



Crisis Connections

Financial Statements and Supplemental
Reports and Schedules in Accordance with
Government Auditing Standards and
Required by the Uniform Guidance
Years Ended December 31, 2019 and 2018

Crisis Connections

Financial Statements and Supplemental Reports and Schedules in
Accordance with *Government Auditing Standards* and Required by the
Uniform Guidance
Years Ended December 31, 2019 and 2018

Crisis Connections

Contents

Independent Auditor’s Report	3-4
Financial Statements	
Statements of Financial Position	6
Statements of Activities	7
Statement of Functional Expenses - 2019	8
Statement of Functional Expenses - 2018	9
Statements of Cash Flows	10
Notes to Financial Statements	11-17
Supplemental Reports and Schedules in Accordance with <i>Government Auditing Standards</i> and Required by the Uniform Guidance	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	21-22
Schedule of Expenditures of Federal Awards	23
Notes to Schedule of Expenditures of Federal Awards	24
Schedule of Findings and Questioned Costs	25



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Independent Auditor's Report

To the Board of Trustees
Crisis Connections
Seattle, Washington

We have audited the accompanying financial statements of Crisis Connections, which comprise the statement of financial position as of December 31, 2019, 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.

Auditor's 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 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.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crisis Connections as of December 31, 2019, 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 2019 schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also 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 of America. 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 September 16, 2020, on our consideration of Crisis Connections' 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 Connections' 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 Connections' internal control over financial reporting and compliance.

Other Matter - Prior Period Financial Statements

The financial statements of Crisis Connections as of and for the year ended December 31, 2018, were audited by Peterson Sullivan LLP ("PS"), whose partners and professional staff joined BDO USA, LLP as of November 1, 2019, and has subsequently ceased operations. PS expressed an unmodified opinion on those statements in their report dated July 31, 2019.

BDO USA, LLP
September 16, 2020

Financial Statements

Crisis Connections
Statements of Financial Position

<i>December 31,</i>	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,400,311	\$ 2,122,641
Certificates of deposit	300,126	699,285
Contracts and grants receivable	1,367,579	1,213,459
Prepaid expenses and other current assets	118,334	58,388
Total Current Assets	4,186,350	4,093,773
Equipment and leasehold improvements, net	199,937	191,928
Deposits	112,478	30,614
Total Assets	\$ 4,498,765	\$ 4,316,315
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 119,370	\$ 125,827
Accrued expenses	253,502	187,492
Refundable advances	-	46,894
Total Current Liabilities	372,872	360,213
Deferred rent	8,538	41,000
Total Liabilities	381,410	401,213
Net Assets		
Without donor restrictions:		
Net investment in equipment and leasehold improvements	199,937	191,928
Other net assets without donor restrictions	3,773,797	3,570,181
Total net assets without donor restrictions	3,973,734	3,762,109
With donor restrictions	143,621	152,993
Total Net Assets	4,117,355	3,915,102
Total Liabilities and Net Assets	\$ 4,498,765	\$ 4,316,315

See accompanying notes to financial statements.

Crisis Connections
Statements of Activities

<i>Years Ended December 31,</i>	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Government contracts and grants	\$ 6,173,950	\$ -	\$ 6,173,950	\$ 6,093,039	\$ -	\$ 6,093,039
Other contracts and grants	607,370	-	607,370	560,118	-	560,118
Contributions	341,206	68,000	409,206	187,840	85,917	273,757
United Way	215,000	-	215,000	464,488	-	464,488
Special events, net of direct expense of \$46,176 in 2019 and \$29,396 in 2018	44,195	-	44,195	70,604	67,076	137,680
Investment income	22,206	-	22,206	11,402	-	11,402
Other income	250,704	-	250,704	247,176	-	247,176
Net assets released from restriction	77,372	(77,372)	-	100,000	(100,000)	-
Total Support and Revenue	7,732,003	(9,372)	7,722,631	7,734,667	52,993	7,787,660
Expenses						
Telephone services	6,041,064	-	6,041,064	5,468,578	-	5,468,578
Community training	273,009	-	273,009	181,768	-	181,768
Total Program Services	6,314,073	-	6,314,073	5,650,346	-	5,650,346
Management and general	1,064,497	-	1,064,497	918,653	-	918,653
Fundraising	141,808	-	141,808	132,063	-	132,063
Total Expenses	7,520,378	-	7,520,378	6,701,062	-	6,701,062
Change in Net Assets	211,625	(9,372)	202,253	1,033,605	52,993	1,086,598
Net Assets, beginning of year	3,762,109	152,993	3,915,102	2,728,504	100,000	2,828,504
Net Assets, end of year	\$ 3,973,734	\$ 143,621	\$ 4,117,355	\$ 3,762,109	\$ 152,993	\$ 3,915,102

See accompanying notes to financial statements.

