

WASHINGTON POISON CENTER

Financial Statements and
Independent Auditors' Report

June 30, 2009

Table of Contents

	<i>Page</i>
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 9
Supplemental Information:	
Statement of Functional Expenses	10

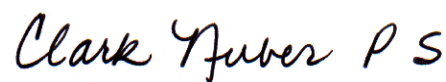
Independent Auditors' Report***Board of Directors
Washington Poison Center
Seattle, Washington***Certified Public
Accountants
and Consultants

We have audited the accompanying statement of financial position of Washington Poison Center (the Center, a Washington not-for-profit corporation) as of June 30, 2009 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Center's June 30, 2008 audited financial statements and, in our report dated August 26, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit provides 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 Washington Poison Center as of June 30, 2009 and the results of its operations, changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on page 10 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Certified Public Accountants
Bellevue, Washington
October 14, 2009

WASHINGTON POISON CENTER

Statement of Financial Position

June 30, 2009

(With Comparative Totals for June 30, 2008)

	<u>2009</u>	<u>2008</u> <i>As Restated</i> <i>(Note 8)</i>
<i>Assets</i>		
Current Assets:		
Cash and cash equivalents	\$ 341,669	\$ 696,964
Inventories	17,191	33,011
Accounts receivable	350,615	440,453
Prepaid and other assets	<u>72,922</u>	<u>76,192</u>
Total Current Assets	782,397	1,246,620
Equipment and leasehold improvements, net (Note 3)	<u>241,392</u>	<u>277,495</u>
Total Assets	<u>\$ 1,023,789</u>	<u>\$ 1,524,115</u>
<i>Liabilities and Net Assets</i>		
Current Liabilities:		
Accounts payable	\$ 6,025	\$ 67,235
Accrued payroll and related liabilities	193,776	203,553
Current portion of capital lease obligation (Note 4)	<u>7,546</u>	<u>19,792</u>
Total Current Liabilities	207,347	290,580
Capital lease obligation, net of current portion (Note 4)	<u>6,365</u>	<u>13,376</u>
Total Liabilities	213,712	303,956
Unrestricted Net Assets	<u>810,077</u>	<u>1,220,159</u>
Total Liabilities and Net Assets	<u>\$ 1,023,789</u>	<u>\$ 1,524,115</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON POISON CENTER

Statement of Activities

For the Year Ended June 30, 2009

(With Comparative Totals for the Year Ended June 30, 2008)

	<u>2009</u>	<u>2008</u> <i>As Restated</i> <i>(Note 8)</i>
Support and Revenues:		
Contract revenue	\$ 2,913,043	\$ 3,108,333
Contributions	126,107	96,109
In-kind contributions	69,319	91,932
Interest and other income	8,190	29,503
	<u>3,116,659</u>	<u>3,325,877</u>
Total Support and Revenues	3,116,659	3,325,877
Expenses:		
Program services	3,135,319	2,992,015
Management and general	308,659	279,757
Fundraising	82,763	109,465
	<u>3,526,741</u>	<u>3,381,237</u>
Total Expenses	3,526,741	3,381,237
Change in Unrestricted Net Assets	(410,082)	(55,360)
Unrestricted net assets, beginning of year, as restated (Note 8)	1,220,159	1,275,519
Unrestricted Net Assets, End of Year	<u>\$ 810,077</u>	<u>\$ 1,220,159</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON POISON CENTER

Statement of Cash Flows

For the Year Ended June 30, 2009

(With Comparative Totals for the Year Ended June 30, 2008)

	<u>2009</u>	<u>2008</u> <i>As Restated</i> <i>(Note 8)</i>
Cash Flows from Operating Activities:		
Change in net assets	\$ (410,082)	\$ (55,360)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Loss on disposal of assets	1,915	
Depreciation and amortization	86,825	71,395
Changes in assets and liabilities:		
Accounts receivable	89,838	(239,288)
Prepays	3,270	(10,719)
Inventory	15,820	1,371
Accounts payable	(61,210)	45,319
Accrued payroll and related liabilities	(9,777)	(136,261)
Net Cash Used by Operating Activities	(283,401)	(323,543)
Cash Flows from Investing Activities:		
Purchase of equipment	(52,637)	(79,720)
Net Cash Used in Investing Activities	(52,637)	(79,720)
Cash Flows from Financing Activities:		
Payments on capital lease obligations	(19,257)	(17,391)
Net Cash Used by Financing Activities	(19,257)	(17,391)
Net Change in Cash and Cash Equivalents	(355,295)	(420,654)
Cash and cash equivalents, beginning of year	696,964	1,117,618
Cash and Cash Equivalents, End of Year	\$ 341,669	\$ 696,964
Supplemental Information:		
Cash paid for interest	\$ 2,930	\$ 4,733

The accompanying notes are an integral part of these financial statements.

