

WASHINGTON POISON CENTER

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED JUNE 30, 2015 AND 2014



WASHINGTON POISON CENTER
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

December 17, 2015

Board of Directors
Washington Poison Center
Seattle, Washington

We have audited the accompanying financial statements of Washington Poison Center, a nonprofit corporation, which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph of this letter present fairly, in all material respects, the financial position of Washington Poison Center as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Jacobson Jarvis & Co, PLLC".

Jacobson Jarvis & Co, PLLC

WASHINGTON POISON CENTER
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 730,022	\$ 512,881
Grants and other receivables	270,127	264,770
Promises to give	13,800	-
Inventories	11,284	11,672
Prepays and other assets	<u>66,120</u>	<u>68,590</u>
Total Current Assets	1,091,353	857,913
Equipment and Leasehold Improvements, net	<u>58,832</u>	<u>67,899</u>
	<u>\$ 1,150,185</u>	<u>\$ 925,812</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 146,081	\$ 38,381
Accrued liabilities	123,218	118,517
Current portion of capital lease obligation	<u>14,109</u>	<u>12,049</u>
Total Current Liabilities	283,408	168,947
Deferred Lease Liability	28,845	31,179
Capital Lease Obligations, less current portion above	<u>17,057</u>	<u>25,583</u>
Total Liabilities	<u>329,310</u>	<u>225,709</u>
Net Assets		
Unrestricted net assets	820,875	700,103
Temporarily restricted net assets	<u>-</u>	<u>-</u>
Total Net Assets	<u>820,875</u>	<u>700,103</u>
	<u>\$ 1,150,185</u>	<u>\$ 925,812</u>

See notes to financial statements.

WASHINGTON POISON CENTER

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Unrestricted Net Assets		
Public Support and Revenue		
Contract revenue	\$ 2,624,266	\$ 2,393,654
Contributions	112,210	110,593
Other revenue	128,548	107,636
In-kind contributions	46,334	29,509
Interest income	195	542
Loss on disposal of assets	-	(14,915)
Net assets released from purpose restrictions	<u>5,100</u>	<u>10,650</u>
Total Public Support and Revenue	<u>2,916,653</u>	<u>2,637,669</u>
Expenses		
Program services	2,376,159	2,326,523
Management and general	312,787	373,289
Fundraising	<u>66,907</u>	<u>63,247</u>
Total Expenses	<u>2,755,853</u>	<u>2,763,059</u>
Change in Unrestricted Net Assets	<u>160,800</u>	<u>(125,390)</u>
Temporarily Restricted Net Assets		
Contributions	5,100	10,650
Net assets released from purpose restrictions	<u>(5,100)</u>	<u>(10,650)</u>
Change in Temporarily Restricted Net Assets	<u>-</u>	<u>-</u>
Change in Net Assets From Continuing Operations	160,800	(125,390)
Discontinued Operations		
Net loss from operations of discontinued VET PETS program	<u>(40,028)</u>	<u>(116,067)</u>
Total Change in Net Assets	120,772	(241,457)
Net Assets, beginning of year	<u>700,103</u>	<u>941,560</u>
Net Assets, end of year	<u>\$ 820,875</u>	<u>\$ 700,103</u>

WASHINGTON POISON CENTER

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2015 AND 2014

	2015						2014					
	Total						Total					
	Mr. Yuk Program	VET PETS Program	Program Services	Management and General	Fundraising	Total	Mr. Yuk Program	VET PETS Program	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,417,340	\$ 31,504	\$ 1,448,844	\$ 62,467	\$ 47,543	\$ 1,558,854	\$ 1,295,182	\$ 111,496	\$ 1,406,678	\$ 227,515	\$ 44,057	\$ 1,678,250
Payroll taxes	119,854	2,465	122,319	5,535	4,647	132,501	124,351	10,573	134,924	18,616	4,877	158,417
Employee benefits	180,686	(2,499)	178,187	9,669	5,041	192,897	161,540	14,349	175,889	17,832	5,564	199,285
	1,717,880	31,470	1,749,350	77,671	57,231	1,884,252	1,581,073	136,418	1,717,491	263,963	54,498	2,035,952
Medical direction	236,426	2,550	238,976	-	-	238,976	300,150	13,101	313,251	-	-	313,251
Professional fees	24,084	5,376	29,460	199,864	65	229,389	5,691	4,500	10,191	67,129	-	77,320
Occupancy	85,467	246	85,713	5,901	2,950	94,564	81,852	3,011	84,863	8,648	3,011	96,522
Maintenance and service	80,514	240	80,754	5,767	2,883	89,404	84,950	3,126	88,076	8,976	3,126	100,178
Printing and publications	74,457	-	74,457	1,720	100	76,277	75,948	1,987	77,935	422	48	78,405
Telephone	66,769	118	66,887	2,838	1,419	71,144	72,620	716	73,336	630	99	74,065
Depreciation	23,836	69	23,905	1,646	823	26,374	51,504	1,895	53,399	5,442	1,895	60,736
Travel	25,152	(580)	24,572	-	191	24,763	18,565	1,575	20,140	-	61	20,201
Lobbying	11,250	-	11,250	-	-	11,250	6,750	-	6,750	-	-	6,750
Human resources	-	-	-	10,625	-	10,625	-	-	-	10,716	-	10,716
Miscellaneous	4,444	4,759	9,203	691	90	9,984	16,750	1,282	18,032	1,989	81	20,102
Supplies	7,625	-	7,625	609	-	8,234	5,880	1,177	7,057	700	50	7,807
Advertising and marketing	4,730	-	4,730	-	907	5,637	460	5,079	5,539	-	225	5,764
Educational materials	5,557	-	5,557	-	-	5,557	4,466	425	4,891	-	-	4,891
Insurance	865	-	865	4,110	-	4,975	7,172	-	7,172	4,152	-	11,324
Memberships	2,850	-	2,850	995	-	3,845	3,405	310	3,715	-	-	3,715
Staff development	2,985	-	2,985	-	-	2,985	8,538	-	8,538	-	35	8,573
Postage and shipping	1,268	34	1,302	350	248	1,900	749	460	1,209	522	118	1,849
Total Expenses	<u>\$ 2,376,159</u>	<u>\$ 44,282</u>	<u>\$ 2,420,441</u>	<u>\$ 312,787</u>	<u>\$ 66,907</u>	<u>\$ 2,800,135</u>	<u>\$ 2,326,523</u>	<u>\$ 175,062</u>	<u>\$ 2,501,585</u>	<u>\$ 373,289</u>	<u>\$ 63,247</u>	<u>\$ 2,938,121</u>

