

**KING COUNTY SEXUAL ASSAULT  
RESOURCE CENTER**

FINANCIAL REPORT

DECEMBER 31, 2008

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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 ("KCSARC") as of December 31, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of 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, 2008 and 2007, 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 April 28, 2009, on our consideration of 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. 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 2008 audit.

/S/ PETERSON SULLIVAN LLP

April 28, 2009

**KING COUNTY SEXUAL ASSAULT RESOURCE CENTER**

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2008 and 2007

ASSETS	<u>2008</u>	<u>2007</u>
Current Assets		
Cash and cash equivalents	\$ 381,451	\$ 530,259
Contracts receivable	357,885	184,983
Current portion of contributions receivable, net	84,220	66,004
Prepaid expenses	<u>51,193</u>	<u>21,656</u>
Total current assets	874,749	802,902
Contributions Receivable, less current portion, net	3,330	18,450
Furniture and Equipment	218,764	218,384
Less: Accumulated Depreciation	<u>(112,823)</u>	<u>(82,447)</u>
	<u>105,941</u>	<u>135,937</u>
Total assets	<u><u>\$ 984,020</u></u>	<u><u>\$ 957,289</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 58,320	\$ 50,885
Accrued payroll and related liabilities	132,289	119,294
Deferred revenue	<u>65,150</u>	<u>56,610</u>
Total current liabilities	255,759	226,789
Net Assets		
Unrestricted	666,787	647,918
Temporarily restricted	<u>61,474</u>	<u>82,582</u>
Total net assets	<u>728,261</u>	<u>730,500</u>
Total liabilities and net assets	<u><u>\$ 984,020</u></u>	<u><u>\$ 957,289</u></u>

See Notes to Financial Statements

**KING COUNTY SEXUAL ASSAULT RESOURCE CENTER**

**STATEMENTS OF ACTIVITIES**

For the Years Ended December 31, 2008 and 2007

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>						
Contributions	\$ 365,188	\$ 46,564	\$ 411,752	\$ 301,137	\$ 66,895	\$ 368,032
Fundraising events, net of direct costs of \$94,263 in 2008 and \$115,636 in 2007	357,057		357,057	353,789		353,789
In-kind contributions	2,841		2,841	23,853		23,853
Fees and grants from government agencies	1,552,832		1,552,832	1,669,171		1,669,171
United Way donations and fees for services	94,505		94,505	96,523		96,523
Client/training fees	11,903		11,903	21,862		21,862
Interest and dividend income	5,939		5,939	14,157		14,157
Other revenue	696		696	489		489
Net assets released from restrictions	67,672	(67,672)		52,689	(52,689)	
	<u>2,458,633</u>	<u>(21,108)</u>	<u>2,437,525</u>	<u>2,533,670</u>	<u>14,206</u>	<u>2,547,876</u>
<b>Expenses</b>						
Program services	1,966,094		1,966,094	1,970,160		1,970,160
Management and general	158,849		158,849	149,538		149,538
Fundraising	314,821		314,821	383,879		383,879
	<u>2,439,764</u>		<u>2,439,764</u>	<u>2,503,577</u>		<u>2,503,577</u>
<b>Change in net assets</b>	<b>18,869</b>	<b>(21,108)</b>	<b>(2,239)</b>	<b>30,093</b>	<b>14,206</b>	<b>44,299</b>
Net Assets, beginning 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>
Net Assets, end of year	<u>\$ 666,787</u>	<u>\$ 61,474</u>	<u>\$ 728,261</u>	<u>\$ 647,918</u>	<u>\$ 82,582</u>	<u>\$ 730,500</u>

