

## **CRISIS CONNECTIONS**

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AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

**Prepared By**

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# CRISIS CONNECTIONS

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Crisis Connections

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Crisis Connections (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Crisis Connections as of December 31, 2021 and 2020, 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.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Crisis Connections and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Crisis Connections ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Crisis Connections's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Crisis Connections's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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* 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 of America. In our opinion, the schedule of expenditures of federal awards 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 July 25, 2022 on our consideration of the Crisis Connections'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 the Crisis Connections'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 the Crisis Connections's internal control over financial reporting and compliance.

*Branch, Richards & Co., P.C.*

July 25, 2022

## CRISIS CONNECTIONS

### STATEMENTS OF FINANCIAL POSITION FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 2,810,897	\$ 2,629,932
Contracts and grants receivables	2,137,810	2,038,667
Prepaid expenses and other current assets	311,393	202,784
Total current assets	<u>5,260,100</u>	<u>4,871,383</u>
Equipment and leasehold improvements, net (Note 2)	565,495	596,958
Security deposits	81,864	81,864
Total Assets	<u>\$ 5,907,459</u>	<u>\$ 5,550,205</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 236,689	\$ 304,493
Accrued expenses	477,691	391,468
Other liabilities	73,876	70,694
Total current liabilities	<u>788,256</u>	<u>766,655</u>
Total liabilities	<u>788,256</u>	<u>766,655</u>
Net Assets		
Without donor restrictions	<u>5,119,203</u>	<u>4,783,550</u>
Total net assets	<u>5,119,203</u>	<u>4,783,550</u>
Total Liabilities and Net Assets	<u>\$ 5,907,459</u>	<u>\$ 5,550,205</u>

See accompanying notes and auditor's report.

## CRISIS CONNECTIONS

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Restriction	With Restriction	2021
<b>OPERATING ACTIVITIES</b>			
<b>SUPPORT &amp; REVENUES</b>			
Government contracts and grants	\$ 8,329,739	\$ -	\$ 8,329,739
Other contracts and grants	4,180,676	-	4,180,676
Contributions	1,258,065	-	1,258,065
Special events, net of direct expenses of \$20,413 in 2021	10,998	-	10,998
Investment income	647	-	647
In-kind Donations	886	-	886
Other income	195,565	-	195,565
Net assets released from restriction	-	-	-
<b>TOTAL SUPPORT &amp; REVENUES</b>	<b>13,976,576</b>	<b>-</b>	<b>13,976,576</b>
<b>EXPENSES</b>			
<u><b>Program Services</b></u>			
Crisis services	6,892,930	-	6,892,930
Information and referral services	4,339,644	-	4,339,644
Community training	358,184	-	358,184
<u><b>Supporting Services</b></u>			
Management and general	1,844,853	-	1,844,853
Fundraising	205,312	-	205,312
<b>TOTAL EXPENSES</b>	<b>13,640,923</b>	<b>-</b>	<b>13,640,923</b>
Change in net assets	335,653	-	335,653
Net assets, beginning of year	4,783,550	-	4,783,550
Net assets, end of year	<u>\$ 5,119,203</u>	<u>\$ -</u>	<u>\$ 5,119,203</u>

## CRISIS CONNECTIONS

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Restriction	With Restriction	2020
<b>OPERATING ACTIVITIES</b>			
<b>SUPPORT &amp; REVENUES</b>			
Government contracts and grants	\$ 8,181,891	\$ -	\$ 8,181,891
Other contracts and grants	2,539,161	-	2,539,161
Contributions	556,551	-	556,551
Special events, net of direct expenses of \$35,335 in 2020	(2,153)	-	(2,153)
Investment income	6,366	-	6,366
In-kind Donations	22,000	-	22,000
Unrealized gain/(loss) on valuation of investments	(1,641)	-	(1,641)
Gain/(loss) from disposal of fixed assets	(62,913)	-	(62,913)
Other income	752,053	-	752,053
Net assets released from restriction	143,621	(143,621)	-
<b>TOTAL SUPPORT &amp; REVENUES</b>	<b>12,134,936</b>	<b>(143,621)</b>	<b>11,991,315</b>
<b>EXPENSES</b>			
<u>Program Services</u>			
Crisis services	6,571,770	-	6,571,770
Information and referral services	2,916,304	-	2,916,304
Community training	262,907	-	262,907
<u>Supporting Services</u>			
Management and general	1,425,328	-	1,425,328
Fundraising	148,811	-	148,811
<b>TOTAL EXPENSES</b>	<b>11,325,120</b>	<b>-</b>	<b>11,325,120</b>
Change in net assets	809,816	(143,621)	666,195
Net assets, beginning of year	3,973,734	143,621	4,117,355
Net assets, end of year	<u>\$ 4,783,550</u>	<u>\$ -</u>	<u>\$ 4,783,550</u>