WASHINGTON POISON CENTER

Notes to Financial Statements

Note 1 - Organization

The Washington Poison Center (the Center) is an independent, 501(c)(3), not-for-profit organization that provides emergency management and safety information on chemical, pharmaceutical, and natural substances to the general public and to health care providers throughout Washington State.

The Center was initially formed in 1993. At that time, four poison centers were merged to create the current entity. This process of consolidation began with the passage of legislation, which enabled State Department of Health funds to be allocated for poison services. The Center was organized in February 1994, and received Internal Revenue Service (IRS) approval in January 1995. Prior to 1995, the Center operated as a division of the Children's Hospital and Regional Medical Center (CHRMC). In July 1995, the final stage of consolidation and financial separation from CHRMC occurred. Assets and liabilities were transferred from CHRMC to the Center.

A professional staff of pharmacists, nurses, and information providers is available 24 hours a day, 365 days per year and is supported by a physician toxicologist. Residents and health care providers throughout the state utilize the services of the Center to manage crisis, including accidental pediatric ingestions, food poisonings, abuse, and intentional overdose. With more than 93,000 calls for help in the current year, the Center is currently one of the highest call-volume poison centers in the country. The Center is certified by the American Association of Poison Control Centers as a regional poison center.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation - Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Center and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to externally imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Center or the passage of time. The Center had no temporarily restricted net assets at June 30, 2009 and 2008.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Center. The Center had no permanently restricted net assets at June 30, 2009 and 2008.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

Cash and Cash Equivalents - Cash and cash equivalents include investments in highly liquid instruments with an original maturity of three months or less.

WASHINGTON POISON CENTER

Notes to Financial Statements

Note 2 - Continued

Inventories - Inventories, which consist of educational materials, are valued at the lower of cost or market. Cost is determined using the first-in, first-out method.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts or pledges receivable. For the year ended June 30, 2009, management expects to collect all receivables. Accordingly, no allowance for uncollectible amounts has been recorded.

Equipment and Leasehold Improvements - Equipment and leasehold improvements are stated at cost if purchased by the Center directly and fair market value at the date of donation if received through donation. Depreciation and amortization are computed using the straight-line method over the estimated useful life of the various assets, which range from 5-7 years for equipment. Amortization on leasehold improvements is based on the shorter of the useful life of the asset or the term of the lease.

The Center capitalizes all equipment and leasehold improvements with a purchase price or fair market value of \$1,500 or more.

Government Agencies - The Center is primarily funded under various grants and contracts with federal, state and local agencies. The Center's future viability may be dependent on continued funding from these sources. See also Note 6.

Donated Materials and Services - The Center periodically receives donated materials and services. Donated goods are recorded at fair market value at the date of receipt. Donated services are recorded only if specific professional expertise is provided or the services are for constructing a fixed asset, in accordance with generally accepted accounting principles. During the year ended June 30, 2009 and 2008, the Center received \$69,319 and \$91,932 in donated materials or services materially related to donated advertisement space on billboards for the annual poster contest. All donated materials and services were recognized as revenue in the current fiscal year.

Income Taxes - A provision for federal income taxes has not been made in the accompanying financial statements. The Internal Revenue Service has determined that the Center qualifies for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, the Center is subject to taxes only on net unrelated business income, of which there was none accrued or paid for the years ended June 30, 2009 or 2008.

Prior Year Summarized Information - The financial statements include certain prior-year summarized comparative information in total but not by the net assets class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements of the Center for the year ended June 30, 2008, from which the summarized information was derived.

WASHINGTON POISON CENTER

Notes to Financial Statements

Note 2 - Continued

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

Advertising Expenses - The Center recognizes advertising expenses at cost as incurred.

Allocation of Functional Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and in more detail in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events - The Center has evaluated subsequent events through October 14, 2009, the date on which the financial statements were available to be issued.

Note 3 - Equipment and Leasehold Improvements

Equipment and leasehold improvements consisted of the following at June 30:

	<u>2009</u>	<u>2008</u>
Computer and telephone equipment	\$ 367,370	\$ 352,595
Furniture and fixtures and office equipment	186,083	172,120
Leasehold improvements	<u>13,430</u>	<u>2,777</u>
	566,883	527,492
Less accumulated depreciation and amortization	<u>(325,491)</u>	<u>(249,997)</u>
Net Equipment and Leasehold Improvements	<u>\$ 241,392</u>	<u>\$ 277,495</u>

Note 4 - Leases

Operating Leases - The Center has entered into an operating lease for office space through March 2012 with a future option to renew. Future minimum lease payments required under this agreement for years ending subsequent to June 30, 2009 are summarized as follows:

<i>Fiscal Year Ending June 30,</i>	
2010	\$ 143,871
2011	146,712
2012	<u>111,627</u>
	<u>\$ 402,210</u>

Lease expense for all operating leases amounted to \$152,613 and \$135,415 for the years ended June 30, 2009 and 2008, respectively.

