

**KING COUNTY SEXUAL ASSAULT
RESOURCE CENTER**

FINANCIAL REPORT WITH SCHEDULE OF
FEDERAL EXPENDITURES AND REPORTS FOR
OMB CIRCULAR A-133

DECEMBER 31, 2010

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CERTIFIED PUBLIC ACCOUNTANTS
601 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

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, 2010 and 2009, 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 KCSARC as of December 31, 2010 and 2009, 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 May 4, 2011, 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 2010 audit.

Our 2010 audit was performed for the purpose of forming an opinion of the basic financial statements of KCSARC taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *"Audits of States, Local Governments, and Non-Profit Organizations,"* and is not a required part of the basic 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Peterson Sullivan LLP.

May 4, 2011

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

ASSETS	2010	2009
	<u> </u>	<u> </u>
Current Assets		
Cash and cash equivalents	\$ 1,210,696	\$ 808,768
Grants receivable	521,301	299,838
Current portion of contributions receivable, net	48,333	38,611
Other receivables	16,000	
Prepaid expenses	61,253	27,452
	<u> </u>	<u> </u>
Total current assets	1,857,583	1,174,669
Contributions Receivable, less current portion, net		1,125
Furniture and Equipment	262,916	239,050
Accumulated Depreciation	<u>(175,248)</u>	<u>(142,909)</u>
	<u> </u>	<u> </u>
	87,668	96,141
	<u> </u>	<u> </u>
Total assets	<u>\$ 1,945,251</u>	<u>\$ 1,271,935</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 61,712	\$ 44,435
Accrued payroll and related liabilities	163,459	143,002
Deferred revenue	94,030	43,650
	<u> </u>	<u> </u>
Total current liabilities	319,201	231,087
Net Assets		
Unrestricted	1,437,044	959,970
Temporarily restricted	189,006	80,878
	<u> </u>	<u> </u>
Total net assets	1,626,050	1,040,848
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 1,945,251</u>	<u>\$ 1,271,935</u>

See Notes to Financial Statements

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2010 and 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Fees and grants from government agencies	\$ 2,284,065	\$ -	\$ 2,284,065	\$ 1,789,863	\$ -	\$ 1,789,863
Contributions	537,966	189,006	726,972	351,808	78,628	430,436
In-kind contributions	17,060		17,060			
Fundraising events, net of direct costs of \$100,012 in 2010 and \$99,548 in 2009	230,526		230,526	284,737		284,737
United Way donations and fees for services	87,963		87,963	80,096		80,096
Client/training fees	9,166		9,166	18,783		18,783
Interest and dividend income	3,549		3,549	3,517		3,517
Other revenue	8,295		8,295	14,768		14,768
Net assets released from restrictions	80,878	(80,878)		59,224	(59,224)	
	<u>3,259,468</u>	<u>108,128</u>	<u>3,367,596</u>	<u>2,602,796</u>	<u>19,404</u>	<u>2,622,200</u>
Expenses						
Program services	2,269,614		2,269,614	1,822,812		1,822,812
Management and general	210,851		210,851	183,204		183,204
Fundraising	301,929		301,929	303,597		303,597
	<u>2,782,394</u>		<u>2,782,394</u>	<u>2,309,613</u>		<u>2,309,613</u>
Change in net assets	477,074	108,128	585,202	293,183	19,404	312,587
Net Assets, beginning of year	<u>959,970</u>	<u>80,878</u>	<u>1,040,848</u>	<u>666,787</u>	<u>61,474</u>	<u>728,261</u>
Net Assets, end of year	<u>\$ 1,437,044</u>	<u>\$ 189,006</u>	<u>\$ 1,626,050</u>	<u>\$ 959,970</u>	<u>\$ 80,878</u>	<u>\$ 1,040,848</u>

