

CRISIS CLINIC

FINANCIAL REPORT

DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Crisis Clinic
Seattle, Washington

We have audited the accompanying financial statements of Crisis Clinic, which comprise the statements of financial position as of December 31, 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; 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 above present fairly, in all material respects, the financial position of Crisis Clinic as of December 31, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2018, on our consideration of Crisis Clinic's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Crisis Clinic's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crisis Clinic's internal control over financial reporting and compliance.

Peterson Sullivan LLP

June 11, 2018

CRISIS CLINIC

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and cash equivalents	\$ 1,595,076	\$ 819,061
Certificates of deposit	597,021	600,675
Contracts and grants receivable	798,712	970,713
Prepaid expenses and other assets	<u>42,658</u>	<u>38,491</u>
Total current assets	3,033,467	2,428,940
Equipment and Leasehold Improvements, net	<u>99,133</u>	<u>119,992</u>
Total assets	<u><u>\$ 3,132,600</u></u>	<u><u>\$ 2,548,932</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 59,052	\$ 45,604
Accrued expenses	<u>178,331</u>	<u>210,342</u>
Total current liabilities	237,383	255,946
Deferred Rent	<u>66,713</u>	<u>85,676</u>
Total liabilities	304,096	341,622
Net Assets		
Unrestricted		
Net investment in equipment and leasehold improvements	99,133	119,992
Other unrestricted/undesignated	2,629,371	1,900,394
Designated for 2-1-1		124,710
Designated for TeenLink		<u>62,214</u>
Total unrestricted net assets	2,728,504	2,207,310
Temporarily restricted	<u>100,000</u>	
Total net assets	<u>2,828,504</u>	<u>2,207,310</u>
Total liabilities and net assets	<u><u>\$ 3,132,600</u></u>	<u><u>\$ 2,548,932</u></u>

See Notes to Financial Statements

CRISIS CLINIC

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Government contracts and grants	\$ 4,544,797	\$ -	\$ 4,544,797	\$ 4,064,133	\$ -	\$ 4,064,133
Other contracts and grants	695,320		695,320	626,037		626,037
United Way	488,850		488,850	498,726		498,726
Program service fees	167,477		167,477	87,529		87,529
Contributions	313,722	100,000	413,722	216,231		216,231
Special events, net of direct expense of \$0 in 2017 and \$27,587 in 2016				54,263		54,263
Investment gain	6,210		6,210	13,565		13,565
Net assets released from restriction				41,524	(41,524)	
	<u>6,216,376</u>	<u>100,000</u>	<u>6,316,376</u>	<u>5,602,008</u>	<u>(41,524)</u>	<u>5,560,484</u>
Expenses						
Telephone services	3,629,021		3,629,021	3,826,146		3,826,146
Hospital authorization	920,250		920,250	884,716		884,716
Community training	222,253		222,253			
Total program services	<u>4,771,524</u>		<u>4,771,524</u>	<u>4,710,862</u>		<u>4,710,862</u>
Management and general	821,667		821,667	828,052		828,052
Fundraising	101,991		101,991	93,462		93,462
Total expenses	<u>5,695,182</u>		<u>5,695,182</u>	<u>5,632,376</u>		<u>5,632,376</u>
Change in net assets	521,194	100,000	621,194	(30,368)	(41,524)	(71,892)
Net Assets, beginning of year	2,207,310		2,207,310	2,237,678	41,524	2,279,202
Net Assets, end of year	<u>\$ 2,728,504</u>	<u>\$ 100,000</u>	<u>\$ 2,828,504</u>	<u>\$ 2,207,310</u>	<u>\$ -</u>	<u>\$ 2,207,310</u>