See Notes to Financial Statements

**KING COUNTY SEXUAL ASSAULT RESOURCE CENTER**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2008

	Program Services			Supporting Services		Grand Total
	Client Services	Prevention/ Education	Total Program Services	Management and General	Fundraising	
Salaries, Benefits, and Taxes (including pension expense of \$47,243)	\$ 1,337,138	\$ 198,213	\$ 1,535,351	\$ 128,831	\$ 221,974	\$ 1,886,156
Rent	123,758	21,762	145,520	6,098	20,824	172,442
Professional Fees	84,741	6,724	91,465	6,180	27,604	125,249
Program Expenses and Fees	26,203	8,500	34,703			34,703
Telephone	25,908	3,645	29,553	2,646	2,370	34,569
Travel	24,135	4,220	28,355	3,234	1,190	32,779
Depreciation	22,844	2,132	24,976	1,137	4,263	30,376
Supplies	16,128	1,562	17,690	1,232	7,356	26,278
Printing	15,847	452	16,299	241	6,985	23,525
Repairs and Maintenance	14,312	2,882	17,194	1,021	3,272	21,487
Insurance	7,334	1,289	8,623	4,466	1,234	14,323
Postage and Shipping	3,716	520	4,236	822	3,451	8,509
Conference Fees	3,778	659	4,437	1,334	843	6,614
Training	1,854	517	2,371	205	2,755	5,331
Dues and Subscriptions	1,599	534	2,133	128	854	3,115
Advertising	50		50		250	300
Miscellaneous	2,823	315	3,138	1,274	9,596	14,008
<b>Total expenses</b>	<b>\$ 1,712,168</b>	<b>\$ 253,926</b>	<b>\$ 1,966,094</b>	<b>\$ 158,849</b>	<b>\$ 314,821</b>	<b>\$ 2,439,764</b>

See Notes to Financial Statements

**KING COUNTY SEXUAL ASSAULT RESOURCE CENTER**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2007

	Program Services			Supporting Services		Grand Total
	Client Services	Prevention/ Education	Total Program Services	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
Rent	111,275	22,211	133,486	6,947	21,201	161,634
Professional Fees	139,531	15,126	154,657	5,682	50,507	210,846
Program Expenses and Fees	24,178	7,053	31,231			31,231
Telephone	25,136	3,562	28,698	1,102	2,312	32,112
Travel	25,823	5,134	30,957	4,111	1,252	36,320
Depreciation	10,712	3,754	14,466	492	2,401	17,359
Supplies	30,798	5,214	36,012	846	13,299	50,157
Printing	18,534	2,050	20,584	50	8,668	29,302
Repairs and Maintenance	9,926	1,768	11,694	514	7,306	19,514
Insurance	24,698	2,668	27,366	5,049	13	32,428
Postage and Shipping	4,301	482	4,783	233	11,991	17,007
Conference Fees	2,623	1,638	4,261	1,385	802	6,448
Training	394	979	1,373	341	1,958	3,672
Dues and Subscriptions	2,189	541	2,730	398	996	4,124
Advertising	5,109	27	5,136	10	5,090	10,236
Miscellaneous	24,445	1,163	25,608	641	12,275	38,524
<b>Total expenses</b>	<b>\$ 1,691,336</b>	<b>\$ 278,824</b>	<b>\$ 1,970,160</b>	<b>\$ 149,538</b>	<b>\$ 383,879</b>	<b>\$ 2,503,577</b>

See Notes to Financial Statements

# KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2008 and 2007

	2008	2007
Cash Flows from Operating Activities		
Grants received	\$ 1,379,930	\$ 1,798,419
Contributions and other cash received	963,144	1,081,704
Interest received	5,939	14,157
Cash paid to employees	(1,873,159)	(1,732,597)
Cash paid to vendors and suppliers	(636,979)	(916,921)
Cash flows from operating activities	(161,125)	244,762
Cash Flows from Investing Activities		
Proceeds from sale of donated stock	12,697	10,118
Purchase of furniture and equipment	(380)	(81,657)
Cash flows from investing activities	12,317	(71,539)
<b>Net change in cash and cash equivalents</b>	<b>(148,808)</b>	<b>173,223</b>
Cash and Cash Equivalents, beginning of year	530,259	357,036
Cash and Cash Equivalents, end of year	\$ 381,451	\$ 530,259
Reconciliation of Change in Net Assets to Cash Flows from Operating Activities		
Change in net assets	\$ (2,239)	\$ 44,299
Contributions of stock	(12,697)	(10,118)
Depreciation	30,376	17,359
Change in operating assets and liabilities		
Contracts receivable	(172,902)	129,248
Contributions receivable	(3,096)	(5,480)
Prepaid expenses	(29,537)	19,292
Accounts payable and accrued expenses	20,430	24,827
Deferred revenue	8,540	25,335
Cash flows from operating activities	\$ (161,125)	\$ 244,762