See Notes to Financial Statements

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010

	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 \$42,835)	\$ 1,602,962	\$ 175,371	\$ 1,778,333	\$ 146,761	\$ 215,329	\$ 2,140,423
Rent	81,402	10,494	91,896	3,414	9,707	105,017
Professional Fees	120,164	14,866	135,030	31,247	40,325	206,602
Program Expenses and Fees	52,279	1,977	54,256			54,256
Telephone	22,224	3,215	25,439	4,451	2,237	32,127
Travel	24,950	4,552	29,502	3,964	1,799	35,265
Depreciation	26,066	1,919	27,985	1,047	3,306	32,338
Supplies	25,598	2,834	28,432	1,044	7,728	37,204
Printing	8,348	195	8,543	7	33	8,583
Repairs and Maintenance	39,291	1,821	41,112	848	7,292	49,252
Insurance	8,655	1,116	9,771	4,978	1,032	15,781
Postage and Shipping	4,110	298	4,408	779	2,264	7,451
Conference Fees	3,472	1,936	5,408	1,914	1,338	8,660
Training	4,106	128	4,234	5,677	978	10,889
Dues and Subscriptions	6,690	350	7,040	740	1,401	9,181
Advertising	94		94	100	78	272
Miscellaneous	16,313	1,818	18,131	3,880	7,082	29,093
Total expenses	\$ 2,046,724	\$ 222,890	\$ 2,269,614	\$ 210,851	\$ 301,929	\$ 2,782,394

See Notes to Financial Statements

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2009

	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 \$41,012)	\$ 1,229,973	\$ 158,920	\$ 1,388,893	\$ 137,394	\$ 203,730	\$ 1,730,017
Rent	121,276	21,317	142,593	5,976	20,408	168,977
Professional Fees	88,643	7,405	96,048	25,150	32,213	153,411
Program Expenses and Fees	52,356		52,356		311	52,667
Telephone	20,301	2,782	23,083	4,257	2,760	30,100
Travel	18,390	1,277	19,667	3,195	919	23,781
Depreciation	22,626	2,111	24,737	1,126	4,222	30,085
Supplies	12,202	1,845	14,047	564	9,008	23,619
Printing	9,421	422	9,843	250	5,492	15,585
Repairs and Maintenance	17,311	2,745	20,056	816	6,860	27,732
Insurance	8,407	1,478	9,885	414	1,415	11,714
Postage and Shipping	3,380	308	3,688	556	3,191	7,435
Conference Fees	5,064	188	5,252	1,115	5,059	11,426
Training	2,949	163	3,112	322	1,738	5,172
Dues and Subscriptions	2,941	259	3,200	689	622	4,511
Advertising	472	17	489	9	732	1,230
Miscellaneous	5,433	430	5,863	1,371	4,917	12,151
Total expenses	\$ 1,621,145	\$ 201,667	\$ 1,822,812	\$ 183,204	\$ 303,597	\$ 2,309,613

See Notes to Financial Statements

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Grants received	\$ 2,062,602	\$ 1,847,910
Contributions and other cash received	1,183,668	1,048,806
Interest received	3,567	3,517
Cash paid to employees	(2,119,966)	(1,719,305)
Cash paid to vendors and suppliers	(709,108)	(738,749)
Cash flows from operating activities	420,763	442,179
Cash Flows from Investing Activities		
Proceeds from sale of donated stock	5,030	5,423
Purchase of furniture and equipment	(23,865)	(20,285)
Cash flows from investing activities	(18,835)	(14,862)
Net change in cash and cash equivalents	401,928	427,317
Cash and Cash Equivalents, beginning of year	808,768	381,451
Cash and Cash Equivalents, end of year	\$ 1,210,696	\$ 808,768
Reconciliation of Change in Net Assets to Cash Flows from Operating Activities		
Change in net assets	\$ 585,202	\$ 312,587
Contributions of stock	(5,030)	(5,423)
Depreciation	32,338	30,085
Change in operating assets and liabilities		
Grants receivable	(221,463)	58,047
Contributions receivable	(8,597)	47,814
Other receivables	(16,000)	
Prepaid expenses	(33,801)	23,741
Accounts payable and accrued expenses	37,734	(3,172)
Deferred revenue	50,380	(21,500)
Cash flows from operating activities	\$ 420,763	\$ 442,179

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 grants 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>2010</u>	<u>2009</u>
Contributions to be used in future years	\$ -	\$ 5,700
Contributions to be used for specific programs:		
PCIT program	10,194	25,000
Dando Voz	62,150	50,178
Cyber Safety	111,662	
Therapy - Child/Youth	5,000	
	<u>\$ 189,006</u>	<u>\$ 80,878</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.

