

CRISIS CONNECTIONS

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Prepared By

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CRISIS CONNECTIONS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Crisis Connections

Report on the Financial Statements

We have audited the accompanying financial statements of Crisis Connections, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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.

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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters and Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 2020 schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States 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 June 9, 2021, 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 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 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 and for the year ended December 31, 2019, were audited by BDO USA, LLP, and whose report dated September 16, 2020 expressed an unmodified opinion of those statements.

Branch, Richards & Co., P.S.

Seattle, Washington
September 15, 2021

CRISIS CONNECTIONS

STATEMENTS OF FINANCIAL POSITION FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 2,629,932	\$ 2,400,311
Certificates of deposit	-	300,126
Contracts and grants receivables	2,038,667	1,367,579
Prepaid expenses and other current assets	202,784	118,334
Total current assets	<u>4,871,383</u>	<u>4,186,350</u>
Equipment and leasehold improvements, net (Note 2)	596,958	199,937
Security deposits	81,864	112,478
Total Assets	<u>\$ 5,550,205</u>	<u>\$ 4,498,765</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 304,493	\$ 119,370
Accrued expenses	391,468	253,502
Other liabilities	70,694	-
Total current liabilities	<u>766,655</u>	<u>372,872</u>
Deferred rent	-	8,538
Total liabilities	<u>766,655</u>	<u>381,410</u>
Net Assets		
Without donor restrictions	4,783,550	3,973,734
With donor restrictions	-	143,621
Total net assets	<u>4,783,550</u>	<u>4,117,355</u>
Total Liabilities and Net Assets	<u>\$ 5,550,205</u>	<u>\$ 4,498,765</u>

See accompanying notes and auditor's report.

CRISIS CONNECTIONS

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

	Without Restriction	With Restriction	2020
OPERATING ACTIVITIES			
SUPPORT & REVENUES			
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	6,365	-	6,365
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	752,054	-	752,054
Net assets released from restriction	143,621	(143,621)	-
TOTAL SUPPORT & REVENUES	12,134,936	(143,621)	11,991,315
EXPENSES			
<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
TOTAL EXPENSES	11,325,120	-	11,325,120
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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Restriction	With Restriction	2019
OPERATING ACTIVITIES			
SUPPORT & REVENUES			
Government contracts and grants	\$ 6,173,950	\$ -	\$ 6,173,950
Other contracts and grants	607,370	-	607,370
Contributions	341,206	68,000	409,206
United Way	215,000	-	215,000
Special events, net of direct expenses of \$46,176 in 2019	44,195	-	44,195
Investment income	22,206	-	22,206
Other income	250,704	-	250,704
Net assets released from restriction	77,372	(77,372)	-
TOTAL SUPPORT & REVENUES	7,732,003	(9,372)	7,722,631
EXPENSES			
<u>Program Services</u>			
Crisis services	4,556,010	-	4,556,010
Information and referral services	1,485,054	-	1,485,054
Community training	273,009	-	273,009
<u>Supporting Services</u>			
Management and general	1,064,497	-	1,064,497
Fundraising	141,808	-	141,808
TOTAL EXPENSES	7,520,378	-	7,520,378
Change in net assets	211,625	(9,372)	202,253
Net assets, beginning of year	3,762,109	152,993	3,915,102
Net assets, end of year	\$ 3,973,734	\$ 143,621	\$ 4,117,355

CRISIS CONNECTIONS

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 666,195	\$ 202,253
Adjustments to reconcile change in net assets to net cash used by operations:		
Depreciation and amortization	103,653	58,196
Reinvested interest from certification of deposit	-	(6,472)
Loss (gain) on disposal of equipment	62,913	-
Cash provided/(used) by changes in operating activities:		
Contracts and grants receivables	(671,089)	(154,120)
Prepaid expenses and other assets	(21,325)	(59,946)
Security deposits	(32,512)	(81,864)
Accounts payable	185,123	(6,457)
Accrued expenses	208,660	66,010
Other liabilities	-	(46,894)
Deferred rent	(8,538)	(32,462)
Net cash provided by (used in) operating activities	493,080	(61,756)
Cash flows from investing activities:		
(Purchases) Sales of certificates of deposit	300,126	(200,000)
Proceeds from maturities of certificates of deposit	-	605,631
Purchase of equipment and leasehold improvements	(563,585)	(66,205)
Net cash provided by (used in) investing activities	(263,459)	339,426
Net change in cash and cash equivalents	229,621	277,670
Cash at beginning of year	2,400,311	2,122,641
Cash at end of year	\$ 2,629,932	\$ 2,400,311

See accompanying notes and auditor's report.

