

DRAFT
For Discussion Only
11-9-2020
SUBJECT TO CHANGE
CLA

WASHINGTON POISON CENTER
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

**WASHINGTON POISON CENTER
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

DRAFT
For Discussion Only
11-9-2020
SUBJECT TO CHANGE
CLA

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

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 statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. 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 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 auditors' 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 above present fairly, in all material respects, the financial position of Washington Poison Center as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2019 financial statements were audited by other auditors, whose report dated November 12, 2019, expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

Bellevue, Washington
October 21, 2020

**WASHINGTON POISON CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

DRAFT
For Discussion Only
11-9-2020
SUBJECT TO CHANGE
CLA

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,038,412	\$ 2,499,302
Grants and Other Receivables	572,975	460,274
Inventories	18,761	21,249
Prepays and Other Assets	15,157	81,531
Total Current Assets	3,645,305	3,062,356
EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET	340,817	241,260
Total Assets	\$ 3,986,122	\$ 3,303,616
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 16,242	\$ 94,704
Accrued Liabilities	386,278	278,083
Current Portion of Capital Lease Obligations	4,183	3,568
Total Current Liabilities	406,703	376,355
DEFERRED LEASE LIABILITY	81,685	92,897
CAPITAL LEASE OBLIGATIONS, LESS CURRENT PORTION ABOVE	-	9,193
Total Liabilities	488,388	478,445
NET ASSETS		
Without Donor Restrictions	3,480,987	2,773,862
With Donor Restrictions	16,747	51,309
Total Net Assets	3,497,734	2,825,171
Total Liabilities and Net Assets	\$ 3,986,122	\$ 3,303,616

See accompanying Notes to Financial Statements.

**WASHINGTON POISON CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

DRAFT
For Discussion Only
11-9-2020
SUBJECT TO CHANGE
CLA

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contract Revenue	\$ 4,309,784	\$ -	\$ 4,309,784
Contributions	458,601	-	458,601
Other Revenue	135,544	-	135,544
In-Kind Contributions	48,500	-	48,500
Interest Income	4,378	-	4,378
Net Assets Released from Purpose Restrictions	34,562	(34,562)	-
Total Public Support and Revenue	4,991,369	(34,562)	4,956,807
EXPENSES			
Program Services	3,717,978	-	3,717,978
Management and General	506,955	-	506,955
Fundraising	59,311	-	59,311
Total Expenses	4,284,244	-	4,284,244
CHANGE IN NET ASSETS	707,125	(34,562)	672,563
Net Assets - Beginning of Year	2,773,862	51,309	2,825,171
NET ASSETS - END OF YEAR	\$ 3,480,987	\$ 16,747	\$ 3,497,734

See accompanying Notes to Financial Statements.

**WASHINGTON POISON CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

DRAFT
For Discussion Only
11-9-2020
SUBJECT TO CHANGE
CLA

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contract Revenue	\$ 3,364,755	\$ -	\$ 3,364,755
Contributions	515,785	37,290	553,075
Other Revenue	102,171	-	102,171
In-Kind Contributions	34,869	-	34,869
Interest Income	6,034	-	6,034
Net Assets Released from Purpose Restrictions	60,477	(60,477)	-
Total Public Support and Revenue	4,084,091	(23,187)	4,060,904
EXPENSES			
Program Services	3,095,125	-	3,095,125
Management and General	326,169	-	326,169
Fundraising	166,560	-	166,560
Total Expenses	3,587,854	-	3,587,854
CHANGE IN NET ASSETS	496,237	(23,187)	473,050
Net Assets - Beginning of Year	2,277,625	74,496	2,352,121
NET ASSETS - END OF YEAR	\$ 2,773,862	\$ 51,309	\$ 2,825,171

See accompanying Notes to Financial Statements.