WASHINGTON POISON CENTER

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Cash received from:		
Contracts	\$ 2,618,909	\$ 2,418,661
Other revenue	132,802	166,631
Donors	103,510	137,993
Interest	195	542
Cash paid for:		
Personnel	(1,879,551)	(2,018,498)
Services and supplies	(733,393)	(786,040)
Interest	<u>(1,558)</u>	<u>(2,307)</u>
Net Cash Provided (Used) by Operating Activities	240,914	(83,018)
Cash Flows Used by Investing Activities		
Purchases of equipment and leasehold improvements	(10,870)	(6,452)
Cash Flows Used by Financing Activities		
Repayments on capital lease obligations	<u>(12,903)</u>	<u>(11,168)</u>
Changes in Cash and Cash Equivalents	217,141	(100,638)
Cash and Cash Equivalents - beginning of year	<u>512,881</u>	<u>613,519</u>
Cash and Cash Equivalents - end of year	<u><u>\$ 730,022</u></u>	<u><u>\$ 512,881</u></u>
Reconciliation of Change in Net Assets to Net Cash		
From Operating Activities		
Change in net assets	\$ 120,772	\$ (241,457)
Adjustments to reconcile change in net assets to net cash		
provided (used) by operating activities		
Depreciation	26,374	60,736
Loss on disposal of assets	-	14,915
Change in assets and liabilities:		
Grants and other receivables	(5,357)	25,007
Promises to give	(13,800)	16,750
Inventories	388	324
Prepays and other assets	2,470	19,338
Accounts payable	107,700	(27,264)
Accrued liabilities	4,701	17,454
Deferred lease liability	<u>(2,334)</u>	<u>31,179</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 240,914</u></u>	<u><u>\$ (83,018)</u></u>

See notes to financial statements.

WASHINGTON POISON CENTER
NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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.

A professional staff of pharmacists, nurses, and poison 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 63,459 cases and over 128,227 total calls in the current year, the Center is currently one of the highest call-volume poison centers in the country.

Basis of presentation

In accordance with financial accounting standards, the 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 net assets of the Center are classified as follows:

Unrestricted net assets are available without restriction for support of the Center's operations.

Temporarily restricted net assets are restricted to be used for certain purposes or future periods by the Center. Permanently restricted net assets are endowment gifts given with the intent that the principal will be maintained intact in perpetuity, and the income may be used for current operations. The Center had no temporarily or permanently restricted net assets as of June 30, 2015 or 2014.

Federal income taxes

The Internal Revenue Service has recognized Washington Poison Center as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation.

Cash and cash equivalents

Cash and cash equivalents consist of general checking, savings, and money market accounts. The Center maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. The Center has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Supplemental cash flow information

Noncash investing and financing activity for the years ended June 30, 2015 and 2014 consisted of the purchase of equipment through issuance of capital lease obligations of \$6,437 and \$18,170, respectively.

WASHINGTON POISON CENTER
NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

The Center had no assets or liabilities carried at fair value on a recurring basis (at least annually) as of June 30, 2015 or 2014. Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated materials and services. The Center also uses fair value concepts to test various long-lived assets for impairment.

Inventory

Inventory is stated at the lower of cost or market under the first-in, first-out method of accounting, and consists of educational materials.

Receivables

Receivables 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 years ended June 30, 2015 and 2014, management expects to collect all receivables. Accordingly, no allowance for uncollectible amounts has been recorded.

