

Washington Coalition of Crime Victim Advocates

Financial Statements
Independent Auditor's Reports
December 31, 2015



Washington Coalition of Crime Victim Advocates

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Washington Coalition of Crime Victim Advocates
Sunnyside, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Washington Coalition of Crime Victim Advocates (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Coalition of Crime Victim Advocates as of December 31, 2015, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2018, on our consideration of Washington Coalition of Crime Victim Advocates' 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 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 Washington Coalition of Crime Victim Advocates' 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 Washington Coalition of Crime Victim Advocates' internal control over financial reporting and compliance.

Petersen CPAs & Advisors, PLLC

June 19, 2018

Washington Coalition of Crime Victim Advocates
Statement of Financial Position
December 31, 2015

Assets

Current Assets:

Cash	\$ 41,749
Grants receivable	70,375
Total current assets	<u>112,124</u>

Property and Equipment:

Leasehold improvements	13,239
Furniture and equipment	10,653
Total	<u>23,892</u>
Less: accumulated depreciation	<u>6,958</u>
Total property and equipment	<u>16,934</u>

Other Assets:

Security deposit	<u>2,100</u>
Total assets	<u><u>\$ 131,158</u></u>

Liabilities and Net Assets

Current Liabilities:

Accounts payable	\$ 5,590
Due to Office of the Attorney General	51,316
Accrued expenses	14,474
Current maturities of note payable	<u>1,170</u>
Total current liabilities	72,550

Long-Term Liabilities:

Note payable, less current maturities	8,731
Deferred rent	<u>16,163</u>
Total liabilities	97,444

Commitments and Contingencies

Net Assets:

Unrestricted	<u>33,714</u>
Total liabilities and net assets	<u><u>\$ 131,158</u></u>

Washington Coalition of Crime Victim Advocates
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2015

Revenue and Support:

Grants from government agencies	\$ 320,923
Membership dues	200
Other income	1,457
Total revenue and support	<u>322,580</u>

Expenses

Program services	183,795
Management and general	135,519
Total expenses	<u>319,314</u>

Changes in Net Assets 3,266

Net Assets, Beginning of the Year 30,448

Net Assets, End of the Year \$ 33,714

Washington Coalition of Crime Victim Advocates
Statement of Functional Expenses
Year Ended December 31, 2015

	Program Services	Management and General	Total
Salaries and wages	\$ 56,046	\$ 65,794	\$ 121,840
Employee benefits	11,481	11,292	22,773
Payroll taxes	7,031	8,254	15,285
Payback of grant funds	51,316	-	51,316
Subcontracted services	12,180	30,332	42,512
Occupancy	22,526	5,631	28,157
Staff training	6,321	200	6,521
Professional fees	2,814	2,470	5,284
Supplies and computer expense	3,757	939	4,696
Office expense	856	3,423	4,279
Telephone and internet	3,800	423	4,223
Program training	3,146	-	3,146
Insurance	-	2,848	2,848
Outreach	2,378	-	2,378
Miscellaneous	143	572	715
Interest	-	598	598
Dues and subscriptions	-	39	39
Total expense before depreciation	<u>183,795</u>	<u>132,815</u>	<u>316,610</u>
Depreciation	<u>-</u>	<u>2,704</u>	<u>2,704</u>
Total expenses	<u><u>\$ 183,795</u></u>	<u><u>\$ 135,519</u></u>	<u><u>\$ 319,314</u></u>

See accompanying notes to financial statements.

Washington Coalition of Crime Victim Advocates
Statement of Cash Flows
Year Ended December 31, 2015

Increase in Cash:

Changes in net assets	\$ 3,266
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	2,704
Increase in assets:	
Grants receivable	(56,514)
Increase (Decrease) in liabilities:	
Accounts payable	(3,070)
Payback to Office of the Attorney General	51,316
Accrued liabilities	4,589
Deferred rent	1,417
Total adjustments	442
Net cash provided by operating activities	3,708
<i>Cash Flows From Financing Activities:</i>	
Principal payments on note payable	(1,322)
<i>Net Increase in Cash</i>	2,386
<i>Cash, Beginning of the Year</i>	39,363
<i>Cash, End of the Year</i>	\$ 41,749
<i>Supplemental Information</i>	
Cash paid for interest	\$ (598)

See accompanying notes to financial statements.

Washington Coalition of Crime Victim Advocates
Notes to Financial Statements
December 31, 2015

Note 1 – Organization and Summary of Significant Accounting Policies

Organization:

Washington Coalition of Crime Victim Advocates (the Organization) was founded in 1984 as a Washington nonprofit corporation. The Organization exists to support and strengthen victim rights, services, and systems, through collaboration, outreach, awareness and education. To further these goals, WCCVA:

- Provides training to victim advocates
- Advocates for public policies that are responsive to the needs and interests of crime victims
- Promotes public awareness of the impact of crime on victims, victims' needs, and available services
- Monitors proposed legislation that would impact crime victims; and
- Provides public policy analysis, education, and advocacy among victim service providers

Summary of Significant Accounting Policies:

Cash – Cash consists of checking and savings accounts.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting.

Grants Receivable – Grants receivable consist of cost reimbursements which are due from governmental agencies. The Organization uses the allowance method of accounting for bad debts. The Organization analyzes the collection history for the receivables from public and private sources and determines a reasonable allowance, which is then adjusted at least annually. Management has determined that no allowance for doubtful accounts is required at December 31, 2015.

Property and Equipment – Equipment is stated at cost for purchased assets and at fair value at the time of donation for donated assets. Leasehold improvements are amortized over the shorter of the useful life or the lease term. Expenditures for maintenance, repairs, and renewals are charged to expense as incurred, whereas major purchases of long-lived assets and betterments that increase the useful lives of assets are capitalized. The Organization has a capitalization threshold of \$5,000.