Crisis Connections

Statement of Functional Expenses

Year Ended December 31, 2019	Program Services			Management and General	Fundraising	Total
	Telephone Services	Community Training	Total			
Salaries and contract services	\$ 3,934,775	\$ 145,740	\$ 4,080,515	\$ 728,178	\$ 69,759	\$ 4,878,452
Employee benefits	634,331	13,737	648,068	88,301	3,959	740,328
Payroll taxes	366,981	13,929	380,910	61,525	6,001	448,436
Total Personnel Expenses	4,936,087	173,406	5,109,493	878,004	79,719	6,067,216
Occupancy	413,703	16,943	430,646	58,356	9,917	498,919
Information technology	211,150	3,290	214,440	13,367	1,515	229,322
Professional fees and subcontracts	100,167	16,054	116,221	65,076	32,194	213,491
Telephone	128,779	1,610	130,389	8,255	848	139,492
Special event expenses	-	-	-	-	46,176	46,176
Printing and media	18,979	15,060	34,039	1,830	7,495	43,364
Staff training and conferences	16,185	18,006	34,191	8,274	177	42,642
Recruitment	36,855	102	36,957	3,723	616	41,296
Supplies	20,805	4,501	25,306	3,839	151	29,296
Advertising	25,667	267	25,934	-	905	26,839
Insurance	21,664	726	22,390	4,041	222	26,653
Transportation	9,429	3,649	13,078	3,840	131	17,049
Recognition	10,828	2,516	13,344	2,656	197	16,197
Equipment maintenance and rental	4,144	6,180	10,324	1,136	1	11,461
Postage	2,759	2,570	5,329	968	1,038	7,335
Dues	4,019	850	4,869	232	614	5,715
In-kind	-	-	-	-	3,500	3,500
Other	31,111	5,571	36,682	4,284	1,429	42,395
Total Expenses before Depreciation and Amortization	5,992,331	271,301	6,263,632	1,057,881	186,845	7,508,358
Depreciation and amortization	48,733	1,708	50,441	6,616	1,139	58,196
	6,041,064	273,009	6,314,073	1,064,497	187,984	7,566,554
Less: direct cost of fundraising event	-	-	-	-	(46,176)	(46,176)
Total Expenses	\$ 6,041,064	\$ 273,009	\$ 6,314,073	\$ 1,064,497	\$ 141,808	\$ 7,520,378

See accompanying notes to financial statements.

Crisis Connections

Statement of Functional Expenses

<i>Year Ended December 31, 2018</i>	Program Services			Management and General	Fundraising	Total
	Telephone Services	Community Training	Total			
Salaries and contract services	\$ 3,358,528	\$ 101,762	\$ 3,460,290	\$ 600,441	\$ 71,502	\$ 4,132,233
Employee benefits	538,637	13,444	552,081	79,081	7,836	638,998
Payroll taxes	313,585	9,306	322,891	50,452	6,090	379,433
Total Personnel Expenses	4,210,750	124,512	4,335,262	729,974	85,428	5,150,664
Occupancy	333,865	16,981	350,846	52,638	8,049	411,533
Information technology	187,603	2,092	189,695	15,641	1,387	206,723
Professional fees and subcontracts	271,898	127	272,025	53,601	11,071	336,697
Telephone	133,429	1,140	134,569	10,894	941	146,404
Special event expenses	-	-	-	-	29,396	29,396
Printing and media	29,117	7,301	36,418	2,007	8,708	47,133
Staff training and conferences	19,323	4,661	23,984	11,856	2,292	38,132
Recruitment	15,529	345	15,874	582	545	17,001
Supplies	61,659	3,339	64,998	9,064	1,139	75,201
Advertising	74,521	3,430	77,951	-	7,760	85,711
Insurance	18,946	340	19,286	4,774	224	24,284
Transportation	9,619	4,372	13,991	2,622	60	16,673
Recognition	15,624	34	15,658	465	64	16,187
Equipment maintenance and rental	7,512	3,827	11,339	1,272	73	12,684
Postage	2,585	1,182	3,767	2,449	828	7,044
Dues	4,077	-	4,077	1,074	-	5,151
In-kind	17,569	800	18,369	9,800	1,811	29,980
Other	28,403	5,497	33,900	6,652	1,381	41,933
Total Expenses before Depreciation and Amortization	5,442,029	179,980	5,622,009	915,365	161,157	6,698,531
Depreciation and amortization	26,549	1,788	28,337	3,288	302	31,927
	5,468,578	181,768	5,650,346	918,653	161,459	6,730,458
Less: direct cost of fundraising event	-	-	-	-	(29,396)	(29,396)
Total Expenses	\$ 5,468,578	\$ 181,768	\$ 5,650,346	\$ 918,653	\$ 132,063	\$ 6,701,062

