

**KING COUNTY SEXUAL ASSAULT
RESOURCE CENTER**

FINANCIAL REPORT

DECEMBER 31, 2007

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CERTIFIED PUBLIC ACCOUNTANTS

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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 KCSARC") as of December 31, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the KCSARC'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, 2007 and 2006, 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 July 16, 2008, on our consideration of the KCSARC'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 2007. 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 2007 audit.

/S/ PETERSON SULLIVAN PLLC

July 16, 2008

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF FINANCIAL POSITION

December 31, 2007 and 2006

ASSETS	2007	2006
Current Assets		
Cash and cash equivalents	\$ 530,259	\$ 357,036
Contracts receivable	184,983	314,231
Pledges receivable, net	66,004	31,319
Prepaid expenses	21,656	40,948
Total current assets	802,902	743,534
Pledges Receivable, less current portion, net	18,450	47,655
Furniture and Equipment	218,384	264,178
Less: Accumulated Depreciation	(82,447)	(192,539)
	135,937	71,639
Total assets	\$ 957,289	\$ 862,828
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 50,885	\$ 96,124
Accrued payroll and related liabilities	119,294	49,228
Deferred revenue	56,610	31,275
Total current liabilities	226,789	176,627
Net Assets		
Unrestricted	647,918	617,825
Temporarily restricted	82,582	68,376
Total net assets	730,500	686,201
Total liabilities and net assets	\$ 957,289	\$ 862,828

See Notes to Financial Statements

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2007 and 2006

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Contributions	\$ 301,137	\$ 66,895	\$ 368,032	\$ 376,783	\$ 68,376	\$ 445,159
Fundraising events, net of direct costs of \$115,636 in 2007 and \$91,173 in 2006	353,789		353,789	375,270		375,270
In-kind contributions	23,853		23,853	37,731		37,731
Fees and grants from government agencies	1,669,171		1,669,171	1,518,809		1,518,809
United Way donations and fees for services	96,523		96,523	84,746		84,746
Client/training fees	21,862		21,862	9,037		9,037
Interest and dividend income	14,157		14,157	9,858		9,858
Other revenue	489		489	3,608		3,608
Net assets released from restrictions	52,689	(52,689)				
	<u>2,533,670</u>	<u>14,206</u>	<u>2,547,876</u>	<u>2,415,842</u>	<u>68,376</u>	<u>2,484,218</u>
Expenses						
Program services	1,970,160		1,970,160	1,781,313		1,781,313
Management and general	149,538		149,538	156,943		156,943
Fundraising	383,879		383,879	349,987		349,987
	<u>2,503,577</u>		<u>2,503,577</u>	<u>2,288,243</u>		<u>2,288,243</u>
Change in net assets	30,093	14,206	44,299	127,599	68,376	195,975
Net Assets, beginning of year	617,825	68,376	686,201	490,226		490,226
Net Assets, end of year	<u>\$ 647,918</u>	<u>\$ 82,582</u>	<u>\$ 730,500</u>	<u>\$ 617,825</u>	<u>\$ 68,376</u>	<u>\$ 686,201</u>

See Notes to Financial Statements

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2007 and 2006

	2007					Grand Total
	Program Services		Total Program Services	Supporting Services		
	Client Services	Education		Management and General	Fundraising	
Salaries, benefits and taxes (including pension expense of \$43,369)	\$ 1,231,664	\$ 205,454	\$ 1,437,118	\$ 121,737	\$ 243,808	\$ 1,802,663
Program expenses	298,562	45,059	343,621	16,426	116,544	476,591
Indirect expenses	161,110	28,311	189,421	11,375	23,527	224,323
	<u>\$ 1,691,336</u>	<u>\$ 278,824</u>	<u>\$ 1,970,160</u>	<u>\$ 149,538</u>	<u>\$ 383,879</u>	<u>\$ 2,503,577</u>

	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	92,133	490,121
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>\$ 349,987</u>	<u>\$ 2,288,243</u>

