

WASHINGTON POISON CENTER

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED JUNE 30, 2017 AND 2016



WASHINGTON POISON CENTER
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

October 17, 2017

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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,390,906	\$ 1,320,372
Grants and other receivables	505,875	428,571
Promises to give	22,500	10,000
Inventories	12,400	-
Prepays and other assets	<u>41,749</u>	<u>9,459</u>
Total Current Assets	1,973,430	1,768,402
Equipment and Leasehold Improvements, net	<u>44,219</u>	<u>46,636</u>
	<u>\$ 2,017,649</u>	<u>\$ 1,815,038</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 50,899	\$ 173,605
Accrued liabilities	238,266	166,532
Current portion of capital lease obligations	<u>6,333</u>	<u>13,556</u>
Total Current Liabilities	295,498	353,693
Deferred Lease Liability	15,560	23,638
Capital Lease Obligations, less current portion above	<u>15,209</u>	<u>3,610</u>
Total Liabilities	<u>326,267</u>	<u>380,941</u>
Net Assets		
Unrestricted net assets	1,689,230	1,432,750
Temporarily restricted net assets	<u>2,152</u>	<u>1,347</u>
Total Net Assets	<u>1,691,382</u>	<u>1,434,097</u>
	<u>\$ 2,017,649</u>	<u>\$ 1,815,038</u>

See notes to financial statements.

WASHINGTON POISON CENTER

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Unrestricted Net Assets		
Public Support and Revenue		
Contract revenue	\$ 3,152,517	\$ 3,153,191
Contributions	392,008	355,402
Other revenue	122,099	175,313
In-kind contributions	40,713	85,090
Interest income	3,832	1,472
Net assets released from purpose restrictions	<u>3,195</u>	<u>6,653</u>
Total Public Support and Revenue	<u>3,714,364</u>	<u>3,777,121</u>
Expenses		
Program services	3,093,602	2,731,520
Management and general	268,923	325,708
Fundraising	<u>95,359</u>	<u>108,018</u>
Total Expenses	<u>3,457,884</u>	<u>3,165,246</u>
Change in Unrestricted Net Assets	<u>256,480</u>	<u>611,875</u>
Temporarily Restricted Net Assets		
Contributions	4,000	8,000
Net assets released from purpose restrictions	<u>(3,195)</u>	<u>(6,653)</u>
Change in Temporarily Restricted Net Assets	<u>805</u>	<u>1,347</u>
Total Change in Net Assets	257,285	613,222
Net Assets, beginning of year	<u>1,434,097</u>	<u>820,875</u>
Net Assets, end of year	<u>\$ 1,691,382</u>	<u>\$ 1,434,097</u>

WASHINGTON POISON CENTER

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2017 AND 2016

	2017				2016			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,944,186	\$ 166,784	\$ 57,884	\$ 2,168,854	\$ 1,592,697	\$ 89,666	\$ 62,005	\$ 1,744,368
Payroll taxes	156,574	12,856	5,620	175,050	132,520	7,876	5,818	146,214
Employee benefits	243,971	28,910	4,856	277,737	197,238	17,698	4,960	219,896
	<u>2,344,731</u>	<u>208,550</u>	<u>68,360</u>	<u>2,621,641</u>	<u>1,922,455</u>	<u>115,240</u>	<u>72,783</u>	<u>2,110,478</u>
Maintenance and service	107,121	7,375	3,687	118,183	68,183	4,694	2,347	75,224
Occupancy	100,612	6,155	3,078	109,845	93,135	6,412	3,206	102,753
Professional fees	81,541	19,771	-	101,312	3,374	160,597	26,100	190,071
Printing and publications	96,021	1,322	398	97,741	88,702	2,935	673	92,310
Telephone	77,367	3,614	1,807	82,788	71,326	3,008	1,504	75,838
Medical direction	82,674	-	-	82,674	255,016	-	-	255,016
Travel	64,562	(311)	214	64,465	38,958	600	261	39,819
Advertising and marketing	48,794	-	-	48,794	49,602	-	10	49,612
Depreciation	26,951	1,855	928	29,734	25,276	1,740	870	27,886
Human resources	-	17,171	-	17,171	-	19,765	-	19,765
Miscellaneous	9,100	107	4,840	14,047	36,216	3,611	-	39,827
Staff development	12,999	-	271	13,270	13,308	145	-	13,453
Educational materials	12,618	-	-	12,618	30,876	-	-	30,876
Insurance	11,140	1,403	-	12,543	1,476	6,226	-	7,702
Lobbying	-	-	11,250	11,250	9,111	-	-	9,111
Supplies	8,192	654	134	8,980	17,703	260	108	18,071
Memberships	7,949	-	95	8,044	6,279	175	-	6,454
Postage and shipping	1,230	1,257	297	2,784	524	300	156	980
Total Expenses	<u>\$ 3,093,602</u>	<u>\$ 268,923</u>	<u>\$ 95,359</u>	<u>\$ 3,457,884</u>	<u>\$ 2,731,520</u>	<u>\$ 325,708</u>	<u>\$ 108,018</u>	<u>\$ 3,165,246</u>