## CRISIS CONNECTIONS

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 335,653	\$ 666,195
Adjustments to reconcile change in net assets to net cash used by operations:		
Depreciation and amortization	89,793	103,653
Loss (gain) on disposal of equipment	19,708	62,913
Cash provided/(used) by changes in operating activities:		
Contracts and grants receivables	(99,143)	(671,089)
Prepaid expenses and other assets	(108,609)	(21,325)
Security deposits	-	(32,512)
Accounts payable	(67,804)	185,123
Accrued expenses	86,223	208,660
Other liabilities	3,182	-
Deferred rent	-	(8,538)
Net cash provided by (used in) operating activities	259,003	493,080
Cash flows from investing activities:		
(Purchases) Sales of certificates of deposit	-	300,126
Proceeds from maturities of certificates of deposit	-	-
Purchase of equipment and leasehold improvements	(78,038)	(563,585)
Net cash provided by (used in) investing activities	(78,038)	(263,459)
Net change in cash and cash equivalents	180,965	229,621
Cash at beginning of year	2,629,932	2,400,311
Cash at end of year	<u>\$ 2,810,897</u>	<u>\$ 2,629,932</u>



# CRISIS CONNECTIONS

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021

	Crisis Services	Information & Referral Services	Community Training	Total Programs	Management and General	Fundraising	Total 2021
Salaries and contract services	\$ 4,692,686	\$ 1,347,430	\$ 135,368	\$ 6,175,484	\$ 866,208	\$ 109,691	\$ 7,151,383
Payroll taxes	394,542	98,549	11,629	504,720	59,422	7,425	571,567
Employee benefits	670,655	229,864	22,447	922,966	93,418	5,926	1,022,310
	5,757,883	1,675,843	169,444	7,603,170	1,019,048	123,042	8,745,260
Advertising	30,919	244,587	21,280	296,786	-	5,977	302,763
Bank charge	9,737	2,731	2,462	14,930	858	1,810	17,598
Dues & Subscriptions	5,366	4,809	300	10,475	617	868	11,960
Equipment maintenance	10,239	896	267	11,402	2,382	8,440	22,224
Information technology	335,931	29,617	7,917	373,465	27,186	-	400,651
Insurance	22,545	7,797	753	31,095	4,937	187	36,219
Occupancy	307,546	118,803	44,068	470,417	129,064	7,141	606,622
Postage	4,827	558	2,064	7,449	3,204	1,107	11,760
Printing and media	13,701	236	31,362	45,299	683	10,922	56,904
Professional fees and subcontracts	49,595	2,170,902	52,741	2,273,238	503,300	43,189	2,819,727
Recognition	11,894	2,835	207	14,936	4,095	44	19,075
Recruitment	45,001	3,132	982	49,115	101,257	-	150,372
Staff training and conferences	2,766	370	9,411	12,547	1,436	-	13,983
Supplies	18,190	1,335	1,015	20,540	7,087	261	27,888
Telephone	184,210	52,566	7,479	244,255	21,045	1,732	267,032
Transportation	1,983	1,731	592	4,306	1,392	-	5,698
In-kind	-	-	-	-	886	-	886
Miscellaneous	17,748	4,538	3,543	25,829	8,653	26	34,508
Total Expenses before depreciation & amortization	6,830,081	4,323,286	355,887	11,509,254	1,837,130	204,746	13,551,130
Depreciation and amortization	62,849	16,358	2,297	81,504	7,723	566	89,793
Total Expenses	<u>\$ 6,892,930</u>	<u>\$ 4,339,644</u>	<u>\$ 358,184</u>	<u>\$ 11,590,758</u>	<u>\$ 1,844,853</u>	<u>\$ 205,312</u>	<u>\$ 13,640,923</u>

