WASHINGTON POISON CENTER

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED JUNE 30, 2016 AND 2015

WASHINGTON POISON CENTER

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

TABLE OF CONTENTS

JACOBSON JARVIS & CO PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

December 20, 2016

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, 2016 and 2015, 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.

200 First Avenue West, Suite 200 • Seattle, WA 98119 • 206.628.8990 • fax 206.628.0432 • jjco.com

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, 2016 and 2015, 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.

Jacobson Jarvis & Co, PLLC

Jacobson Jarvis & Co, PLLC

WASHINGTON POISON CENTER

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,320,372	$ 730,022
Grants and other receivables	428,571	270,127
Promises to give	10,000	13,800
Inventories	-	11,284
Prepaids and other assets	9,459	66,120
Total Current Assets	1,768,402	1,091,353
Equipment and Leasehold Improvements, net	46,636	58,832
	$ 1,815,038	$ 1,150,185
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 173,605	$ 146,081
Accrued liabilities	166,532	123,218
Current portion of capital lease obligations	13,556	14,109
Total Current Liabilities	353,693	283,408
Deferred Lease Liability	23,638	28,845
Capital Lease Obligations, less current portion above	3,610	17,057
Total Liabilities	380,941	329,310
Net Assets		
Unrestricted net assets	1,432,750	820,875
Temporarily restricted net assets	1,347	-
Total Net Assets	1,434,097	820,875
	$ 1,815,038	$ 1,150,185

See notes to financial statements.

WASHINGTON POISON CENTER

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Unrestricted Net Assets		
Public Support and Revenue		
Contract revenue	$ 3,153,191	$ 2,624,266
Contributions	355,402	112,210
Other revenue	175,313	128,548
In-kind contributions	85,090	46,334
Interest income	1,472	195
Net assets released from purpose restrictions	6,653	5,100
Total Public Support and Revenue	3,777,121	2,916,653
Expenses		
Program services	2,731,520	2,376,159
Management and general	325,708	312,787
Fundraising	108,018	66,907
Total Expenses	3,165,246	2,755,853
Change in Unrestricted Net Assets	611,875	160,800
Temporarily Restricted Net Assets		
Contributions	8,000	5,100
Net assets released from purpose restrictions	(6,653)	(5,100)
Change in Temporarily Restricted Net Assets	1,347	-
Change in Net Assets From Continuing Operations	613,222	160,800
Discontinued Operations		
Net loss from operations of discontinued VET PETS program	-	(40,028)
Total Change in Net Assets	613,222	120,772
Net Assets, beginning of year	820,875	700,103
Net Assets, end of year	$ 1,434,097	$ 820,875

See notes to financial statements.

WASHINGTON POISON CENTER

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2016 AND 2015

	2016				2015					
	Mr. Yuk Program	Management and General	Fundraising	Total	Mr. Yuk Program	VET PETS Program	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,592,697	$ 89,666	$ 62,005	$ 1,744,368	$ 1,417,340	$ 31,504	$ 1,448,844	$ 62,467	$ 47,543	$ 1,558,854
Payroll taxes	132,520	7,876	5,818	146,214	119,854	2,465	122,319	5,535	4,647	132,501
Employee benefits	197,238	17,698	4,960	219,896	180,686	(2,499)	178,187	9,669	5,041	192,897
	1,922,455	115,240	72,783	2,110,478	1,717,880	31,470	1,749,350	77,671	57,231	1,884,252
Medical direction	255,016	-	-	255,016	236,426	2,550	238,976	-	-	238,976
Professional fees	3,374	160,597	26,100	190,071	24,084	5,376	29,460	199,864	65	229,389
Occupancy	93,135	6,412	3,206	102,753	85,467	246	85,713	5,901	2,950	94,564
Printing and publications	88,702	2,935	673	92,310	74,457	-	74,457	1,720	100	76,277
Telephone	71,326	3,008	1,504	75,838	66,769	118	66,887	2,838	1,419	71,144
Maintenance and service	68,183	4,694	2,347	75,224	80,514	240	80,754	5,767	2,883	89,404
Advertising and marketing	49,602	-	10	49,612	4,730	-	4,730	-	907	5,637
Miscellaneous	36,216	3,611	-	39,827	4,444	4,759	9,203	691	90	9,984
Travel	38,958	600	261	39,819	25,152	(580)	24,572	-	191	24,763
Educational materials	30,876	-	-	30,876	5,557	-	5,557	-	-	5,557
Depreciation	25,276	1,740	870	27,886	23,836	69	23,905	1,646	823	26,374
Human resources	-	19,765	-	19,765	-	-	-	10,625	-	10,625
Supplies	17,703	260	108	18,071	7,625	-	7,625	609	-	8,234
Staff development	13,308	145	-	13,453	2,985	-	2,985	-	-	2,985
Lobbying	9,111	-	-	9,111	11,250	-	11,250	-	-	11,250
Insurance	1,476	6,226	-	7,702	865	-	865	4,110	-	4,975
Memberships	6,279	175	-	6,454	2,850	-	2,850	995	-	3,845
Postage and shipping	524	300	156	980	1,268	34	1,302	350	248	1,900
Total Expenses	$ 2,731,520	$ 325,708	$ 108,018	$ 3,165,246	$ 2,376,159	$ 44,282	$ 2,420,441	$ 312,787	$ 66,907	$ 2,800,135

See notes to financial statements.