WASHINGTON POISON CENTER

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Cash received from:		
Contracts	\$ 3,075,213	\$ 2,994,747
Other revenue	122,099	175,313
Donors	383,508	367,202
Interest	3,832	1,472
Cash paid for:		
Personnel	(2,549,907)	(2,067,164)
Services and supplies	(940,353)	(850,188)
Interest	(917)	(1,342)
Net Cash Provided by Operating Activities	<u>93,475</u>	<u>620,040</u>
Cash Flows Used by Investing Activities		
Purchases of equipment	(7,917)	(15,690)
Cash Flows Used by Financing Activities		
Repayments on capital lease obligations	<u>(15,024)</u>	<u>(14,000)</u>
Changes in Cash and Cash Equivalents	70,534	590,350
Cash and Cash Equivalents - beginning of year	<u>1,320,372</u>	<u>730,022</u>
Cash and Cash Equivalents - end of year	<u>\$ 1,390,906</u>	<u>\$ 1,320,372</u>
Reconciliation of Change in Net Assets to Net Cash From Operating Activities		
Change in net assets	\$ 257,285	\$ 613,222
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	29,734	27,886
Change in assets and liabilities:		
Grants and other receivables	(77,304)	(158,444)
Promises to give	(12,500)	3,800
Inventories	(12,400)	11,284
Prepays and other assets	(32,290)	56,661
Accounts payable	(122,706)	27,524
Accrued liabilities	71,734	43,314
Deferred lease liability	(8,078)	(5,207)
Net Cash Provided by Operating Activities	<u>\$ 93,475</u>	<u>\$ 620,040</u>

See notes to financial statements.

WASHINGTON POISON CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

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 62,536 cases and over 115,665 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, 2017 and 2016 were available for program purposes.

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, 2017 or 2016.

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, 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.

WASHINGTON POISON CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Foundation has certificates of deposit, which bear interest at 1.0% and have maturities of 17 months with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

Supplemental cash flow information

Noncash investing and financing activity for the years ended June 30, 2017 and 2016 consisted of the purchase of equipment through issuance of capital lease obligations of \$19,400 and \$0, 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, 2017 or 2016. 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.

WASHINGTON POISON CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

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, 2017 are due in less than one year. Promises to give are considered fully collectible by management.

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, 2017 and 2016, 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:

	<u>2017</u>	<u>2016</u>
Computer and telephone equipment	\$ 316,778	\$ 408,929
Furniture, fixtures, and office equipment	164,891	164,891
Leasehold improvements	<u>12,287</u>	<u>13,430</u>
	493,956	587,250
Less: accumulated depreciation and amortization	<u>(449,737)</u>	<u>(540,614)</u>
Net Equipment and Leasehold Improvements	<u>\$ 44,219</u>	<u>\$ 46,636</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.

WASHINGTON POISON CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the year ended June 30, 2017, the Center received donated telephone services valued at \$24,868 in support of their program activities, office space valued at \$10,686 in support of their program activities and various computer software valued at \$4,800 supporting program activities.

For the year ended June 30, 2016, the Center received donated telephone services valued at \$27,639 in support of their program activities, 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.

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 85% and 83%, respectively, of total support and revenue for 2017 and 2016. As of June 30, 2017 and 2016, accounts receivable from grants and contracts from federal, state, and local agencies totaled \$491,517 and \$353,560, respectively, which accounted for 93% and 81%, respectively, of total receivables.

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.

WASHINGTON POISON CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

NOTE B - RELATED PARTIES

During the years ended June 30, 2017 and 2016, 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, 2017 and 2016, 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 2017 and 2016 were \$51,626 and \$47,537, 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 lease liability was recorded. Rent expense, including common area charges, under the lease totaled \$96,623 and \$97,794 for the years ended June 30, 2017 and 2016, 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>Lease Liability</u>	Rent <u>Expense</u>
2018	\$ 103,410	\$ 10,950	\$ 92,460
2019	<u>35,430</u>	<u>4,610</u>	<u>30,820</u>
	<u>\$ 138,840</u>	<u>\$ 15,560</u>	<u>\$ 123,280</u>

NOTE E - CAPITAL LEASE OBLIGATIONS

The Center leases certain office equipment under non-cancelable capital leases, with a total recorded cost of \$44,008, and related accumulated depreciation of \$22,816. Total monthly payments are \$1,008, including interest of 4.5% - 8.85% per annum. Interest expense totaled \$917 and \$1,342 for the years ended June 30, 2017 and 2016, respectively.

WASHINGTON POISON CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

NOTE E - CAPITAL LEASE OBLIGATIONS (Continued)

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

	\$	7,402
2018		6,974
2019		6,015
2020		3,388
2021		<u>23,779</u>
Less amounts for interest		<u>(2,237)</u>
		21,542
Less current portion		<u>(6,333)</u>
	\$	<u><u>15,209</u></u>

NOTE F - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to June 30, 2017 through October 17, 2017, 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, 2017, including the estimates inherent in the processing of financial statements.