

**KING COUNTY SEXUAL ASSAULT
RESOURCE CENTER**

FINANCIAL REPORT

DECEMBER 31, 2006

C O N T E N T S

	Page
INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENTS OF FUNCTIONAL EXPENSES.....	4
STATEMENTS OF CASH FLOWS.....	5
NOTES TO FINANCIAL STATEMENTS	6 - 8



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
King County Sexual Assault Resource Center
Renton, Washington

We have audited the accompanying statements of financial position of King County Sexual Assault Resource Center ("the Resource Center") as of December 31, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Resource Center's management. 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of King County Sexual Assault Resource Center as of December 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2007, on our consideration of the Resource Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for 2006. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our 2006 audit.

/S/ PETERSON SULLIVAN PLLC

March 16, 2007

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF FINANCIAL POSITION

December 31, 2006 and 2005

ASSETS	<u>2006</u>	<u>2005</u>
Current Assets		
Cash and cash equivalents	\$ 357,036	\$ 455,907
Contracts receivable	314,231	115,184
Pledges receivable, net	31,319	
Prepaid expenses	40,948	37,720
	<hr/>	<hr/>
Total current assets	743,534	608,811
Pledges Receivable, less current portion, net	47,655	
Furniture and Equipment	264,178	188,530
Less: Accumulated Depreciation	(192,539)	(188,530)
	<hr/>	<hr/>
	71,639	-
	<hr/>	<hr/>
Total assets	<u>\$ 862,828</u>	<u>\$ 608,811</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 96,124	\$ 42,242
Accrued payroll and related liabilities	49,228	40,301
Deferred revenue	31,275	36,042
	<hr/>	<hr/>
Total current liabilities	176,627	118,585
Net Assets		
Unrestricted	617,825	490,226
Temporarily restricted	68,376	
	<hr/>	<hr/>
Total net assets	686,201	490,226
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 862,828</u>	<u>\$ 608,811</u>

See Notes to Financial Statements

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2006 and 2005

	2006			2005		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Contributions	\$ 424,897	\$ 68,376	\$ 493,273	\$ 390,739	\$ -	\$ 390,739
Fundraising events, net of direct costs of \$66,039 in 2006 and \$62,956 in 2005	352,290		352,290	296,568		296,568
In-kind contributions	37,731		37,731	149,308		149,308
Fees and grants from government agencies	1,518,809		1,518,809	1,244,099		1,244,099
United Way donations and fees for services	84,746		84,746	89,008		89,008
Client/training fees	9,037		9,037	9,406		9,406
Interest and dividend income	10,077		10,077	1,710		1,710
Loss on sale of donated stock	(219)		(219)	(802)		(802)
Other revenue	3,608		3,608	129		129
	<u>2,440,976</u>	<u>68,376</u>	<u>2,509,352</u>	<u>2,180,165</u>		<u>2,180,165</u>
Expenses						
Program services	1,781,313		1,781,313	1,600,959		1,600,959
Management and general	156,943		156,943	151,712		151,712
Fundraising	375,121		375,121	295,438		295,438
	<u>2,313,377</u>		<u>2,313,377</u>	<u>2,048,109</u>		<u>2,048,109</u>
Change in net assets	127,599	68,376	195,975	132,056		132,056
Net Assets, beginning of year	490,226		490,226	358,170		358,170
Net Assets, end of year	<u>\$ 617,825</u>	<u>\$ 68,376</u>	<u>\$ 686,201</u>	<u>\$ 490,226</u>	<u>\$ -</u>	<u>\$ 490,226</u>

See Notes to Financial Statements

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2006 and 2005

	2006					Grand Total
	Program Services		Total Program Services	Supporting Services		
	Client Services	Education		Management and General	Fundraising	
Salaries, benefits and taxes (including pension expense of \$30,702)	\$ 1,051,093	\$ 185,207	\$ 1,236,300	\$ 115,698	\$ 237,736	\$ 1,589,734
Program expenses	337,002	34,562	371,564	26,424	117,267	515,255
Indirect expenses	147,689	25,760	173,449	14,821	20,118	208,388
	<u>\$ 1,535,784</u>	<u>\$ 245,529</u>	<u>\$ 1,781,313</u>	<u>\$ 156,943</u>	<u>\$ 375,121</u>	<u>\$ 2,313,377</u>

	2005					Grand Total
	Program Services		Total Program Services	Supporting Services		
	Client Services	Education		Management and General	Fundraising	
Salaries, benefits and taxes (including pension expense of \$23,348)	\$ 1,007,322	\$ 177,040	\$ 1,184,362	\$ 114,095	\$ 217,366	\$ 1,515,823
Program expenses	229,578	18,290	247,868	20,761	51,214	319,843
Indirect expenses	150,478	18,251	168,729	16,856	26,858	212,443
	<u>\$ 1,387,378</u>	<u>\$ 213,581</u>	<u>\$ 1,600,959</u>	<u>\$ 151,712</u>	<u>\$ 295,438</u>	<u>\$ 2,048,109</u>