**WASHINGTON POISON CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

DRAFT
For Discussion Only
11-9-2020
SUBJECT TO CHANGE
CLA

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 2,479,972	\$ 397,332	\$ 11,145	\$ 2,888,449
Payroll Taxes	196,904	27,923	908	225,735
Employee Benefits	236,430	13,686	1,258	251,374
Total Salaries, Taxes, and Benefits	<u>2,913,306</u>	<u>438,941</u>	<u>13,311</u>	<u>3,365,558</u>
Maintenance and Service	141,797	9,762	4,881	156,440
Occupancy	110,341	7,596	3,798	121,735
Printing and Publications	95,910	5,934	2,454	104,298
Medical Direction	102,316	-	-	102,316
Telephone	72,846	5,015	2,508	80,368
Professional Fees	61,192	18,893	-	80,085
Depreciation	64,840	4,464	2,231	71,536
Travel	29,162	1,733	-	30,895
Supplies	9,002	620	310	9,932
Miscellaneous	6,619	365	303	7,287
Insurance	27,775	-	-	27,775
Advertising and Marketing	8,465	-	-	8,465
Human Resources	1,275	12,402	-	13,677
Lobbying	-	-	27,075	27,075
Educational Materials	49,914	-	-	49,914
Staff Development	8,766	991	-	9,757
Postage and Shipping	6,510	-	1,960	8,470
Memberships	7,942	240	479	8,661
Total Expenses	<u>\$ 3,717,978</u>	<u>\$ 506,955</u>	<u>\$ 59,311</u>	<u>\$ 4,284,244</u>

See accompanying Notes to Financial Statements.

**WASHINGTON POISON CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

DRAFT
For Discussion Only
11-9-2020
SUBJECT TO CHANGE
CLA

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 1,948,894	\$ 198,596	\$ 94,663	\$ 2,242,153
Payroll Taxes	157,906	11,060	9,465	178,431
Employee Benefits	242,086	25,687	7,674	275,447
Total Salaries, Taxes, and Benefits	<u>2,348,886</u>	<u>235,343</u>	<u>111,802</u>	<u>2,696,031</u>
Maintenance and Service	134,419	9,254	4,627	148,300
Occupancy	118,781	8,177	4,089	131,047
Printing and Publications	93,292	5,772	2,387	101,451
Medical Direction	92,181	-	-	92,181
Telephone	59,342	4,085	2,043	65,470
Professional Fees	41,748	15,561	3,900	61,209
Depreciation	42,628	2,935	1,467	47,030
Travel	35,675	5,105	1,633	42,413
Supplies	37,028	2,549	1,275	40,852
Miscellaneous	20,011	5,457	909	26,377
Insurance	21,417	3,617	-	25,034
Advertising and Marketing	11,688	421	9,264	21,373
Human Resources	-	21,359	-	21,359
Lobbying	-	-	19,045	19,045
Educational Materials	15,365	-	-	15,365
Staff Development	10,123	2,761	460	13,344
Postage and Shipping	4,258	3,523	3,159	10,940
Memberships	8,283	250	500	9,033
Total Expenses	<u>\$ 3,095,125</u>	<u>\$ 326,169</u>	<u>\$ 166,560</u>	<u>\$ 3,587,854</u>

See accompanying Notes to Financial Statements.

**WASHINGTON POISON CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

DRAFT
For Discussion Only
11-9-2020
SUBJECT TO CHANGE
CLA

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from:		
Contracts	\$ 4,197,083	\$ 3,280,963
Donors	458,601	580,663
Other Revenue	135,544	102,171
Interest	4,378	6,034
Cash Paid for:		
Personnel	(3,257,363)	(2,659,093)
Services and Supplies	(818,995)	(774,567)
Interest	(467)	(887)
Net Cash Provided by Operating Activities	718,781	535,284
 CASH FLOWS FROM OPERATING ACTIVITIES		
Purchases of Equipment and Leasehold Improvements	(171,093)	(147,523)
 CASH FLOWS FROM OPERATING ACTIVITIES		
Repayments on Capital Lease Obligations	(8,578)	(8,350)
 CHANGES IN CASH AND CASH EQUIVALENTS	539,110	379,411
Cash and Cash Equivalents - Beginning of Year	2,499,302	2,119,891
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,038,412	\$ 2,499,302
 RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 672,563	\$ 473,050
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	71,536	47,030
Change in Assets and Liabilities:		
Grants and Other Receivables	(112,701)	(83,792)
Promises to Give	-	27,588
Inventories	2,488	(11,098)
Prepays and Other Assets	66,374	11,892
Accounts Payable	(78,462)	37,084
Accrued Liabilities	108,195	36,938
Deferred Lease Liability	(11,212)	(3,408)
Net Cash Provided by Operating Activities	\$ 718,781	\$ 535,284

See accompanying Notes to Financial Statements.