## CRISIS CONNECTIONS

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020

	Telephone Services	Information & Referral Services	Community Training	Total Programs	Management and General	Fundraising	Total 2020
Salaries and contract services	\$ 4,214,364	\$ 1,131,929	\$ 146,663	\$ 5,492,956	\$ 859,458	\$ 77,224	\$ 6,429,638
Payroll taxes	419,207	119,748	14,512	553,467	76,357	6,650	636,474
Employee benefits	539,718	205,403	21,765	766,886	81,341	5,926	854,153
	<u>5,173,289</u>	<u>1,457,080</u>	<u>182,940</u>	<u>6,813,309</u>	<u>1,017,156</u>	<u>89,800</u>	<u>7,920,265</u>
Advertising	27,127	90,736	15,327	133,190	-	4,571	137,761
Bank charge	9,005	2,162	1,870	13,037	1,025	1,571	15,633
Dues & Subscriptions	586	5,001	36	5,623	457	363	6,443
Equipment maintenance	7,284	1,117	1,560	9,961	1,435	3,080	14,476
Information technology	262,511	20,736	22,517	305,764	14,762	-	320,526
Insurance	20,748	5,051	709	26,508	4,094	190	30,792
Occupancy	316,773	91,946	9,785	418,504	36,802	2,442	457,748
Postage	6,281	805	1,078	8,164	2,273	909	11,346
Printing and media	29,885	2,182	381	32,448	834	5,320	38,602
Professional fees and subcontracts	297,787	1,130,541	8,168	1,436,496	290,294	37,311	1,764,101
Recognition	7,499	1,993	132	9,624	809	621	11,054
Recruitment	98,527	570	-	99,097	11,109	20	110,226
Staff training and conferences	2,522	208	3,726	6,456	-	-	6,456
Supplies	17,763	4,097	1,131	22,991	7,471	149	30,611
Telephone	167,451	58,632	5,427	231,510	18,259	1,255	251,024
Transportation	3,458	1,448	1,830	6,736	422	-	7,158
In-kind	15,012	4,560	500	20,072	1,808	121	22,001
Miscellaneous	38,082	14,989	3,448	56,519	8,209	516	65,244
Total Expenses before depreciation & amortization	6,501,590	2,893,854	260,565	9,656,009	1,417,219	148,239	11,221,467
Depreciation and amortization	70,180	22,450	2,342	94,972	8,109	572	103,653
Total Expenses	<u>\$ 6,571,770</u>	<u>\$ 2,916,304</u>	<u>\$ 262,907</u>	<u>\$ 9,750,981</u>	<u>\$ 1,425,328</u>	<u>\$ 148,811</u>	<u>\$ 11,325,120</u>

# **CRISIS CONNECTIONS**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020**

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### **NOTE 1 - DESCRIPTION OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **DESCRIPTION OF ENTITY**

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 information and referral prevention services; emergency suicide and crisis intervention services, and postvention support services.

Crisis Connections operates the following support and service lines:

- 24-Hour Crisis Line,
- King County 2-1-1,
- WA Recovery Help Line,
- Washington Warm Line,
- Teenlink Help Line,
- Care Connect WA.

Crisis Connections 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; and more than 20,000 statewide. In 2021, Crisis Connections handled more than 600,000 calls.

#### **Crisis Services**

- 24-Hour Crisis Line – A free, 24/7/365, confidential helpline offering immediate assistance to anyone in crisis/distress. Individuals call when they are considering suicide, experiencing major stress, grief, or anxiety, depression, violence, etc. While CC has offered the Crisis Line in King County for 56 years, in January 2020 we began serving crisis lines for 8 additional Washington State Counties.
- Teen Link – the only program in King County devoted exclusively to youth suicide preventions education and offering a teen-answered helpline. Since 1996, we have provided teens a safe, confidential place to call for help and educated them around how to help themselves or someone they know who may be considering suicide.
- Washington Recovery Help Line – began in 2011 as a statewide resource for those struggling with substance abuse, problem gambling, and mental health. Staff and volunteers are available 24/7/365 to provide callers with emotional support and information/referrals to support services.
- Washington Warm Line – a statewide peer support line for people who are living with emotional or mental health challenges. Volunteers with lived experience in mental health challenges and living in recovery answer calls & provide support.
- Postvention CC Cares – a free phone/mail based program for Washingtonians who have lost a loved one to suicide. Individuals receive care packages with comfort items and resources and benefit from weekly phone calls with a mentor who has themselves survived suicide loss. We also have a Survivors of Suicide support groups.