See Notes to Financial Statements

CRISIS CLINIC

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017

	Program Services			Total	Management and General	Fundraising	Total
	Telephone Services	Hospital Authorization	Community Training				
Salaries and contract services	\$ 2,301,649	\$ 562,380	\$ 75,210	\$ 2,939,239	\$ 551,618	\$ 62,336	\$ 3,553,193
Employee benefits	374,376	63,720	7,755	445,851	63,251	7,755	516,857
Payroll taxes	200,699	47,452	6,204	254,355	46,645	5,170	306,170
Total personnel expenses	2,876,724	673,552	89,169	3,639,445	661,514	75,261	4,376,220
Professional fees and subcontracts	211,824	180,117	58,202	450,143	50,749	5,028	505,920
Occupancy	231,012	36,285	20,372	287,669	38,712	3,011	329,392
Telephone	107,774	5,564	876	114,214	8,646	780	123,640
Supplies	37,046	6,749	9,593	53,388	12,614	604	66,606
Printing and media	18,652	856	27,007	46,515	2,374	8,775	57,664
Recognition	14,228	2,029	225	16,482	11,882	291	28,655
Recruitment	9,045	816	65	9,926	12,799	472	23,197
Insurance	15,815	3,234	242	19,291	3,139	230	22,660
Transportation	11,139	36	2,543	13,718	1,074	319	15,111
In-kind	11,251	1,966	152	13,369	1,424	138	14,931
Conferences	9,228	792	1,863	11,883	2,644	17	14,544
Equipment maintenance and rental	7,464	49	2,707	10,220	2,210	135	12,565
Dues	11,417			11,417	542	480	12,439
Advertising	8,087		2,725	10,812			10,812
Postage	3,641	252	1,811	5,704	343	3,216	9,263
Other	21,726	4,352	2,913	28,991	7,208	2,932	39,131
Total expenses before depreciation	3,606,073	916,649	220,465	4,743,187	817,874	101,689	5,662,750
Depreciation and amortization	22,948	3,601	1,788	28,337	3,793	302	32,432
Total expenses	<u>\$ 3,629,021</u>	<u>\$ 920,250</u>	<u>\$ 222,253</u>	<u>\$ 4,771,524</u>	<u>\$ 821,667</u>	<u>\$ 101,991</u>	<u>\$ 5,695,182</u>

See Notes to Financial Statements

CRISIS CLINIC

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016

	Program Services			Management and General	Fundraising	Total
	Telephone Services	Hospital Authorization	Total			
Salaries and contract services	\$ 2,301,139	\$ 528,095	\$ 2,829,234	\$ 542,627	\$ 57,442	\$ 3,429,303
Employee benefits	371,468	57,865	429,333	73,300	7,974	510,607
Payroll taxes	193,659	42,913	236,572	42,174	4,713	283,459
Total personnel expenses	2,866,266	628,873	3,495,139	658,101	70,129	4,223,369
Professional fees and subcontracts	398,507	180,563	579,070	22,759	3,684	605,513
Occupancy	225,287	48,774	274,061	47,848	4,617	326,526
Telephone	119,768	4,059	123,827	7,977	747	132,551
Supplies	30,360	4,747	35,107	8,536	301	43,944
Printing and media	15,251	503	15,754	520	7,154	23,428
Recognition	11,110	1,187	12,297	1,789	134	14,220
Recruitment	10,236	1,724	11,960	22,876	331	35,167
Insurance	18,099	5,061	23,160	4,504	218	27,882
Transportation	13,483	1,025	14,508	1,242	483	16,233
In-kind	8,072	6	8,078	282	111	8,471
Conferences	25,087	250	25,337	1,311	412	27,060
Equipment maintenance and rental	8,490	119	8,609	1,942	86	10,637
Dues	7,480	68	7,548	161		7,709
Advertising	15,944		15,944	16	421	16,381
Postage	3,343	39	3,382	1,575	3,279	8,236
Loss on disposal of equipment				35,717		35,717
Special event expense					27,587	27,587
Other	28,497	3,180	31,677	6,670	742	39,089
Total expenses before depreciation	3,805,280	880,178	4,685,458	823,826	120,436	5,629,720
Depreciation and amortization	20,866	4,538	25,404	4,226	613	30,243
	3,826,146	884,716	4,710,862	828,052	121,049	5,659,963
Less: direct cost of fundraising event					(27,587)	(27,587)
Total expenses	<u>\$ 3,826,146</u>	<u>\$ 884,716</u>	<u>\$ 4,710,862</u>	<u>\$ 828,052</u>	<u>\$ 93,462</u>	<u>\$ 5,632,376</u>

See Notes to Financial Statements

CRISIS CLINIC

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	\$ 621,194	\$ (71,892)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	32,432	30,243
Loss on disposal of equipment		35,717
Realized/unrealized loss (gain) on certificates of deposit	2,567	(5,202)
Changes in operating assets and liabilities		
Contracts and grants receivable	172,001	(105,401)
Prepaid expenses and other assets	(4,167)	5,364
Accounts payable	13,448	12,773
Accrued expenses	(32,011)	4,289
Deferred revenue		(13,248)
Deferred rent	(18,963)	(12,212)
	786,501	(119,569)
Net cash flows from operating activities	786,501	(119,569)
Cash Flows from Investing Activities		
Purchases of certificates of deposit	(100,000)	(300,000)
Proceeds from maturities of certificates of deposit	101,087	299,905
Purchase of equipment and leasehold improvements	(11,573)	(80,345)
	(10,486)	(80,440)
Net cash flows from investing activities	(10,486)	(80,440)
Net change in cash and cash equivalents	776,015	(200,009)
Cash and Cash Equivalents, beginning of year	819,061	1,019,070
Cash and Cash Equivalents, end of year	\$ 1,595,076	\$ 819,061

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

Organization

Crisis Clinic was founded in the state of Washington in 1964 as a not-for-profit corporation for the purpose of providing emergency telephone crisis intervention, and information and referral services.