See accompanying notes to financial statements.

Crisis Connections

Statements of Cash Flows

<i>Years Ended December 31,</i>	2019	2018
Cash Flows from (for) Operating Activities		
Change in net assets	\$ 202,253	\$ 1,086,598
Adjustments to reconcile change in net assets to net cash flows from (for) operating activities:		
Depreciation and amortization	58,196	31,927
Reinvested interest from certificates of deposit	(6,472)	72
Changes in operating assets and liabilities:		
Contracts and grants receivable	(154,120)	(414,747)
Prepaid expenses and other assets	(59,946)	(46,344)
Deposits	(81,864)	-
Accounts payable	(6,457)	66,775
Accrued expenses	66,010	9,161
Refundable advances	(46,894)	46,894
Deferred rent	(32,462)	(25,713)
Net Cash Flows from (for) Operating Activities	(61,756)	754,623
Cash Flows from (for) Investing Activities		
Purchases of certificates of deposit	(200,000)	(300,000)
Proceeds from maturities of certificates of deposit	605,631	197,664
Purchase of equipment and leasehold improvements	(66,205)	(124,722)
Net Cash Flows from (for) Investing Activities	339,426	(227,058)
Net Change in Cash and Cash Equivalents	277,670	527,565
Cash and Cash Equivalents, beginning of year	2,122,641	1,595,076
Cash and Cash Equivalents, end of year	\$ 2,400,311	\$ 2,122,641

See accompanying notes to financial statements.

Crisis Connections

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies

Organization

Crisis Connections (formerly 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 Connections 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 support groups for survivors of suicide and those newly bereaved by suicide (“CC Cares”), 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 2019, Crisis Connections handled more than 284,000 calls.

Financial Statement Presentation

Crisis Connections reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Contributions and certain grants that are received are recorded depending on the existence and/or nature of any donor restrictions.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of unexpended contributions restricted for particular purposes or time periods. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted purpose or as time restrictions expire. Crisis Connections has elected to show restricted contributions whose restrictions are met in the same reporting period as unrestricted support. Net assets with donor restrictions, listed by purpose, consist of the following at December 31:

<i>December 31,</i>	2019		2018	
Technology campaign	\$	75,621	\$	121,993
2-1-1 text line		68,000		-
Call to courage - veterans line		-		20,000
CC Cares		-		11,000
Total Net Assets with Donor Restrictions	\$	143,621	\$	152,993

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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.

Crisis Connections

Notes to Financial Statements

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 Connections considers all highly liquid investments purchased with a maturity of three months or less to be cash and cash equivalents. Crisis Connections 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 using observable market inputs within the fair value hierarchy consisting of quoted prices in active markets for identical assets.

Contracts and Grants Receivable

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, 2019 or 2018.

Contracts and grants due from King County and Washington Healthcare Authority represent 53% and 13%, respectively, of the total contracts and grants receivable balance at December 31, 2019. Contracts and grants due from King County, Washington Healthcare Authority, and the City of Seattle represent 32%, 32%, and 14%, respectively, of the total contracts and grants receivable balance at December 31, 2018.

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 Connections' policy is to capitalize assets with a useful life of more than two years and a cost greater than \$1,000.

Crisis Connections

Notes to Financial Statements

Donated Goods

Crisis Connections 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 in 2018. Crisis Connections did not receive any donated supplies or equipment in 2019.

Donated Services

Crisis Connections 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 Connections recognized donated services amounting to \$3,500 in 2019. Crisis Connections recognized no donated services in 2018.