### *DESCRIPTION OF ENTITY (Continued)*

- Volunteer Services – Crisis Connections has a variety of volunteer opportunities to match your interest and availability for both youth and adults. When you volunteer with Crisis Connections you can expect to receive professional training and caring supervision from our Crisis and Teen Link programs. The goal is to assure you have the knowledge and skill to make a difference in the lives of our callers.

#### **Information and Referral Services**

- King County 2-1-1 – the designated dialing code for information and referrals to health and human services in King County that is focused on whole person care and the social determinants of health. By dialing, texting, emailing, or chatting, individuals get help finding food, shelter, rent/mortgage assistance, legal help, free or low-cost healthcare, government programs, and much more.
- Washington Listens – Crisis Connections helps to facilitate a support line called Washington Listens. Washington Listens provides non-clinical support to people who feel sad, anxious, or stressed due to COVID-19. Washington Listens is free and anonymous. Any Washington resident can call, and a support specialist will listen and help to guide you to connections within your community.
- Care Connect Washington – works with local health jurisdictions and their partners, provides critical resources to people who need support when they are staying home due to COVID-19 isolation and quarantine rules. On the ground care coordinators help connect Washingtonians to community-based services such as medication, food delivery, health care, help applying for unemployment, local housing agencies, food banks, childcare providers and more. This program is one of the partners with WA State Department of Health.

#### **Community Training**

Crisis Connections Training Department offers a series of community training designed specifically for mental health and social service providers working across the state and nation. Each course is conducted by a caring, skilled professional with years of hands-on experience in their field, who meets the appropriate certification or licensure requirements for the training.

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

#### **Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

#### **Basis of Accounting**

The financial statements of Crisis Connections have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

## *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

### **Basis of Presentation**

Crisis Connections presents its financial statements in accordance Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958-10-65-1. Under FASB ASC No. 958-10-65-1, Crisis Connections is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, Crisis Connections has not designated any other assets as cash equivalents in determining the net increase in cash in the statement of cash flows.

### **Certificates of Deposit**

Certificates of deposit are recorded at market value.

### **Contracts and Grants Receivables**

Contracts and grants receivable are stated at their outstanding balances. Management reviews the collectability of contracts and grants receivable on a periodic basis. No allowance was considered necessary at December 31, 2021 or 2020.

### **Equipment, Furnishing, and Leasehold Improvement**

Equipment, Furnishing, and Leasehold Improvement are stated at cost. Crisis Connections' current capitalization policy is to capitalize all assets with an estimated useful life that exceeds two year and with a cost of greater than \$1,000. The provision for depreciation is computed by the straight-line method based upon the estimated economic useful lives of the assets. The estimated useful lives of Equipment, Furnishing, and Leasehold Improvement is five to ten years. Maintenance and repairs are charged to operations when they occur. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized.

### **Donated Materials, Equipment and Services**

Donated materials and equipment are reflected as contribution in the accompanying statements at their estimated values at date of receipt. Contributions of services are recognized if the services received create or enhance a nonfinancial asset or the services require specialized skills that are provided by individuals possessing those skills.

### **Public Support**

To ensure observance of limitations and restrictions placed on the use of resources available to Crisis Connections their accounts are maintained in accordance with the recommendations of the Financial Accounting Standards Board in FASB ASC No. 958-10-65-1. Accordingly, contributions are recognized as revenue when they are received or unconditionally pledged. The Organization records contributions as restricted support, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

## *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

### **Fair Value**

The fair value of the Organization's financial instruments approximates their carrying values, either because the expected collection or payment period is relatively short, or because the terms are similar to market terms.

### **Advertising**

The Organization follows the policy of charging costs of advertising to expense as incurred.

### **Income Tax Status**

Crisis Connections is a not-for-profit corporation under the provisions of Section 501(c)(3) of the Internal Revenue Code and, as such, is subject to income taxes only to the extent of taxable unrelated business income. The Organization did not generate any taxable income for the years ended December 31, 2020 and 2019 and therefore no provisions for federal income taxes are necessary.

