$ 456,772 | \$ 614,203 | \$4,803,051 |
| Professional fees | 442,703 | 14,968 | 457,671 | 135,794 | 65,113 | 658,578 | 290,854 | 5,288 | 296,142 | 89,993 | 148,382 | 534,517 |
| Occupancy | 196,918 | 5,896 | 202,814 | 18,392 | 20,998 | 242,204 | 177,810 | 5,483 | 183,293 | 17,453 | 18,314 | 219,060 |
| Miscellaneous | 75,522 | 1,358 | 76,880 | 16,099 | 40,291 | 133,270 | 83,351 | 1,286 | 84,637 | 4,345 | 29,824 | 118,806 |
| Travel and events | 53,039 | 6,953 | 59,992 | 4,776 | 51,594 | 116,362 | 64,592 | 3,047 | 67,639 | 5,681 | 49,592 | 122,912 |
| Depreciation | 40,788 | 1,694 | 42,482 | 3,461 | 12,258 | 58,201 | 35,369 | 1,493 | 36,862 | 2,786 | 10,274 | 49,922 |
| Dues and subscriptions | 23,980 | 633 | 24,613 | 10,041 | 18,600 | 53,254 | 22,678 | 645 | 23,323 | 8,515 | 14,069 | 45,907 |
| Communication | 38,872 | 1,259 | 40,131 | 2,450 | 4,972 | 47,553 | 34,912 | 1,358 | 36,270 | 2,507 | 3,770 | 42,547 |
| Repairs and maintenance | 40,767 | 743 | 41,510 | 1,475 | 3,094 | 46,079 | 10,958 | 468 | 11,426 | 1,266 | 1,700 | 14,392 |
| Program expenses and fees | 45,434 | - | 45,434 | - | - | 45,434 | 35,678 | 2,194 | 37,872 | - | - | 37,872 |
| Insurance | 22,385 | 738 | 23,123 | 7,134 | 2,714 | 32,971 | 13,342 | 473 | 13,815 | 6,013 | 1,718 | 21,546 |
| Conference fees | 9,470 | - | 9,470 | - | 22,187 | 31,657 | 9,470 | - | 9,470 | - | 20,760 | 30,230 |
| Supplies | 12,272 | 741 | 13,013 | 716 | 11,570 | 25,299 | 12,425 | 994 | 13,419 | 1,022 | 27,452 | 41,893 |
| Printing | 5,277 | 3,233 | 8,510 | 285 | 11,333 | 20,128 | 7,917 | 10,090 | 18,007 | 453 | 12,807 | 31,267 |
| Advertising | 875 | 126 | 1,001 | 341 | 10,391 | 11,733 | 386 | 3 | 389 | 165 | 19,503 | 20,057 |
| Training | 4,458 | 45 | 4,503 | 1,665 | 660 | 6,828 | 6,087 | 172 | 6,259 | 1,121 | 515 | 7,895 |
| Postage and shipping | 1,664 | 65 | 1,729 | 130 | 1,739 | 3,598 | 1,626 | 67 | 1,693 | 220 | 4,225 | 6,138 |
| Total Expenses | <u>\$4,729,894</u> | <u>\$ 181,889</u> | <u>\$4,911,783</u> | <u>\$ 665,389</u> | <u>\$ 946,870</u> | <u>\$6,524,042</u> | <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> |

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|--------------------------------------------------|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Cash received from: | | |
| Governmental agencies | \$ 4,668,326 | \$ 4,342,242 |
| Donors | 1,661,633 | 1,606,000 |
| Service fees and other revenue | 334,729 | 319,185 |
| Interest received | 17,388 | - |
| Cash paid to: | | |
| Personnel | (5,005,107) | (4,828,445) |
| Vendors | (1,516,554) | (1,233,389) |
| Interest paid | <u>(2,691)</u> | <u>(783)</u> |
| Net Cash Provided by Operating Activities | <u>157,724</u> | <u>204,810</u> |
| Cash Flows Used by Investing Activities | | |
| Purchases of property and equipment | <u>(1,279,359)</u> | <u>(53,444)</u> |
| Cash Flows from Financing Activities | | |
| Tenant improvement allowance | 881,193 | - |
| Borrowings on notes payable | 291,632 | - |
| Payments on copier lease | <u>(18,344)</u> | <u>(16,114)</u> |
| Net Cash Provided (Used) by Financing Activities | <u>1,154,481</u> | <u>(16,114)</u> |
| Changes in Cash and Cash Equivalents | 32,846 | 135,252 |
| Cash and Cash Equivalents - beginning of year | <u>1,125,539</u> | <u>990,287</u> |
| Cash and Cash Equivalents - end of year | <u>\$ 1,158,385</u> | <u>\$ 1,125,539</u> |
| Non-Cash Investing and Financing Activity | | |
| Equipment acquired through capital lease | <u>\$ 66,812</u> | <u>\$ -</u> |