See Notes to Financial Statements

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2007 and 2006

	2007	2006
Cash Flows from Operating Activities		
Grants received	\$ 1,798,419	\$ 1,319,762
Contributions and other cash received	1,081,704	916,697
Interest received	14,157	10,077
Cash paid to employees	(1,732,597)	(1,580,809)
Cash paid to vendors and suppliers	(916,921)	(697,287)
	244,762	(31,560)
Cash Flows from Investing Activities		
Proceeds from sale of donated stock	10,118	8,336
Purchase of furniture and equipment	(81,657)	(75,647)
	(71,539)	(67,311)
Net change in cash and cash equivalents	173,223	(98,871)
Cash and Cash Equivalents, beginning of year	357,036	455,907
Cash and Cash Equivalents, end of year	\$ 530,259	\$ 357,036
 Reconciliation of Change in Net Assets to Net		
Cash Flows from Operating Activities		
Change in net assets	\$ 44,299	\$ 195,975
Contributions of stock	(10,118)	(8,555)
Depreciation	17,359	4,008
Loss on sale of donated stock		219
Change in operating assets and liabilities		
Contracts receivable	129,248	(199,047)
Pledges receivable	(5,480)	(78,974)
Prepaid expenses	19,292	(3,228)
Accounts payable and accrued expenses	24,827	62,809
Deferred revenue	25,335	(4,767)
	\$ 244,762	\$ (31,560)

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization

King County Sexual Assault Resource Center ("the KCSARC") 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 KCSARC 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 KCSARC has no permanently restricted net assets, so this class of net assets is 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, 2007 and 2006, the KCSARC had \$82,582 and \$68,376, respectively, in temporarily restricted net assets for contributions to be received (and, therefore, used) in future years.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in a bank and money market funds. On occasion, the KCSARC 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 2007 and 2006 consist of legal fees and advertising expenses.

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 KCSARC 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 year presentation.

Note 2. Pledges Receivable

Pledges receivable consist of unconditional promises to give cash. Management has recorded an allowance against pledges receivable of \$10,390 and \$12,211 at December 31, 2007 and 2006, respectively. Long-term pledges have not been discounted as management believes the discount is not material. Pledges receivable consist of the following at December 31:

	<u>2007</u>	<u>2006</u>
Receivable in less than one year	\$ 74,344	\$ 38,235
Receivable in one year	<u>20,500</u>	<u>52,950</u>
	94,844	91,185
Less: allowance for doubtful pledges	<u>(10,390)</u>	<u>(12,211)</u>
Net pledges receivable	<u><u>\$ 84,454</u></u>	<u><u>\$ 78,974</u></u>

Included in the statements of financial position as follows:

	<u>2007</u>	<u>2006</u>
Pledges receivable – current portion	\$ 66,004	\$ 31,319
Pledges receivable – long-term portion	<u>18,450</u>	<u>47,655</u>
Net pledges receivable	<u><u>\$ 84,454</u></u>	<u><u>\$ 78,974</u></u>

The KCSARC has also received a conditional pledge of up to \$30,000 in 2005. Receipt of the pledged funds is conditioned upon the Board meeting various fundraising goals over a three year period. In 2007 and 2006, some of the conditions for the pledge were met and \$10,000 for both years was received and recorded as revenue in the statements of activities. At December 31, 2007, there was \$10,000 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. Pass-Through Contract Obligations

The KCSARC 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 the KCSARC. Pass-through obligations are included in accounts payable on the statements of financial position. Pass-through contract activity was as follows in 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Pass-through obligations, beginning of year	\$ 78,716	\$ 27,433
Pass-through contracts received during the year	185,644	167,115
Pass-through contracts paid during the year	<u>(251,426)</u>	<u>(115,832)</u>
Pass-through obligations, end of year	<u><u>\$ 12,934</u></u>	<u><u>\$ 78,716</u></u>

Note 4. Leased Facilities

Office facilities used by the KCSARC are rented under a noncancelable operating lease that expires in 2010. Rent expense was approximately \$158,500 in 2007 and \$154,500 in 2006.

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

2008	\$ 154,913
2009	155,841
2010	<u>38,960</u>
	<u>\$ 349,714</u>

Note 5. Subsequent Event

In January 2008, the KCSARC entered into a line of credit agreement with a bank, with a maximum borrowing base of \$100,000. The line of credit bears interest at 7.75% and matures July 2009.