See Notes to Financial Statements

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities		
Grants received	\$ 1,319,762	\$ 1,305,242
Contributions and other cash received	916,697	843,006
Interest received	10,077	1,710
Cash paid to employees	(1,580,809)	(1,516,699)
Cash paid to vendors and suppliers	<u>(697,287)</u>	<u>(466,243)</u>
Cash flows from operating activities	(31,560)	167,016
Cash Flows from Investing Activities		
Proceeds from sale of donated stock	8,336	21,955
Purchase of furniture and equipment	<u>(75,647)</u>	<u></u>
Cash flows from investing activities	<u>(67,311)</u>	<u>21,955</u>
Net change in cash and cash equivalents	(98,871)	188,971
Cash and Cash Equivalents, beginning of year	<u>455,907</u>	<u>266,936</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 357,036</u></u>	<u><u>\$ 455,907</u></u>
Reconciliation of Change in Net Assets to Net		
Cash Flows from Operating Activities		
Change in net assets	\$ 195,975	\$ 132,056
Contributions of stock	(8,555)	(6,800)
Depreciation	4,008	4,411
Loss on sale of donated stock	219	802
Change in operating assets and liabilities		
Contracts receivable	(199,047)	61,143
Pledges receivable	(78,974)	
Prepaid expenses	(3,228)	(555)
Accounts payable and accrued expenses	62,809	(25,041)
Deferred revenue	<u>(4,767)</u>	<u>1,000</u>
Net cash flows from operating activities	<u><u>\$ (31,560)</u></u>	<u><u>\$ 167,016</u></u>

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization

King County Sexual Assault Resource Center ("the Resource Center") is an agency formed to provide services to victims of sexual assault and their families (alleviating the trauma of the assault as much as possible) and to change community response to victims of sexual assault. Direct victim services include: 24-hour telephone crisis intervention, individual therapy, and legal and medical advocacy. In addition, the agency provides continuous education as the key to preventing sexual assault.

A substantial portion of fees and contracts (and related contracts receivable) are from contracts administered by various State of Washington and local government agencies. Funding from these sources is not guaranteed for future periods.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimates that were used.

Financial Statement Presentation

The Resource Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Resource Center has no permanently restricted net assets, so these classes of net assets are not shown on the financial statements. Contributions that are received are recorded as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of unexpended contributions restricted for particular purposes or time periods, and contributions to be received in future years. If temporarily restricted contributions are used for their restricted purpose in the same year as received, they are classified as unrestricted contributions. At December 31, 2006, the Resource Center had \$68,376 in temporarily restricted net assets for contributions to be received (and, therefore, used) in future years. There were no temporarily restricted net assets at December 31, 2005.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in a bank and money market funds. On occasion, the Resource Center has cash balances at a bank that are in excess of federally insured limits.

Furniture and Equipment

Furniture and equipment are recorded at cost or, in the case of donated property, at the estimated fair market value at the date of donation. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets. The capitalization policy threshold is \$1,000.

Deferred Revenue

Deferred revenue consists primarily of sponsorship funds received in advance for the following year's fundraising events. These revenues are recognized when the events take place.

In-Kind Contributions

Contributed services are recognized at the estimated fair value of the services received. These services are recognized if the services received require specialized skills that are provided by individuals possessing those skills and would need to be purchased if not provided by donation. In-kind contributions in both 2006 and 2005 consist of legal fees, promotional video production, and advertising. The decrease from 2006 to 2005 was the result of a significant in-kind contribution of billboard space in 2005.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated between program and supporting services.

Income Taxes

The Resource Center is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Reclassifications

Certain amounts from the prior year have been reclassified to conform to the current presentation.

Note 2. Pledges Receivable

Pledges receivable consist of unconditional promises to give cash. Management has recorded an allowance against pledges receivable of \$12,211 at December 31, 2006. Long-term pledges have not been discounted as management believes the discount is not material. Pledges receivable consist of the following at December 31:

	2006	2005
Receivable in less than one year	\$ 38,235	\$ -
Receivable in one year	52,950	
	91,185	
Less: allowance for doubtful pledges	(12,211)	
Net pledges receivable	\$ 78,974	\$ -

Included in the statements of financial position as follows:

	2006	2005
Pledges receivable – current portion	\$ 31,319	\$ -
Pledges receivable – long-term portion	47,655	
Net pledges receivable	\$ 78,974	\$ -

The Resource Center has also received a conditional pledge of up to \$30,000. Receipt of the pledged funds is conditioned upon the Board meeting various fundraising goals over a three year period. In 2006, some of the conditions for the pledge were met and \$10,000 was received and recorded as revenue in the statement of activities. At December 31, 2006, there was \$20,000 outstanding on the conditional pledge. As the likelihood of meeting the conditions of the pledge are unknown this amount has not been recognized in the financial statements.

Note 3. Leased Facilities

Office facilities used by the Resource Center are rented under a noncancelable operating lease that expires in 2010. Rent expense was approximately \$154,500 in 2006 and \$142,000 in 2005.

Future lease payments under the lease described above are as follows for the years ended December 31:

2007	\$ 151,200
2008	154,900
2009	155,800
2010	39,000
	\$ 500,900