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------------------------------------------------------------------|-------------------|-------------------|
| Reconciliation of Change in Net Assets to Net Cash from Operating Activities | | |
| Change in net assets | \$ 298,642 | \$ 359,236 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 58,201 | 49,922 |
| Loss on disposal of equipment | 15,521 | - |
| Change in: | | |
| Grants receivable | 62,948 | (36,324) |
| Promises to give | (120,442) | (149,251) |
| Prepays and deposits | (207,530) | 1,167 |
| Accounts payable | 36,905 | 1,876 |
| Accrued payroll and related liabilities | (18) | (21,816) |
| Deferred revenue | <u>13,497</u> | <u>-</u> |
| Net Cash Provided by Operating Activities | <u>\$ 157,724</u> | <u>\$ 204,810</u> |

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FASB Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. King County Sexual Assault Resource Center has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented. Analysis of various provisions of this standard resulted in no significant changes in the way King County Sexual Assault Resource Center recognizes revenue from contracts with customers, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. King County Sexual Assault Resource Center has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Analysis of various provisions of this standard resulted in no significant changes in the way King County Sexual Assault Resource Center recognizes contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

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.

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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>2019</u> | <u>2018</u> |
|---------------------|-------------------|-------------------|
| Future Periods | \$ 352,878 | \$ 310,447 |
| Phoenix/Project 360 | - | 35,000 |
| Family Services | 10,000 | 10,667 |
| Legal Advocacy | 34,167 | 35,000 |
| CourtWatch | - | 5,000 |
| Prevention | 111,000 | 16,000 |
| Client Services | - | 12,083 |
| Individual Therapy | - | 15,000 |
| | <u>\$ 508,045</u> | <u>\$ 439,197</u> |

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of December 31, 2019 and 2018, 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, 2019 are considered immaterial.

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

| | <u>2019</u> | <u>2018</u> |
|--------------------------------------|-------------------|-------------------|
| Due in less than one year | \$ 264,780 | \$ 208,930 |
| Due in one to two years | <u>110,000</u> | <u>40,000</u> |
| | 374,780 | 248,930 |
| Less allowance for uncollectible | <u>(24,982)</u> | <u>(19,574)</u> |
| Total Unconditional Promises to Give | <u>\$ 349,798</u> | <u>\$ 229,356</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 fee for service revenue when related service is provided.

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

King County Sexual Assault Resource Center recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been met. King County Sexual Assault Resource Center's federal, state and local contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. As of December 31, 2019, King County Sexual Assault Resource Center had conditional contributions and grants totaling \$3,409,447 which have not been recognized in the accompanying financial statements.

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, 2019 and 2018, in-kind contributions of \$96,611 and \$55,780, 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.

Concentration of support and receivables

For the years ended December 31, 2019 and 2018, two governmental agencies provided 49% and 48%, respectively, of King County Sexual Assault Resource Center's total support and revenue. At December 31, 2019 and 2018, approximately 55% and 67%, 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.

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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, 2019 and 2018, financial assets available to meet cash needs for general expenditures within one year were as follows:

| | <u>2019</u> | <u>2018</u> |
|-------------------------------------------------------------------------------------------|---------------------|---------------------|
| Total financial assets | \$ 2,207,654 | \$ 2,117,314 |
| Less promises due in more than one year | <u>(110,000)</u> | <u>(40,000)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 2,097,654</u> | <u>\$ 2,077,314</u> |

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2020. There was no outstanding balance on the line of credit at December 31, 2019.

NOTE D - NOTE PAYABLE

King County Sexual Assault Resource Center entered into a construction line of credit in September 2019 which was converted into an unsecured note payable in December 2019. The note is due in monthly installments of \$5,927 with final payment due October 2024. The interest rate on the note is 4.45%.

Principal payments for the note payable are as follows for the years ending December 31:

| | |
|------|-------------------|
| 2020 | \$ 44,266 |
| 2021 | 61,363 |
| 2022 | 64,150 |
| 2023 | 67,063 |
| 2024 | 54,790 |
| | <u>\$ 291,632</u> |

NOTE E - LEASE OBLIGATIONS

In 2019, King County Sexual Assault Resource entered into a non-cancelable office space lease that commences January 2020 and expires in April 2030. The terms of the lease includes the provision of a tenant improvement allowance of \$881,913. The allowance was fully utilized as of December 31, 2019 and is shown as deferred lease liability on the statement of financial position. Related minimum future rental payments on this lease for the years ending December 31 are as follows:

| | |
|------------|---------------------|
| 2020 | \$ 164,052 |
| 2021 | 254,867 |
| 2022 | 263,655 |
| 2023 | 272,444 |
| 2024 | 281,232 |
| Thereafter | <u>1,684,463</u> |
| | <u>\$ 2,920,713</u> |