Other volunteers contributed approximately 31,000 and 39,000 hours of their time in 2019 and 2018, respectively, to help staff Crisis Connections' crisis intervention telephone line. Although Crisis Connections 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.

Revenue Recognition

Crisis Connections recognizes contributions with or without donor restrictions when a gift is received or pledged.

Support from contracts and grants is considered a conditional contribution and is recognized when certain conditions have been satisfied or for cost-reimbursable contracts, when eligible costs are incurred. Refundable advances represent contract and grant funds received before applicable conditions have been satisfied. Crisis Connections has received grants for specific purposes that are open to review and audit by the grantor agencies.

Crisis Connections received 51% and 11% of its total support and revenue from contracts and grants from King County and Washington Healthcare Authority, respectively, during the year ended December 31, 2019. Crisis Connections received 50% of its total support and revenue from contracts and grants from King County during the year ended December 31, 2018.

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

As of December 31, 2019, Crisis Connections has been awarded \$1,538,670 where conditions have not yet been met and the revenue has not been recognized.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel expenses, information technology, professional fees and subcontracts, telephone expense, printing and media, and supplies are allocated based on the number of employees; and occupancy is allocated based on square footage by department.

Crisis Connections

Notes to Financial Statements

Advertising Costs

Advertising costs are expensed as incurred.

Federal Income Tax

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

Reclassifications

Certain items from the December 31, 2018, financial statements have been reclassified to conform to the current-year presentation. These reclassifications had no impact on net assets or changes in net assets as previously reported.

Recently Adopted Pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. The standard provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. The ASU assists in the determination of the nature of the transaction which then governs the revenue recognition methodology and timing of the transaction. The ASU is effective for contributions received by the Crisis Connections in periods beginning after December 15, 2018. Crisis Connections adopted this update in 2019 under the modified prospective basis. The adoption of this update did not materially impact contribution revenue in the financial statements.

Subsequent Events

Crisis Connections has evaluated subsequent events through the date these financial statements were available to be issued, which was September 16, 2020. See Note 5.

2. Liquidity and Availability of Resources

Crisis Connections’ practice is to invest temporarily available funds into certificate of deposits. The certificates of deposit are in Merrill Lynch in tranches of \$100,000 each, laddered to mature in three- to six-month increments. At maturity, certificates of deposit are rolled over unless the funds are needed to pay for expenses. Crisis Connections does not invest in equity securities.

Crisis Connections

Notes to Financial Statements

Crisis Connections has a policy to maintain four to six months of cash needs as reserves in its bank accounts and receivable balances. Financial assets available for general expenditure comprise the following at December 31:

	2019	2018
Cash and cash equivalents	\$ 2,400,311	\$ 2,122,641
Certificates of deposit	300,126	699,285
Contracts and grants receivable	1,367,579	1,213,459
Less: Net assets with donor restrictions	(143,621)	(152,993)
Financial Assets Available for General Expenditure	\$ 3,924,395	\$ 3,882,392

3. Equipment and Leasehold Improvements

Equipment and leasehold improvements consist of the following:

	2019	2018
Telephone system	\$ 189,316	\$ 187,426
Computer equipment	87,629	168,171
Leasehold improvements	56,911	22,503
Furniture and fixtures	17,588	90,129
	351,444	468,229
Less: accumulated depreciation and amortization	(151,507)	(276,301)
Total	\$ 199,937	\$ 191,928

4. Leases

Crisis Connections leased its facilities under an agreement that expired in March 2020. Rental expense for these facilities was \$498,919 and \$411,533 in 2019 and 2018, respectively. Accounting principles generally accepted in the United States of America 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 \$8,538 and \$41,000 at December 31, 2019 and 2018, respectively, has been recorded and represents rent expense recognized in excess of what was actually paid.

In March 2020, Crisis Connections entered into a ten-year lease in a new location in Seattle. This lease also contains a ten-year renewal option.

Additionally, in March 2020, Crisis Connections entered into another lease that expires in July 2030, in a new location in Renton. The lease contains a five-year renewal option.

Crisis Connections

Notes to Financial Statements

Minimum future lease payments under these non-cancelable leases are as follows for the years ending December 31:

2020	\$	384,314
2021		491,222
2022		507,070
2023		522,917
2024		538,765
Thereafter		3,140,230
<hr/>		
Total	\$	5,584,518

5. Subsequent Events

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on Crisis Connections’ financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, Crisis Connections is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

Although Crisis Connections cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on Crisis Connections’ results of future operations, financial position, and liquidity in fiscal year 2020.