CRISIS CONNECTIONS

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

	Telephone Services	Community Training	Total Programs	Management and General	Fundraising	Total 2020
Salaries and contract services	\$ 5,346,293	\$ 146,663	\$ 5,492,956	\$ 859,458	\$ 77,224	\$ 6,429,638
Payroll taxes	538,955	14,512	553,467	76,357	6,650	636,474
Employee benefits	745,120	21,765	766,885	81,341	5,926	854,152
	6,630,368	182,940	6,813,308	1,017,156	89,800	7,920,264
Advertising	117,864	15,327	133,191	-	4,571	137,762
Bank charge	11,167	1,870	13,037	1,025	1,571	15,633
Dues & Subscriptions	5,587	36	5,623	457	363	6,443
Equipment maintenance	8,401	1,560	9,961	1,435	3,080	14,476
Information technology	283,247	22,517	305,764	14,762	-	320,526
Insurance	25,799	709	26,508	4,094	190	30,792
Occupancy	408,719	9,785	418,504	36,802	2,442	457,748
Postage	7,086	1,078	8,164	2,273	909	11,346
Printing and media	32,067	381	32,448	834	5,320	38,602
Professional fees and subcontracts	1,428,328	8,168	1,436,496	290,294	37,311	1,764,101
Recognition	9,492	132	9,624	809	621	11,054
Recruitment	99,097	-	99,097	11,109	20	110,226
Staff training and conferences	2,730	3,726	6,456	-	-	6,456
Supplies	21,860	1,131	22,991	7,471	149	30,611
Telephone	226,083	5,427	231,510	18,259	1,255	251,024
Transportation	4,906	1,830	6,736	422	-	7,158
In-kind	19,572	500	20,072	1,808	121	22,001
Miscellaneous	53,071	3,448	56,519	8,209	516	65,244
Total Expenses before depreciation & amortization	9,395,444	260,565	9,656,009	1,417,219	148,239	11,221,467
Depreciation and amortization	92,630	2,342	94,972	8,109	572	103,653
Total Expenses	<u>\$ 9,488,074</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

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019

	Telephone Services	Community Training	Total Programs	Management and General	Fundraising	Total 2019
Salaries and contract services	\$ 3,934,775	\$ 145,740	\$ 4,080,515	\$ 728,178	\$ 69,759	\$4,878,452
Payroll taxes	366,981	13,929	380,910	61,525	6,001	448,436
Employee benefits	634,331	13,737	648,068	88,301	3,959	740,328
	<u>4,936,087</u>	<u>173,406</u>	<u>5,109,493</u>	<u>878,004</u>	<u>79,719</u>	<u>6,067,216</u>
Advertising	25,667	267	25,934	-	905	26,839
Bank charge	8,435	1,575	10,010	1,407	1,291	12,708
Dues & Subscriptions	4,019	850	4,869	232	614	5,715
Equipment maintenance	4,144	6,180	10,324	1,136	1	11,461
Information technology	211,150	3,290	214,440	13,367	1,515	229,322
Insurance	21,664	726	22,390	4,041	222	26,653
Occupancy	413,703	16,943	430,646	58,356	9,917	498,919
Postage	2,759	2,570	5,329	968	1,038	7,335
Printing and media	18,979	15,060	34,039	1,830	7,495	43,364
Professional fees and subcontracts	100,167	16,054	116,221	65,076	32,194	213,491
Recognition	10,828	2,516	13,344	2,656	197	16,197
Recruitment	36,855	102	36,957	3,723	616	41,296
Staff training and conferences	16,185	18,006	34,191	8,274	177	42,642
Supplies	20,805	4,501	25,306	3,839	151	29,296
Telephone	128,779	1,610	130,389	8,255	848	139,492
Transportation	9,429	3,649	13,078	3,840	131	17,049
In-kind	-	-	-	-	3,500	3,500
Miscellaneous	<u>22,676</u>	<u>3,996</u>	<u>26,672</u>	<u>2,877</u>	<u>138</u>	<u>29,687</u>
Total Expenses before depreciation & amortization	5,992,331	271,301	6,263,632	1,057,881	140,669	7,462,182
Depreciation and amortization	48,733	1,708	50,441	6,616	1,139	58,196
Total Expenses	<u>\$ 6,041,064</u>	<u>\$ 273,009</u>	<u>\$ 6,314,073</u>	<u>\$1,064,497</u>	<u>\$ 141,808</u>	<u>\$7,520,378</u>

CRISIS CONNECTIONS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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 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 2020, Crisis Connections handled more than 284,000 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 Jan 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.
- 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.