WASHINGTON POISON CENTER
NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to give

Unconditional promises to give are recognized as support in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Promises to give are stated at net realizable value. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give as of June 30, 2015 are due in less than one year. Promises to give are considered fully collectible by management.

Equipment and leasehold improvements

Equipment and leasehold improvements are stated at cost if purchased by the Center directly and fair value at the date of donation if received through donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives 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 value of \$1,500 or more. Equipment and leasehold improvements consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
Computer and telephone equipment	\$ 425,936	\$ 491,364
Furniture, fixtures, and office equipment	174,906	176,785
Leasehold improvements	<u>13,430</u>	<u>13,430</u>
	614,272	681,579
Less: accumulated depreciation and amortization	<u>(555,440)</u>	<u>(613,680)</u>
Net Equipment and Leasehold Improvements	<u>\$ 58,832</u>	<u>\$ 67,899</u>

Donated materials and services

The Center periodically receives donated materials and services. Donated goods are recorded at fair 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 financial accounting standards.

For the year ended June 30, 2015, the Center received donated telephone services in support of their program activities valued at \$25,664, consulting services valued at \$16,470 supporting the management and general activities, and professional services valued at \$4,200 supporting the VET PETS program. For the year ended June 30, 2014, the Center received donated telephone services in support of their program activities valued at \$25,009 and professional services valued at \$4,500 supporting the VET PETS program.

WASHINGTON POISON CENTER
NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted and unrestricted support

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Advertising Expenses

The Center recognizes advertising expenses at cost as incurred.

Concentrations

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. Grants and contracts from federal, state, and local agencies accounted for 90% and 89% of total support and revenue for 2015 and 2014, respectively. As of June 30, 2015 and 2014, accounts receivable from grants and contracts from federal, state, and local agencies totaled \$235,058 and \$234,785, which accounted for 83% and 89% of total receivables, respectively.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

NOTE B - DISCONTINUED OPERATIONS

Effective August 1, 2014, the Center discontinued its VET PETS program. A summary of results of operations for the discontinued program for the years ending June 30 are as follows:

	<u>2015</u>	<u>2014</u>
VET PETS Revenue	\$ 4,254	\$ 58,995
VET PETS Expenses	<u>(44,282)</u>	<u>(175,062)</u>
Net loss from discontinued operations	<u>\$ (40,028)</u>	<u>\$ (116,067)</u>

WASHINGTON POISON CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE C - RELATED PARTIES

During the years ended June 30, 2015 and 2014, no board members directly profited from any company doing business with the Center. Certain board members are employed by companies that provided goods and/or services to the Center during the course of the year. Any fees charged for goods and services provided by these companies were negotiated without the involvement of the board member and the board member did not directly benefit.

NOTE D - RETIREMENT PLAN

The Center has a 401(k) salary deferral plan for eligible employees who have 90 days of service and have attained the age of 21. For the years ended June 30, 2015 and 2014, the board of directors approved a company matching contribution of up to 4% of gross salary for employees who contribute to the plan after one year of employment. Total contributions to the plan for 2015 and 2014 were \$44,920 and \$56,161, respectively.

NOTE E - OPERATING LEASE

The Center has a lease for office space that expires October 31, 2018. In accordance with financial accounting standards, rent expense is recognized on a straight-line basis and a related deferred rent liability was recorded. Rent expense, including common area charges, under the lease totaled \$92,459 and \$94,996 for the years ended June 30, 2015 and 2014, respectively.

Future minimum lease payments, deferred rent and rent expense under the lease are as follows:

Years ending June 30,	Minimum Lease <u>Payment</u>	Change in Deferred <u>Rent Liability</u>	Rent <u>Expense</u>
2016	\$ 97,665	\$ 5,205	\$ 92,460
2017	100,538	8,078	92,460
2018	103,410	10,950	92,460
2019	35,432	4,612	30,820
	<u>\$ 337,045</u>	<u>\$ 28,845</u>	<u>\$ 308,200</u>

NOTE F - CAPITAL LEASE OBLIGATIONS

The Center leases certain office equipment under non-cancelable capital leases, with a total recorded cost of \$62,957, and related accumulated depreciation of \$31,791. Total monthly payments are \$1,307, including interest of 4.5% - 8.85% per annum. Interest expense totaled \$1,558 and \$2,307 for the years ended June 30, 2015 and 2014, respectively.

WASHINGTON POISON CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE F - CAPITAL LEASE OBLIGATIONS (Continued)

Scheduled lease payments for the years ending June 30 are as follows:

2016	\$	15,681
2017		14,082
2018		1,868
2019		1,440
2020		480
		<u>33,551</u>
Less amounts for interest		<u>(2,385)</u>
		31,166
Less current portion		<u>(14,109)</u>
	\$	<u>17,057</u>

NOTE G - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to June 30, 2015 through December 17, 2015, which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at June 30, 2015, including the estimates inherent in the processing of financial statements.