### **Net Assets**

Accounting principles generally accepted in the United States of America require nonprofit entities to report information regarding their financial position and activities according to two classes of net assets: net assets with donor restrictions, and net assets without donor restrictions.

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* - Net assets subject to donor - ( or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as Net Assets Released from Restrictions.

### **Fundraising Expenses**

Fundraising expenses include direct costs related to fundraising activities not considered special events. These include costs such as publicizing and conducting fundraising campaigns, maintaining donor lists, and preparing and distributing fundraising materials.

### **Functional Expense Classification and Allocation**

Expenses are classified in the accompanying Statement of Functional Expenses according to whether they relate to a specific program or administrative services. Expenses have been allocated among program and

## *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

administrative classifications on the basis of payroll expenses and estimates made by Crisis Connections' management. Administrative expenses include those expenses that are not directly identifiable with any specific program but provide for the overall support and direction of Crisis Connections.

### **NOTE 2 – EQUIPMENT AND LEASEHOLD IMPROVEMENT**

Equipment and leasehold improvements consist of the following:

	2021	2020
Equipment	\$ 328,111	\$ 264,872
Furnishings	226,138	245,847
Leasehold improvements	191,593	176,794
Fixed assets, at cost	745,842	687,513
Less: accumulated depreciation	(180,347)	(90,555)
Net property and equipment	\$ 565,495	\$ 596,958

### **NOTE 3 – CONCENTRATIONS OF REVENUE AND RECEIVABLES**

The Organization generates a substantial portion of its supports through contracts with governmental agencies. Maintaining the current level of operations depends significantly on the renewal of these funding sources. These fee-for-services contracts and block grants help support telephone services.

Contracts and grants due from King County, and Washington Healthcare Authority represent 30%, and 24%, respectively, of the total contracts and grants receivable balance at December 31, 2021. Contracts and grants due from Washington Healthcare Authority, King County, City of Seattle, and Beacon Health Option represent 22%, 18%, 16%, and 15%, respectively, of the total contracts and grants receivable balance at December 31, 2020.

### **NOTE 4 – COMMITMENTS & CONCENTRATION OF RISK**

#### **Concentration of Risk**

The Center maintains several cash and investment accounts with different banks with amounts exceeding the federally insured limits as of December 31, 2021 and 2020. The Center has not experienced any losses in such accounts.

### **NOTE 5 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

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

**NOTE 5 CONTINUED**

	2021	2020
Cash and cash equivalents	\$ 2,810,897	\$ 2,629,932
Contracts and grants receivable	2,137,810	2,038,667
	<u>4,948,707</u>	<u>4,668,599</u>
Net assets with donor restrictions	-	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,948,707</u>	<u>\$ 4,668,599</u>

**NOTE 6 – LEASES**

In March 2020, Crisis Connections entered into a ten-year lease in a location in Seattle. This lease contains a ten-year renewal option. Additionally, in March 2020, Crisis Connections entered into another lease for an additional location in Renton. This lease expires in July 2030 and contains a five-year renewal option. Rental expense for these facilities was \$572,430 and \$457,748 in 2021 and 2020, respectively.

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

2022	\$ 468,795
2023	483,428
2024	498,062
2025	512,695
2026	527,329
Thereafter	<u>2,496,058</u>
	<u>\$ 4,459,038</u>

**NOTE 7 – VOLUNTEER CONTRIBUTION**

The delivery of services provided by Crisis Connection is accomplished with the help of volunteers. These volunteers provide uncompensated hours of service to the community. The volunteer hours provided to Crisis Connections was 55,603 for the year ended December 31, 2021. These financial statements do not include any adjustments for these hours.

**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated by management through July 25, 2022, the day the financial reports were available for review.



**BRANCH, RICHARDS & CO., P.S.**

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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***

Board of Trustees  
Crisis Connections

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 Connection (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 25, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered [Name of Nonprofit Organization] 's internal control over financial reporting (internal control) as a basis for designing 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 the 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 a 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 or significant deficiencies may exist that were not identified.