DESCRIPTION OF ENTITY (Continued)

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. 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. Care coordinators will connect people to community-based services such as medication 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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 collectibility of contracts and grants receivable on a periodic basis. No allowance was considered necessary at December 31, 2020 or 2019.

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 assets 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.

Fair Value

The fair value of the Organization's financial instruments approximate 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 Organizaton follows the policy of charging costs of advertising to expense as incurred.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 donorimposed restrictions are perpetual in nature, where the donor stipulates that 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 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:

	2020	2019
Equipment	\$ 264,872	\$ 276,945
Furnishings	245,847	17,588
Leasehold improvements	176,794	56,911
Fixed assets, at cost	687,513	351,444
Less: accumulated depreciation	(90,555)	(151,507)
Net property and equipment	<u>\$ 596,958</u>	<u>\$ 199,937</u>

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 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. 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.

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, 2020 and 2019. The Center has not experienced any losses in such accounts.

NOTE 5 – 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 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

	2020	2019
Cash and cash equivalents	\$ 2,629,932	\$ 2,400,311
Certificates of deposit	-	300,125
Contracts and grants receivable	2,038,667	1,367,579
	4,668,599	4,068,015
Net assets with donor restrictions	-	(143,621)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,668,599	\$ 3,924,394

NOTE 6 – LEASES

Crisis Connections leased its facilities under an agreement which expired in March 2020. In March 2020, Crisis Connections entered into a ten-year lease in a new 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 \$457,748 and \$498,919 in 2020 and 2019, respectively.

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

2021	\$ 491,222
2022	507,070
2023	522,917
2024	538,765
2025	554,613
Thereafter	2,585,617
	<u>\$ 5,200,204</u>

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through September 15, 2021, the day the financial reports were available for review.

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 Connections (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 September 15, 2021.

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 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 may exist that have not been identified.

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.

Branch, Richards & Co., P.S.

Seattle, Washington
September 15, 2021

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 Connestions

Report on Compliance for Each Major Federal Program

We have audited Crisis Connestions' 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 Connestions' major federal programs for the year ended December 31, 2020. Crisis Connestions' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Crisis Connestions' 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 Connestions' 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 each major federal program. However, our audit does not provide a legal determination of Crisis Connestions' compliance.

Opinion on Each Major Federal Program

In our opinion, Crisis Connestions 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 the major programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of Crisis Connestions 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 Connestions' 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 the 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 Connestions' 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 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Branch, Richards & Co., P.S.

Seattle, Washington

September 15, 2021

CRISIS CONNECTIONS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	2020 Federal Expenditures
U.S. Department of Homeland Security Pass-through from FEMA, Washington Emergency Management Departments	* 97.032	\$ 1,140,071
TOTAL PROGRAM		\$ 1,140,071
Department of Health and Human Services Pass-through from Washington State Health Care Authority Block Grants for Prevention and Treatment of Substance Abuse	* 93.959	
1113-29737 Amendment # 14 WA Recovery Help Line		\$ 226,161
1113-29737 Amendment # 15 MAT Database		337,916
1113-29737 Amendment # 16 Benefit Access		173,334
1113-29737 Amendment # 18 WA Recovery Help Line		226,161
1113-29737 Amendment # 20 Emergency Department		9,940
TOTAL PROGRAM		\$ 973,512
Department of Health and Human Services Pass-through from King County Behavioral and Recovery Division 6020789 Warm Line	93.958	\$ 300,000
6020789 Amendment # 6 Covid Relief Fund	21.019	12,500
TOTAL PROGRAM		\$ 312,500
Department of Agriculture Pass-through from WithinReach Washington Basic Food Outreach 1912-64581-07	10.561	\$ 118,553
1912-64581-07 Amendment # 1	10.561	39,968
TOTAL PROGRAM		\$ 158,521
Department of Health and Human Services Pass-through from City of Seattle Community Living Connections DA20-1867 Title 3B	93.044	\$ 134,437
DA20-1867 Title 3E	93.053	13,161
TOTAL PROGRAM		\$ 147,598
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 2,732,202

The accompanying notes are an integral part of this schedule.

CRISIS CONNECTIONS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2020

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, 2020. 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 CONNESTIONS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2020

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:	
CFDA # 97.032	Crisis Counseling Assistance and Training Program
CFDA # 93.959	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

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,