Crisis Clinic operates the 24-Hour Crisis Line, King County 2-1-1, the WA Recovery Help Line, the Washington Warm Line, and the TeenLink Help Line. It also offers survivors of suicide support groups and training for youth and adults on a wide range of topics including suicide and crisis intervention. Community Resources Online provides a database of more than 5,000 health and human services in King County. In 2017, Crisis Clinic handled more than 262,000 calls.

Financial Statement Presentation

Crisis Clinic 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. Crisis Clinic has no permanently restricted net assets, so this net asset class is not presented. Contributions and certain grants that are received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of unexpended contributions restricted for particular purposes or time periods. Temporarily restricted net assets are transferred to unrestricted net assets as expenditures are incurred for the restricted purpose, or as time restrictions expire. Crisis Clinic has elected to show temporarily restricted contributions whose restrictions are met in the same reporting period as unrestricted support. Temporarily restricted net assets are restricted for the Many Minds Collaborative at December 31, 2017. There were no temporarily restricted net assets at December 31, 2016.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

Cash and Cash Equivalents

Crisis Clinic considers all highly liquid investments purchased with a maturity of three months or less to be cash and cash equivalents. Crisis Clinic occasionally has cash deposits in excess of federally insured limits in order to support its monthly cash requirements.

Certificates of Deposit

Certificates of deposit are stated at fair value using Level 1 inputs. Realized and unrealized gains and losses are included in the investment gain (loss) balance in the statements of activities.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded at cost, if purchased, or fair value (based on estimated purchase price), if donated. Depreciation of equipment is computed using the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is computed using the straight-line method over the estimated useful lives of the assets or the anticipated lease term, whichever is shorter. Crisis Clinic's policy is to capitalize assets with a useful life of more than two years and a cost greater than \$1,000.

Donated Goods

Crisis Clinic occasionally receives donations of supplies and equipment, which are recorded at fair value (based on estimated purchase price) on the date of donation. The value of supplies received was \$14,931 and \$4,999 in 2017 and 2016, respectively.

Donated Services

Crisis Clinic recognizes donated services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not donated. Crisis Clinic recognized \$0 and \$3,472 in donated services for the years ended December 31, 2017 and 2016, respectively.

Other volunteers contributed approximately 44,000 and 34,000 hours of their time in 2017 and 2016, respectively, to help staff Crisis Clinic's crisis intervention telephone line. Although Crisis Clinic provides training to these individuals prior to their volunteering, their services do not meet the criteria for recognition and are not reflected in the accompanying financial statements.

Government Contracts and Grants Revenue

Support from cost-reimbursable contracts is recognized when eligible costs are incurred. Support from performance-based contracts (program service fees) is recognized when performance is completed. Performance-based contract funds received in advance of services performed are deferred until earned. Crisis Clinic has received grants for specific purposes that are open to review and audit by the grantor agencies.

Crisis Clinic received 47% and 11% of its total support and revenue from contracts and grants from King County and the City of Seattle, respectively, during the year ended December 31, 2017. Crisis Clinic received 52% and 10% of its total support and revenue from contracts and grants from King County and the City of Seattle, respectively, during the year ended December 31, 2016.

Contracts and grants due from King County, DSHS, and the City of Seattle represent 40%, 17%, and 14%, respectively, of the total contracts and grants receivable balance at December 31, 2017. Contracts and grants due from King County, DSHS, and the City of Seattle represent 54%, 10%, and 12%, respectively, of the total contracts and grants receivable balance at December 31, 2016.

Contracts and grants receivable are stated at their outstanding balances. Management reviews the collectibility of contracts and grants receivable on a periodic basis. No allowance was considered necessary at December 31, 2017 or 2016.

Crisis Clinic's programs and operations would be significantly affected if there was a reduction in the level of support from the above-named entities or if there was a reduction in the level of support from the United Way.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed as incurred.

Federal Income Tax

Crisis Clinic is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Reclassifications

Certain balances in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications have no impact on the net income as previously reported.

Subsequent Events

Crisis Clinic has evaluated subsequent events through the date these financial statements were available to be issued, which was June 11, 2018.