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE E – LEASE OBLIGATIONS (Continued)

King County Sexual Assault Resource Center leases certain office equipment under a non-cancelable capital lease, with a total recorded cost of \$66,812 and related accumulated depreciation at December 31, 2019 of \$4,454. Total monthly payments are \$1,131 including interest of 4.450% per annum. Scheduled lease payments for the years ending December 31 are as follows:

| | |
|---------------------------|------------------|
| 2020 | \$ 14,929 |
| 2021 | 14,929 |
| 2022 | 14,929 |
| 2023 | 14,929 |
| 2024 | <u>10,959</u> |
| | 70,675 |
| Less amounts for interest | <u>(6,863)</u> |
| | <u>\$ 63,812</u> |

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 \$114,165 and \$112,979, respectively, for the years ended December 31, 2019 and 2018.

NOTE G- SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2019 through August 5, 2020, 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, 2019, including the estimates inherent in the processing of financial statements.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 23, 2020 the Governor of Washington declared a health emergency and issued an order to close all nonessential businesses until further notice. Management is currently evaluating the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the King County Sexual Assault Resource Center's financial position, change in net asset and cash flows, the specific impact is not readily determinable as of the date of these financial statements. In addition, King County Sexual Assault Resource Center has obtained a \$982,983 Paycheck Protection Program loan as part of its response plan. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

SUPPLEMENTARY INFORMATION

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

SCHEDULE OF STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2019

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 | 1/1-6/30/2019 | 3340421 | 19-31310-134 | \$ 2,094,287 | |
| Sexual Assault Core and Specialized Services | 7/1-12/31/2019 | 3340423 | 20-31310-134 | <u>2,195,479</u> | |
| | | | | 4,289,766 | \$ 470,528 |
| Crime Victims Service Center | 1/1-6/30/2019 | 3340422 | 19-31219-022 | 57,654 | |
| Crime Victims Service Center | 7/1-12/31/2019 | 3340424 | 20-31219-017 | <u>116,186</u> | |
| | | | | 173,840 | 6,203 |
| Criminal Justice Training Commission | 1/1-12/31/2019 | 3340110 | 2019-C203 | 12,999 | 5,764 |
| Washington Department of Social and Health Services | | | | | |
| <i>DSHS Children's Administration</i> | | | | | |
| Sexually Aggressive Youth Services | 1/1-12/31/2019 | 3340462 | 1712-14805 | Fee for Service | <u>2,566</u> |
| Total State Financial Assistance | | | | | <u><u>\$ 485,061</u></u> |

UNIFORM GUIDANCE SUPPLEMENTARY INFORMATION

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2019

| 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 | \$ 52,766 | \$ 253,460 |
| "Legal Assistance for Victims" | 2017-WL-AX-0046 | 16.524 | 128,000 | 159,712 |
| <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 | - | 70,000 |
| "Crime Victim Assistance" | 19-31310-134 | | - | 794,718 |
| "Crime Victim Assistance" | 20-31310-134 | | - | 858,605 |
| "Crime Victim Assistance" | 19-31219-022 | | - | 26,459 |
| "Crime Victim Assistance" | 20-31219-017 | | - | 46,965 |
| "Crime Victim Assistance" | F19-31219-808 | | - | 53,361 |
| "Crime Victim Assistance" | F18-31219-808 | | - | 46,266 |
| "Crime Victim Assistance" | F17-31219-736 | | - | 1,267 |
| "Crime Victim Assistance" | F17-31219-948 | | - | 1,243 |
| "Crime Victim Assistance" | F18-31219-508 | | - | 100,906 |
| | | 16.575* | - | 1,929,790 |
| Total Expenditures of Federal Awards | | | \$ 180,766 | \$ 2,412,962 |

* Denotes a major program.

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2019

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 2019, the negotiated rate is 26% 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 5, 2020

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, 2019 and 2018, 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 5, 2020.

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 5, 2020

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, 2019. 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, 2019.

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, material weaknesses may exist that have not been identified.

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, 2019

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. No material weaknesses relating to the audit of the major federal awards programs are 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."
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

None.

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2019

PRIOR AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAM AUDIT

2018-001 Internal Control Over Procurement and Suspension and Debarment

Federal Agency: Department of Justice

CFDA No. 16.575

Summary: Award recipients must adopt and maintain procurement policies that comply with procurement standards set out at 2 CFR sections 200.318 through 200.326. King County Sexual Assault Resource Center had yet to adopt a procurement policy that meets the requirements of the Uniform Guidance. The lack of a procurement policy that meets the requirements of the Uniform Guidance could lead to inappropriate purchasing decisions and potentially disallowed costs.

Status: Effective May 9, 2019 King County Sexual Assault Resource Center adopted a procurement policy which meets the Uniform Guidance requirements.

Contact Person: Anne Mace-Deines, Director of Finance and Accounting 425-282-0335