## **Report on 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 financial statements. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Branch Richards & Co., P.S.*

Seattle, Washington

July 25, 2022

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

To the Board of Trustees of  
Crisis Connections

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Crisis Connections' compliance with the types of compliance requirements identified as subject to audit 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, 2021. Crisis Connections' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2021.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Crisis Connections and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Crisis Connections' compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Crisis Connections' federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Crisis Connections' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a

reasonable user of the report on compliance about Crisis Connections' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Crisis Connections' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Crisis Connections' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Crisis Connections' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Branch, Richards & Co., P.S.*

Seattle, Washington

July 25, 2022

## CRISIS CONNECTIONS

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Contract Number	2021 Federal Expenditures
Department of Health and Human Services			
Pass-through from Washington State Health Care Authority			
Block Grants for Prevention and Treatment of Substance Abuse			
Recovery Help Line Operations	* 93.959	1113-29737-18	\$ 226,161
Recovery Help Line Operations	* 93.959	K5156 - 6.1.21	232,500
MAT Database	* 93.959	1113-29737-15	169,010
MAT Database	* 93.959	K5165 - 8.1.12	174,000
Benefit Access	* 93.959	1113-29737-16	86,666
Benefit Access	* 93.959	K5165 - 8.3.7	37,500
Emergency Department	* 93.959	1113-29737-20	59,678
Emergency Department	* 93.959	K5165 - 8.2.6	37,500
MOUD	* 93.959	K5165 - 8.4.6	64,998
Total ALN #93.959			1,088,013
Pass-through from King County Behavioral Health Recovery Division			
Warm Line	93.358	6020789 BA	300,000
Total ALN #93.358			300,000
Pass-through from City of Seattle			
Community Living Connections			
Medicaid Transformation Demo Program	93.778	DA21-1867	90,665
Total ALN #93.778			90,665
Pass-through from City of Seattle			
Community Living Connections			
Title III B	93.044	DA21-1867	62,161
Total ALN #93.044			62,161
Pass-through from City of Seattle			
Community Living Connections			
ETitle III B	93.052	DA21-1867	3,296
Total ALN #93.052			3,296
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 1,544,135
U.S. Department of Homeland Security			
Pass-through from FEMA, Washington Emergency			
Management Departments			
WA Listens	* 97.032	K4798	\$ 1,033,533
Total ALN #97.032			1,033,533
TOTAL DEPARTMENT OF HOMELAND SECURITY			\$ 1,033,533

The accompanying notes are an integral part of this schedule.

## CRISIS CONNECTIONS

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Contract Number	2021 Federal Expenditures
U.S. Department of Agriculture			
Pass-through from WithinReach			
Washington Basic Food Outreach	10.561	1912-64581-07 A1	\$ 119,908
Washington Basic Food Outreach	10.561	1912-64581-07 A2	39743
Total ALN #10.561			159,651
TOTAL DEPARTMENT OF AGRICULTURE			\$ 159,651
U.S. Department of Treasury			
Pass-through from City of Seattle			
Teen Link Relief Funding	21.027	DA21-1614	\$ 21,683
Total ALN #21.027			21,683
TOTAL DEPARTMENT OF TREASURY			\$ 21,683
Pass-through from Washington State Department of Health			
COVID-19 Coronavirus Relief Fund		03.93.391A21	\$ 368,994
Total ALN #21.027			368,994
TOTAL COVID-19 CORONAVIRUS RELIEF FUND			\$ 368,994
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,127,996

## **CRISIS CONNECTIONS**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2021**

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#### **NOTE 1 - BASIS OF ACCOUNTING**

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, 2021. 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.

#### **NOTE 2 - MAJOR PROGRAMS**

The asterisk (\*) to the right of a CFDA number identifies the grant as a major federal program as defined by OMB Uniform Guidance.

#### **NOTE 3 - PROGRAM COSTS**

The amounts shown as current year expenditures represent only the federal portion of the program costs. Actual program costs may be more than shown.

#### **NOTE 4 – 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 FOR THE YEAR ENDED DECEMBER 31, 2021

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#### Section I - Summary of Auditor's Results

##### Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be a material weakness?	None reported
Non-compliance material to financial statements noted?	No

##### Federal Awards

Internal control over financial reporting Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be a material weakness?	None reported
Type of auditor's report on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No
Identification of major programs: ALN # 93.959 ALN # 97.032	Prevention and Treatment of Substance Abuse Crisis Counseling Assistance and Training Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

#### 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 were required to be reported in accordance with Title 2, Part 200 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.