WASHINGTON POISON CENTER

Notes to Financial Statements

Note 4 - Continued

Capital Leases - The Center leases telephone equipment and certain other equipment that have been accounted for as capital leases. The following schedule summarizes by year, future minimum lease payments required under the capital leases at June 30, 2009:

<i>Fiscal Year Ending June 30,</i>	
2010	\$ 8,893
2011	<u>7,263</u>
Total lease payments	16,156
Less amount representing interest at 10.96%	<u>(2,245)</u>
Present Value of Minimum Lease Payments	<u>\$ 13,911</u>

The total cost of assets under the capital lease was \$64,429 and \$68,656 at June 30, 2009 and 2008, respectively. These amounts are included in Equipment on the Statement of Financial Position. Amortization of assets held under capital lease is included with depreciation expense which totals \$18,450 and \$13,064 as of June 30, 2009 and 2008, respectively.

Note 5 - Retirement Plans

Effective January 1, 2007, the Center replaced its defined contribution money purchase pension plan with a 401(k) salary deferral plan for eligible employees who have one consecutive year of service and have attained the age of 21. For the years ended June 30, 2009 and 2008, the Board of Directors approved an annual contribution by the Center of 4% of gross salary for employees who had entered the plan. Total contributions to the plan for 2009 and 2008 were \$58,236 and \$48,575, respectively.

Note 6 - Concentrations

Cash - At times, the Center had cash in banks in excess of the Federal Deposit Insurance Corporation (FDIC) limits.

Revenue and Accounts Receivable - Grants and contracts from federal, state and local agencies accounted for 93% of total support and revenue for both 2009 and 2008. For June 30, 2009 and 2008, accounts receivable from grants and contracts from federal, state and local agencies was \$255,384 and \$349,282, which accounted for 79% and 81% of total receivables, respectively.

Note 7 - Long-term Sustainability of Certain Government Funding

As a result of recent changes in the State of Washington's budget, the Center's revenue from the State, totaling approximately \$2,085,000 for the year ending June 30, 2009, will be reduced by approximately 36% resulting in \$750,000 of reduced revenue annually. Management believes that these conditions could significantly impact the long-term sustainability of the Center. Management is aggressively seeking other sources of revenues to fund operations and is proactively cutting costs and reducing operations. While it is at least reasonably possible that the estimates of the potential lost revenue will change materially in the near term, no estimate can be made of the range of additional loss or recovery that is at least reasonably possible.

WASHINGTON POISON CENTER

Notes to Financial Statements

Note 8 - Adjustments to Beginning Net Assets

During the year ended June 30, 2009, the Center determined that disbursements prepaid in a previous year had originally been recorded in error as expenses. As a result, beginning unrestricted net assets at July 1, 2007 have been increased by \$42,751, and prepaid expenses as of June 30, 2008 have been increased by \$42,751. The impact on expenses for the year ended June 30, 2008 was immaterial.

The following table sets forth the effects of these adjustments at June 30, 2008:

	<u><i>As Reported</i></u>	<u><i>Adjustment</i></u>	<u><i>As Adjusted</i></u>
Statement of Financial Position			
Prepaid expense	\$ 33,441	\$ 42,751	\$ 76,192
Unrestricted net assets	\$ 1,232,768	\$ 42,751	\$ 1,275,519

SUPPLEMENTAL INFORMATION

WASHINGTON POISON CENTER

Statement of Functional Expenses

For the Year Ended June 30, 2009

(With Comparative Totals for the Year Ended June 30, 2008)

	<i>Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>2009 Total</i>	<i>2008 Total</i>
Salaries and wages	\$ 1,672,895	\$ 209,540	\$ 47,381	\$ 1,929,816	\$ 1,898,536
Payroll taxes	133,198	16,502	4,805	154,505	152,700
Employee benefits	173,037	24,548	5,014	202,599	216,830
Total Payroll and Related Expenses	1,979,130	250,590	57,200	2,286,920	2,268,066
Medical direction	379,872			379,872	349,449
Occupancy	137,644	14,028	4,885	156,557	152,239
Telephone	112,189			112,189	70,253
Maintenance and service	88,049	9,419	3,280	100,748	105,888
Printing and publications	88,586		3,088	91,674	95,891
Depreciation	76,336	7,780	2,709	86,825	71,395
Advertising and marketing	65,882			65,882	32,226
Miscellaneous	54,658	1,364	103	56,125	57,653
Travel	29,054		20	29,074	23,582
Staff development	28,085		310	28,395	4,744
Professional fees	2,191	25,478		27,669	22,553
Supplies	18,183		577	18,760	19,154
Insurance	18,480			18,480	19,927
Consulting	14,056			14,056	7,082
Postage and shipping	9,955		928	10,883	17,789
Human resources	10,649			10,649	16,780
Fundraising			9,663	9,663	7,965
Education	9,325			9,325	32,126
Lobbying	9,000			9,000	3,750
Memberships	3,995			3,995	2,725
Total Expenses	\$ 3,135,319	\$ 308,659	\$ 82,763	\$ 3,526,741	\$ 3,381,237

The accompanying notes are an integral part of these financial statements.