**WASHINGTON POISON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

DRAFT
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11-9-2020
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CLA

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Washington Poison Center (the Center) is an independent, 501(c)(3), nonprofit 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 medical 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 66,000 cases and over 125,000 total calls in the current year, the Center is currently one of the highest call-volume poison centers in the country.

As one of 55 poison centers nationwide, the Washington Poison Center is the public health safety net for poison and toxic exposures in Washington State. The Center's unique wraparound care model follows patients from initial call to resolution, with a dedicated expert level team of certified specialists in poison information checking in every step of the way.

The Washington Poison Center serves as a resource for public policy makers and public health leaders in forecasting emerging public health trends. The Center's medical staff is regularly called upon to present toxic trends and best practices in treatment to medical professionals throughout Washington State.

In addition to being the home of Mr. Yuk, the Washington Poison Center offers a wide variety of programs aimed at preventing harm from poisoning through expertise, collaboration, clinical and public health education. The Center's current programs include:

- Training of community health educators on poison prevention, medication safety, e-cigarettes and more.
- Support for Public Health and Emergency Preparedness operations at the local, state, and federal level.
- Clinical rotations for emergency medical residents, medical students, occupational medicine fellows, paramedic students, nursing, and pharmacy students.
- Management of Take Back Your Medicine website.
- Public Health Education at health fairs, community events, and activities.
- Specific educational programs focused on selected vulnerable populations including young children, older adults, refugees, and non-English speaking populations.
- School assembly presentations and parent trainings.

**WASHINGTON POISON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

DRAFT
For Discussion Only
11-9-2020
SUBJECT TO CHANGE
CLA

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles

For the year ended June 30, 2020, the Center adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Subsequent to May 2014, FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Center recognizes revenue over time as the revenues are earned. The Center's financial statements reflect the application of ASC 606 guidance beginning in 2019. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Center's reported historical revenue.

Additionally in June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. There was no material impact on the entity's financial position or change in net assets upon adoption of the new standard.

Grants and Contracts from Government Agencies

A portion of Washington Poison Center's revenue is derived from cost reimbursable federal, state, county, and private contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Washington Poison Center has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. There were no refundable advances at June 30, 2020. Amounts remaining under conditional grants from government agencies totaled approximately \$38,000.

Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Revenue recognized from cost reimbursable federal, state, county, and private grants and contracts totaled \$4,309,784 for the year ended June 30, 2020. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Center will record such disallowance at the time the final assessment is made.

**WASHINGTON POISON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

DRAFT
For Discussion Only
11-9-2020
SUBJECT TO CHANGE
CLA

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The board of directors of the Center has established an operating reserve totaling \$639,358 as of June 30, 2020. These board designated funds are a component of net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Center's net assets with donor restrictions are subject to expenditure for specific purposes as follows as of June 30:

	2020	2019
Cannabis Prevention Program	<u>\$ 16,747</u>	<u>\$ 51,309</u>
Total	<u>\$ 16,747</u>	<u>\$ 51,309</u>

Contributions restricted by donors are reported as increases in net assets with donor restrictions when received. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

Cash and Cash Equivalents

Cash and cash equivalents consist of general checking, savings, money market accounts, and certificates of deposit. 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.

The Center has one certificate of deposit, which bears interest at a rate of 1.64% which matured on July 2020.

**WASHINGTON POISON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

DRAFT
For Discussion Only
11-9-2020
SUBJECT TO CHANGE
CLA

NOTE 1 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, 2020 or 2019. 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. The Center had no promises to give as of June 30, 2020.

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, 2020 and 2019, management expects to collect all receivables. Accordingly, no allowance for uncollectible amounts has been recorded.

**WASHINGTON POISON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

DRAFT
For Discussion Only
11-9-2020
SUBJECT TO CHANGE
CLA

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 3 to 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:

	2020	2019
Computer and Telephone Equipment	\$ 412,321	\$ 321,037
Furniture, Fixtures, and Office Equipment	206,190	126,253
Vehicle	27,880	27,880
Leasehold Improvements	100,958	100,958
Subtotal	747,349	576,128
Less: Accumulated Depreciation and Amortization	(406,532)	(334,868)
Net Equipment and Leasehold Improvements	\$ 340,817	\$ 241,260

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, 2020, the Center received donated telephone services valued at \$24,000 in support of their program activities, office space valued at \$5,000 in support of their program activities, and various computer software valued at \$19,500 in support of program activities.