See Notes to Financial Statements

## NOTES TO FINANCIAL STATEMENTS

### **Note 1. Organization and Significant Accounting Policies**

#### **Organization**

King County Sexual Assault Resource Center ("KCSARC") 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 KCSARC is for a community free of sexual violence. KCSARC victim and family services include: 24-hour resource telephone line staffed by professional staff, legal advocacy services, family support programs, and individual and group therapy. Dando Voz, a program for the Spanish speaking community, provides all of the above services in Spanish. KCSARC also provides state of the art prevention and education programs to the community through community engagement programs, training, and responding to community concerns.

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**

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. 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 used 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. Temporarily restricted net assets consist of the following at December 31:

	<u>2008</u>	<u>2007</u>
Contributions to be used in future years	\$ 29,900	\$ 76,582
Contributions to be used for specific programs	<u>31,574</u>	<u>6,000</u>
	<u>\$ 61,474</u>	<u>\$ 82,582</u>

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash in a bank and money market funds. On occasion, 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 2008 and 2007 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.

## **Concentrations**

At December 31, 2008, four donors accounted for 59% of contributions receivable. At December 31, 2007, two donors accounted for 42% of contributions receivable.

## **Income Taxes**

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. Contributions Receivable**

Contributions receivable consist of unconditional promises to give cash. Management has recorded an allowance against contributions receivable of \$5,351 and \$10,390 at December 31, 2008 and 2007, respectively. Long-term contributions have not been discounted as management believes the discount is not material. Contributions receivable consist of the following at December 31:

	<u>2008</u>	<u>2007</u>
Receivable in one year or less	\$ 89,201	\$ 74,344
Receivable in more than one year	<u>3,700</u>	<u>20,500</u>
	92,901	94,844
Less: allowance for doubtful contributions	<u>(5,351)</u>	<u>(10,390)</u>
Net contributions receivable	<u><u>\$ 87,550</u></u>	<u><u>\$ 84,454</u></u>

Included in the statements of financial position as follows:

	<u>2008</u>	<u>2007</u>
Contributions receivable – current portion	\$ 84,220	\$ 66,004
Contributions receivable – long-term portion	<u>3,330</u>	<u>18,450</u>
Net contributions receivable	<u><u>\$ 87,550</u></u>	<u><u>\$ 84,454</u></u>

### Note 3. Pass-Through Contract Obligations

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 KCSARC. Pass-through obligations are collected in advance and unpaid portions are included in accounts payable on the statements of financial position. Pass-through contract activity was as follows in 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Pass-through obligations, beginning of year	\$ 12,934	\$ 78,716
Pass-through contracts received during the year	77,604	185,644
Pass-through contracts paid during the year	<u>(58,203)</u>	<u>(251,426)</u>
Pass-through obligations, end of year	<u>\$ 32,335</u>	<u>\$ 12,934</u>

### Note 4. Leased Facilities

Office facilities used by KCSARC are rented under a noncancelable operating lease that expires in 2010. Rent expense was approximately \$171,500 in 2008 and \$158,500 in 2007.

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

2009	\$ 155,841
2010	<u>38,960</u>
	<u>\$ 194,801</u>

### Note 5. Line of Credit

In January 2008, 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 in July 2009. There was no outstanding balance on the line of credit at December 31, 2008.