Note 2. Equipment and Leasehold Improvements

Equipment and leasehold improvements consist of the following:

	<u>2017</u>	<u>2016</u>
Computer equipment	\$ 129,635	\$ 118,062
Telephone system	101,240	101,240
Furniture and fixtures	90,129	90,129
Leasehold improvements	<u>22,503</u>	<u>22,503</u>
	343,507	331,934
Less: accumulated depreciation and amortization	<u>(244,374)</u>	<u>(211,942)</u>
	<u>\$ 99,133</u>	<u>\$ 119,992</u>

Note 3. Leases

Crisis Clinic leases its facilities under an agreement that expires in March 2020. Rental expense for these facilities was \$329,392 and \$326,526 in 2017 and 2016, respectively. Accounting principles generally accepted in the United States require that rental expense on leases be recognized on a straight-line basis over the term of the lease. Due to this requirement, a deferred rent liability amounting to \$66,713 and \$85,676 at December 31, 2017 and 2016, respectively, has been recorded and represents rent expense recognized in excess of what was actually paid.

Minimum future lease payments are as follows for the years ending December 31:

2018	\$ 404,806
2019	355,586
2020	<u>84,482</u>
	<u>\$ 844,874</u>

SUPPLEMENTARY REPORTS AND
SCHEDULES IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
AND THE UNIFORM GUIDANCE

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Crisis Clinic
Seattle, Washington

We have audited in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Crisis Clinic, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 11, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Crisis Clinic's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crisis Clinic's internal control. Accordingly, we do not express an opinion on the effectiveness of Crisis Clinic's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crisis Clinic's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Peterson Sullivan LLP

June 11, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees
Crisis Clinic
Seattle, Washington

Report on Compliance for Each Major Federal Program

We have audited Crisis Clinic's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Crisis Clinic's major federal programs for the year ended December 31, 2017. Crisis Clinic's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Crisis Clinic's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Crisis Clinic's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Crisis Clinic's compliance.

Opinion on Each Major Federal Program

In our opinion, Crisis Clinic complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of Crisis Clinic is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Crisis Clinic's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Crisis Clinic's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Peterson Sullivan LLP

June 11, 2018

CRISIS CLINIC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2017

Award Description	Grant/Contract Number	Federal CFDA Number	Expenditures
Department of Health and Human Services			
Passed through from Washington State Department of Social and Health Services			
Block Grants for Community Mental Health Services	1113-29737 Amendment #7	93.958	\$ 18,241
Block Grants for Community Mental Health Services	1113-29737 Amendment #9	93.958	<u>16,259</u>
			34,500
Passed through from Washington State Department of Social and Health Services			
Block Grants for Prevention and Treatment of Substance Abuse*	1113-29737 Amendment #7	93.959	246,640
Block Grants for Prevention and Treatment of Substance Abuse*	1113-29737 Amendment #9	93.959	<u>219,843</u>
			466,483
<i>Aging Cluster</i>			
Passed through from City of Seattle			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	DA16-1552 Amd #1	93.044	775
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	DA17-1552	93.044	<u>40,120</u>
Total Aging Cluster			40,895
<i>Medicaid Cluster</i>			
Passed through from City of Seattle			
Medical Assistance Program	DA16-1552 Amd #1	93.778	38,533
Medical Assistance Program	DA17-1552	93.778	<u>36,048</u>
Total Medicaid Cluster			74,581
Passed through from City of Seattle			
National Family Caregiver Support, Title III, Part E	DA16-7220	93.052	2,878
National Family Caregiver Support, Title III, Part E	DA17-7220	93.052	<u>13,050</u>
			<u>15,928</u>
Total Department of Health and Human Services			632,387

* Denotes a major program

See Notes to Schedule of Expenditures of Federal Awards

CRISIS CLINIC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

For the Year Ended December 31, 2017

Award Description	Grant/Contract Number	Federal CFDA Number	Expenditures
Department of Housing and Urban Development			
Passed through from City of Seattle Continuum of Care	5722050 Amd #4	14.267	\$ <u>124,300</u>
Total Department of Housing and Urban Development			124,300
Department of Agriculture			
<i>SNAP Cluster</i>			
Passed through from WithinReach State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	1613-75655-06	10.561	24,071
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	1712-15506-07	10.561	<u>10,931</u>
Total SNAP Cluster and Department of Agriculture			<u>35,002</u>
Total awards			\$ <u><u>791,689</u></u>

* Denotes a major program

See Notes to Schedule of Expenditures of Federal Awards

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Crisis Clinic under programs of the federal government for the year ended December 31, 2017. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Crisis Clinic, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Crisis Clinic.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

Note 3. Indirect Cost Rate

Crisis Clinic has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

CRISIS CLINIC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2017

A. Summary of Audit Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal Control over Financial Reporting

Material weaknesses identified: No

Significant deficiencies identified not considered to be material weaknesses: No

Noncompliance material to financial statements noted: No

Federal Awards

Material weaknesses identified: No

Significant deficiencies identified not considered to be material weaknesses: No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported: No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and B programs: \$ 750,000

Auditee qualified as low-risk auditee: No

B. Findings – Financial Statement Audit None

C. Findings and Questioned Costs – Major Federal Award Programs Audit None