Grants Receivable

Grants receivable consist of grants and contracts administered by various government agencies awarded or earned, but not yet received. Of the total grants receivable as of December 31, 2010 and 2009, 59% and 55%, respectively, were due from two government agencies.

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.

Revenue Recognition

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

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 2010 consist of legal fees and advertising expenses. In-kind contributions totaled \$17,060 for the year ended December 31, 2010. There were no significant in-kind contributions for year ended December 31, 2009.

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

KCSARC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and its federal returns are open to examination for the last three years.

Subsequent Events

KCSARC has evaluated subsequent events through the date these financial statements were available to be issued, which was the same date as the independent auditors' report.

Note 2. Contributions Receivable

Contributions receivable consist of unconditional promises to give cash. Management has recorded an allowance against contributions receivable of \$3,220 and \$897 at December 31, 2010 and 2009, respectively. Contributions receivable consist of the following at December 31:

	<u>2010</u>	<u>2009</u>
Receivable in one year or less	\$ 51,553	\$ 39,383
Receivable in more than one year		1,250
	<u>51,553</u>	<u>40,633</u>
Less: allowance for doubtful contributions	<u>(3,220)</u>	<u>(897)</u>
Net contributions receivable	<u>\$ 48,333</u>	<u>\$ 39,736</u>

These amounts are included in the statements of financial position as follows:

	<u>2010</u>	<u>2009</u>
Contributions receivable – current portion	\$ 48,333	\$ 38,611
Contributions receivable – long-term portion		<u>1,125</u>
Net contributions receivable	<u>\$ 48,333</u>	<u>\$ 39,736</u>

At December 31, 2010, one donor accounted for 29% of contributions receivable. At December 31, 2009, three donors accounted for 57% of contributions receivable.

During 2010, KCSARC received a conditional pledge of \$200,000. The pledge is restricted for the Cyber Safety Program and receipt of the pledge is conditional upon the receipt of an additional \$200,000 in contributions over the next three years related to the Cyber Safety Program. For the year ended December 31, 2010, KCSARC was able to match \$73,450 under this conditional pledge and has recorded contribution revenue for that amount. As the likelihood of meeting the conditions of the remaining pledge amount of \$126,550 was unknown at December 31, 2010, that amount has not been recognized in these financial statements.

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 (if any) are included in accounts payable on the statements of financial position. Pass-through contract activity was as follows in 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Pass-through obligations, beginning of year	\$ -	\$ 32,335
Pass-through contracts received during the year	74,581	77,604
Pass-through contracts paid during the year	<u>(74,581)</u>	<u>(109,939)</u>
Pass-through obligations, end of year	<u>\$ -</u>	<u>\$ -</u>

Note 4. Leased Facilities

Office facilities used by KCSARC are rented under a noncancelable operating lease that expires in 2015. Rent expense was approximately \$105,000 in 2010 and \$169,000 in 2009.

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

2011	\$	129,247
2012		132,959
2013		136,670
2014		140,381
2015		23,500
		<hr/>
	\$	562,757
		<hr/> <hr/>

Note 5. Line of Credit

KCSARC has a line of credit agreement with a bank with a maximum borrowing base of \$100,000. The line of credit bears interest at 6% and matures in October 2011. There was no outstanding balance on the line of credit at December 31, 2010 or 2009.