WASHINGTON POISON CENTER

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities		
Cash received from:		
Contracts	$ 2,994,747	$ 2,618,909
Other revenue	175,313	132,802
Donors	367,202	103,510
Interest	1,472	195
Cash paid for:		
Personnel	(2,067,164)	(1,879,551)
Services and supplies	(850,188)	(733,393)
Interest	(1,342)	(1,558)
Net Cash Provided by Operating Activities	620,040	240,914
Cash Flows Used by Investing Activities		
Purchases of equipment and leasehold improvements	(15,690)	(10,870)
Cash Flows Used by Financing Activities		
Repayments on capital lease obligations	(14,000)	(12,903)
Changes in Cash and Cash Equivalents	590,350	217,141
Cash and Cash Equivalents - beginning of year	730,022	512,881
Cash and Cash Equivalents - end of year	$ 1,320,372	$ 730,022
Reconciliation of Change in Net Assets to Net Cash From Operating Activities		
Change in net assets	$ 613,222	$ 120,772
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	27,886	26,374
Change in assets and liabilities:		
Grants and other receivables	(158,444)	(5,357)
Promises to give	3,800	(13,800)
Inventories	11,284	388
Prepaids and other assets	56,661	2,470
Accounts payable	27,524	107,700
Accrued liabilities	43,314	4,701
Deferred lease liability	(5,207)	(2,334)
Net Cash Provided by Operating Activities	$ 620,040	$ 240,914

See notes to financial statements.

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 crises, including accidental pediatric ingestions, food poisonings, abuse, and intentional overdose. With more than 62,624 cases and over 118,904 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. Temporarily restricted net assets as of June 30, 2016 were available for program purposes. The Center had no temporarily restricted net assets as of June 30, 2015.

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 permanently restricted net assets as of June 30, 2016 or 2015.

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.

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Supplemental cash flow information

Noncash investing and financing activity for the years ended June 30, 2016 and 2015 consisted of the purchase of equipment through issuance of capital lease obligations of $0 and $6,437, respectively.

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, 2016 or 2015. 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.

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, 2016 are due in less than one year. Promises to give are considered fully collectible by management.

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2016 and 2015, 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 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:

	2016	2015
Computer and telephone equipment	$ 408,929	$ 425,936
Furniture, fixtures, and office equipment	164,891	174,906
Leasehold improvements	13,430	13,430
	587,250	614,272
Less: accumulated depreciation and amortization	(540,614)	(555,440)
Net Equipment and Leasehold Improvements	$ 46,636	$ 58,832

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, 2016, the Center received donated telephone services in support of their program activities valued at $27,639, consulting services valued at $25,000 supporting development activities, donated office space valued at $3,476 in support of program activities, and various computer software and hardware valued at $28,975 supporting program activities.

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 83% and 90% of total support and revenue for 2016 and 2015, respectively. As of June 30, 2016 and 2015, accounts receivable from grants and contracts from federal, state, and local agencies totaled $353,560 and $235,058, which accounted for 81% and 83% 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 - RELATED PARTIES

During the years ended June 30, 2016 and 2015, 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 C - 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, 2016 and 2015, 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 2016 and 2015 were $47,537 and $44,920, respectively.

NOTE D - 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 $97,794 and $92,459 for the years ended June 30, 2016 and 2015, respectively.

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

Years ending June 30,	Minimum Lease Payment	Change in Deferred Rent Liability	Rent Expense
2017	$ 100,538	$ 8,078	$ 92,460
2018	103,410	10,950	92,460
2019	35,430	4,610	30,820
	$ 239,378	$ 23,638	$ 215,740

NOTE E - 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 $47,516. Total monthly payments are $1,307, including interest of 4.5% - 8.85% per annum. Interest expense totaled $1,342 and $1,558 for the years ended June 30, 2016 and 2015, respectively.

NOTE F - CAPITAL LEASE OBLIGATIONS (Continued)

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

2017	$	14,191
2018		1,868
2019		1,440
2020		480
		17,979
Less amounts for interest		(813)
		17,166
Less current portion		(13,556)
	$	3,610

NOTE G - 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 year ending June 30, 2015 are as follows:

VET PETS Revenue	$	4,254
VET PETS Expenses		(44,282)
Net loss from discontinued operations	$	(40,028)

NOTE H - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to June 30, 2016 through December 20, 2016, 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, 2016, including the estimates inherent in the processing of financial statements.