For the year ended June 30, 2019, the Center received donated telephone services valued at \$25,069 in support of their program activities, office space valued at \$5,000 in support of their program activities, various computer software valued at \$4,800 supporting program activities.

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. Where possible, specific expenses have been charged directly to the appropriate category. When functions are shared or costs are intermingled, expenses are allocated based on employee counts or estimated percentage of effort.

Advertising Expenses

The Center recognizes advertising expenses at cost as incurred.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

DRAFT
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11-9-2020
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CLA

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 87% and 83% of total support and revenue for 2020 and 2019, respectively. As of June 30, 2020 and 2019, accounts receivable from grants and contracts from federal, state, and local agencies totaled \$569,525 and \$451,767, respectively, which accounted for 99% and 98%, respectively, of total receivables.

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 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.

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.

NOTE 2 LIQUIDITY

The Center regularly monitors the availability of resources required to meet its operational needs and contractual obligations. Income from donor-restricted grants are restricted for specific purposes and all other revenue is available for general use. As part of the Center's liquidity management plan, the Center invests cash in excess of daily requirements in certificates of deposit and money market funds. Because we are a public service organization providing emergency help 24/7, the board of directors has designated \$639,358 for operating reserves as of June 30, 2020. The purpose of the operating reserve is to ensure the stability of the mission, programs, employment, ongoing operations of the Center, and other critical expenses for at least 12 months.

NOTE 2 LIQUIDITY (CONTINUED)

The following table reflects the Center's financial assets as of June 30, 2020 and 2019:

	2020	2019
Total Financial Assets	\$ 3,611,387	\$ 2,959,576
Less: Restrictions on the Use of Financial Assets:		
Purpose Restricted Net Assets	(16,747)	(51,309)
Board Designated Net Assets for Operational Reserves	(639,358)	(103,479)
Financial Assets Available for Operations Within One Year	<u>\$ 2,955,282</u>	<u>\$ 2,804,788</u>

**WASHINGTON POISON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

DRAFT
For Discussion Only
11-9-2020
SUBJECT TO CHANGE
CLA

NOTE 3 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, 2020 and 2019, 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 2020 and 2019 were \$53,728 and \$58,199, respectively.

NOTE 4 OPERATING LEASE

In October 2018, the Center entered into a 61-month lease extension on their current office location which expires November 2023. The extension included one month of free rent and a \$91,697 tenant improvement allowance. In accordance with financial accounting standards, rent expense is recognized on a straight-line basis and a related deferred lease liability was recorded. Rent expense, including common area charges, under the lease totaled \$119,797 and \$122,885 for the years ended June 30, 2020 and 2019, respectively.

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

<u>Year Ending June 30,</u>	<u>Minimum Lease Payment</u>	<u>Change in Deferred Lease Liability</u>	<u>Rent Expenses</u>
2021	\$ 130,856	\$ (18,612)	\$ 112,244
2022	134,684	(22,440)	112,244
2023	138,520	(26,276)	112,244
2024	58,571	(10,785)	47,786
Total	<u>\$ 462,631</u>	<u>\$ (78,113)</u>	<u>\$ 384,518</u>

NOTE 5 CAPITAL LEASE OBLIGATIONS

The Center leases certain office equipment under non-cancelable capital leases, with a total recorded cost of \$27,709, and related accumulated depreciation of \$21,071. Total monthly payments are \$830, including interest of 4.5% - 6% per annum. Interest expense totaled \$467 and \$887 for the years ended June 30, 2020 and 2019, respectively.

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

<u>Year Ending June 30,</u>	
2021	<u>\$ 4,275</u>
	4,275
Less Amount for Interest	<u>(92)</u>
	4,183
Less Current Portion	<u>(4,183)</u>
Total	<u>\$ -</u>

**WASHINGTON POISON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

DRAFT
For Discussion Only
11-9-2020
SUBJECT TO CHANGE
CLA

NOTE 6 RISKS AND UNCERTAINTIES

The Center's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. Multiple jurisdictions in the U.S. have declared a state of emergency, and it is anticipated that resulting impacts will continue for some time. Future operating functions that may be changed include potential decrease in future government funding. Changes to the operating environment may increase operating costs. Management believes the Center is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimate as these events occurred subsequent to year-end and are still developing.

NOTE 7 SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to June 30, 2020 through October 21, 2020, 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, 2020, including the estimates inherent in the processing of financial statements.