S U P P L E M E N T A R Y R E P O R T S A N D
S C H E D U L E S I N A C C O R D A N C E W I T H
G O V E R N M E N T A U D I T I N G S T A N D A R D S
A N D O M B C I R C U L A R A - 1 3 3

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2010

Award Description	Award Number	Federal CFDA Number	Federal Expenditures
<u>Department of Justice</u>			
ARRA - Legal Advocacy for Victims of Sexual Assault Program	2009-SC-B9-0143	16.808*	\$ 327,057
Smart Office Program	2010-WP-BX-0008	16.203	12,690
Legal Assistance to Victims Act Program	2009-WL-AX-0022	16.524	52,080
Passed-through from State of Washington Department of Community, Trade and Economic Development			
Office of Crime Victims Advocacy			
Sexual Assault Program	10-31110-134	16.575*	148,833
Sexual Assault Program	11-31110-134	16.575*	102,392
Crime Victims Service Center Program	S10-31119-007	16.575*	36,909
Language Bank Program	2009-SG-B9-0116	16.575*	<u>3,483</u>
			291,617
Sexual Assault Services Formula Program	2009-KF-AZ-0030	16.017	39,504
ARRA - STOP Grant Program	2009-SG-B9-0116	16.588	51,793
Victim Assistance Formula Program	2009-SG-B9-0116	16.801	<u>49,705</u>
Total Office of Crime Victims Advocacy			<u>432,619</u>
Total Department of Justice			824,446
<u>Department of Health and Human Services</u>			
Passed-through from State of Washington Department of Community, Trade and Economic Development			
Office of Crime Victims Advocacy			
Sexual Assault Program	10-31110-134	93.136	19,496
Sexual Assault Program	11-31110-134	93.136	<u>10,575</u>
Total Office of Crime Victims Advocacy			30,071
Passed-through State of Washington Department of Social and Health Services			
Program and Practice Improvement Division			
Take 5 Foster Parent and Caregiver Program	0936-73270	93.658	<u>50,000</u>
Total Department of Health and Human Services			<u>80,071</u>
Total Federal Expenditures			<u><u>\$ 904,517</u></u>

* Denotes major program

See Note to Schedule of Expenditures of Federal Awards

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. 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 in accordance with accounting principles generally accepted in the United States. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Centers*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



CERTIFIED PUBLIC ACCOUNTANTS
601 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
King County Sexual Assault Resource Center
Seattle, Washington

We have audited the financial statements of the King County Sexual Assault Resource Center ("KCSARC") as of and for the year ended December 31, 2010, and have issued our report thereon dated May 4, 2011. We conducted our audit 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered KCSARC's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KCSARC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of KCSARC's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KCSARC's financial statements are free of 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*.

We noted certain matters that we reported to management of KCSARC in a separate letter dated May 4, 2011.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and other pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Peterson Sulli LLP

May 4, 2011



CERTIFIED PUBLIC ACCOUNTANTS
601 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
King County Sexual Assault Resource Center
Seattle, Washington

Compliance

We have audited the compliance of the King County Sexual Assault Resource Center ("KCSARC") with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2010. KCSARC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of KCSARC's management. Our responsibility is to express an opinion on KCSARC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 KCSARC'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. Our audit does not provide a legal determination of KCSARC's compliance with those requirements.

In our opinion, KCSARC complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control over Compliance

Management of KCSARC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered KCSARC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance, 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 KCSARC'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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and other pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Peterson Sullivan LLP.

May 4, 2011

KING COUNTY SEXUAL ASSAULT RESOURCE CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2010

A. Summary of Audit Results

Financial Statements

Type of independent auditors' report issued: Unqualified

Internal Control Over Financial Reporting

Material weaknesses identified: No

Significant deficiencies identified not considered to be material weaknesses: None reported

Noncompliance material to financial statements noted: No

Federal Awards

Material weaknesses identified: No

Significant deficiencies identified not considered to be material weaknesses: None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported: No

Identification of Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
16.808	Department of Justice
16.575	Department of Justice, Office of Crime Victims Advocacy Community Services Division

Dollar threshold used to distinguish between Type A and B programs: \$300,000

Auditee qualified as low-risk auditee: No - First year entity has required an OMB A-133 Circular audit

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs Audit

None