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief, and Economic Security (CARES) Act.” The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. There is no assurance that Crisis Connections is eligible for these funds or will be able to obtain them.

Crisis Connections will continue to examine the impact that the CARES Act may have on its operations. Currently, Crisis Connections is unable to determine the impact that the CARES Act will have on its financial condition, results of operation, or liquidity.

Crisis Connections

Notes to Financial Statements

In 2020, Crisis Connections received a notice from King County that placed them on a corrective action plan in response to certain contract terms (call answer rates) not being met. If Crisis Connections is not able to mitigate the notice, there is a risk that Crisis Connections could lose a significant amount of funding from King County. Crisis Connections is in the process of addressing the notice as part of the corrective action plan and has met or exceeded the requirements in July 2020 and August 2020. To comply with the requirements of its contract with King County, Crisis Connections needs to continue to meet the specifications of the corrective action plan for 60 days starting July 15, 2020, to assure continuity.

**Supplemental Reports and Schedules in Accordance with
Government Auditing Standards and Required by the Uniform
Guidance**



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Independent Auditor’s 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 Connections
Seattle, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America 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 Connections, which comprise the statement of financial position as of December 31, 2019, 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 September 16, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Crisis Connections’ 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 Connections’ internal control. Accordingly, we do not express an opinion on the effectiveness of Crisis Connections’ 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.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crisis Connections' 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.

BDO USA, LLP

September 16, 2020



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Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustees
Crisis Connections
Seattle, Washington

Report on Compliance for Each Major Federal Program

We have audited Crisis Connections’ 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 Connections’ major federal programs for the year ended December 31, 2019. Crisis Connections’ 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 Connections’ 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 of America; 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 Connections’ 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 Crisis Connections’ compliance.



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Opinion on Each Major Federal Program

In our opinion, Crisis Connections 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, 2019.

Report on Internal Control over Compliance

Management of Crisis Connections 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 Connections' 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 Connections' 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.

BDO USA, LLP

September 16, 2020

Crisis Connections

Schedule of Expenditures of Federal Awards Year Ended December 31, 2019

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
Department of Health and Human Services			
Passed through from Washington State Health Care Authority			
Block Grants for Prevention and Treatment of Substance Abuse	1113-29737 Amendment #10	93.959	\$ 226,161
Block Grants for Prevention and Treatment of Substance Abuse	1113-29737 Amendment #11	93.959	162,056
Block Grants for Prevention and Treatment of Substance Abuse	1113-29737 Amendment #14	93.959	226,161
Block Grants for Prevention and Treatment of Substance Abuse	1113-29737 Amendment #15	93.959	161,914
Total Block Grants for Prevention and Treatment of Substance Abuse			776,292
Passed through from King County Behavioral and Recovery Division			
Block Grants for Community Mental Health Services	6020789 Amendment #3	93.958	300,000
<i>Medicaid Cluster</i>			
Passed through from City of Seattle			
Medical Assistance Program	DA18-1552	93.778	7,500
Total Medicaid Cluster			7,500
Total Department of Health and Human Services			1,083,792
Department of Housing and Urban Development			
Passed through from City of Seattle			
Continuum of Care Program	5897664 Amendment #5	14.267	62,150
Total Department of Housing and Urban Development			62,150
Department of Agriculture			
<i>SNAP Cluster</i>			
Passed through from WithinReach			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	1613-75655-07	10.561	88,204
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	1912-64581-07	10.561	31,614
Total SNAP Cluster and Department of Agriculture			119,818
Total Federal Expenditures			\$ 1,265,760

The accompanying notes are an integral part of this schedule.

Crisis Connections

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Crisis Connections under programs of the federal government for the year ended December 31, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations 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 Connections, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Crisis Connections.

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.

3. Indirect Cost Rate

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

Crisis Connections

Schedule of Findings and Questioned Costs Year Ended December 31, 2019

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of Major Programs:

CFDA Number(s)
93.959

Name of Federal Program or Cluster
Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee:

yes no

Section II - Financial Statement Findings

No findings were identified that were required to be reported.

Section III - Federal Award Findings and Questioned Costs

There were no findings identified that are required to be reported in accordance with Title 2, Part 200 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.