Depreciation – Depreciation is generally taken over the useful service life of the asset using the straight-line method. Asset lives range from 5 to 10 years. Depreciation expense was \$2,704 for the year ended December 31, 2015.

Contribution Revenue – Contributions are recognized as revenue when received and are considered to be available for unrestricted use, unless restricted by the donor. In-Kind contributions are recorded at the fair market value of the donated services of volunteers or donated materials provided at no cost to the Organization. The service contributions are valued at a rate per hour consistent with rates paid to employees for similar services. Donated materials are recorded at their estimated fair values at the date of receipt. There were no In-kind contributions for the year ended December 31, 2015.

Washington Coalition of Crime Victim Advocates
Notes to Financial Statements
December 31, 2015

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Grant Revenue – Grants restricted to specific programs are recognized as revenue when resources are expended for the intended purposes. Grants and contracts for general purposes are recorded as revenue in the period designated by the grantor.

Membership Dues – Membership dues are recognized over the period that member services are provided. Dues received for future periods are accounted for as deferred revenue.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation – The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Unrestricted net assets are funds controlled and designated by the board, which includes the operating and equipment accounts.

Temporarily Restricted – Temporarily restricted net assets are assets with donor-imposed restrictions that allow the use of the assets as specified either by the passage of time or by actions of the Organization. The Organization had no temporarily restricted net assets at December 31, 2015.

Permanently Restricted – Permanently restricted net assets are controlled by law or donor-imposed restrictions stating the resources be maintained permanently. The Organization had no permanently restricted net assets at December 31, 2015.

Functional Expense Allocation – The Organization allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Federal Income Tax – Under provisions of Section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from federal income taxes, except for net income from unrelated business activities. The Organization follows FASB ASC Section 740, which clarifies the uncertainty in income taxes. Management has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require adjustments to the financial statements or that call into question the Organization's tax status.

Advertising – The Organization charges advertising costs to expense as incurred.

Washington Coalition of Crime Victim Advocates
Notes to Financial Statements
December 31, 2015

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Subsequent Events – Subsequent events have been evaluated through June 19, 2018, which is the date the financial statements were available to be issued.

Note 2 – Grants:

The Organization has a cost-reimbursement grant through the Office of the Attorney General. The grant operates on a fiscal year with a year end of June 30. The current grant expired June 30, 2017.

Note 3 – Contingency and Concentration of Revenue:

The Organization receives almost 100 percent of its revenue from one state grant. A significant reduction in the level of this support may have an adverse effect on the Organization's programs and activities. This grant is subject to audit by the grantor.

Note 4 – Lease:

The Organization rents office space under a non-cancelable operating lease that expires October 31, 2022. The terms of the lease provide for scheduled rent increases. The lease also requires payment of a proportionate share of the building operating expenses. The Organization recognizes the scheduled rent increases on a straight-line basis over the lease term, beginning with the date the Organization took possession of the leased property. Lease expense totaled \$28,157 for the year ended December 31, 2015.

Future minimum rental payments for the next five years ended December 31 are as follows:

<u>Year Ending December 31,</u>	
2016	\$ 27,942
2017	28,836
2018	29,757
2019	30,711
2020	31,689
	<u>\$ 148,935</u>

Note 5 – Due to Office of the Attorney General:

During the year ended December 31, 2015, the Organization submitted expenditures for reimbursement to the Office of the Attorney General that were not paid by the Organization. According to the provisions of the grant, these expenditures must be returned to the Office of the Attorney General. Therefore, a liability and corresponding expense have been recorded to reflect the amount to be repaid of \$51,316.

Washington Coalition of Crime Victim Advocates
Notes to Financial Statements
December 31, 2015

Note 6 – Note Payable:

The Organization has an unsecured loan for leasehold improvements. The loan requires payments of \$160 per month, including interest at 8%. Future minimum principal payments are as follows:

<u>Year Ending December 31,</u>	
2016	\$ 1,170
2017	1,267
2018	1,373
2019	1,486
2020	1,610
Thereafter	<u>2,995</u>
	<u><u>\$ 9,901</u></u>

SUPPLEMENTARY INFORMATION

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 Directors
Washington Coalition of Crime Victim Advocates
Olympia, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Washington Coalition of Crime Victim Advocates (the Organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 19, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness. Finding 2015-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington Coalition of Crime Victim Advocates' 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2015-01.

Washington Coalition of Crime Victim Advocates' Response to Finding

Washington Coalition of Crime Victim Advocates' response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Washington Coalition of Crime Victim Advocates' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Petersen CPAs & Advisors, PLLC

June 19, 2018

Washington Coalition of Crime Victim Advocates
Schedule of Findings and Responses
Year Ended December 31, 2015

Internal Control Over Financial Reporting and on Compliance and Other Matters:

Finding 2015-01:

Type of Finding: Material weakness in Internal Control over Financial Reporting and on Compliance and Other Matters

Criteria: Grant expenditures should be incurred and paid, and goods and services received, then submitted to the grantor for reimbursement.

Condition: Internal controls surrounding the accounting for and management of grant expenditures were not thoroughly understood or followed, which resulted in material adjustments to the 2015 financial statements. During our audit procedures surrounding the testing of revenues and expenses, we noted two invoices that had been submitted to the grantor for reimbursement and were subsequently reimbursed, but the services and goods related to the invoices were not received, nor were they paid by the Organization. Therefore, the purchase process was not completed for these goods and services.

Questioned Costs: \$51,316

Cause: Internal controls surrounding financial reporting and grant compliance were not understood or followed and the purchase process was not completed.

Effect: Grant expenses were submitted for reimbursement and reimbursed by the grantor, but not received, nor paid by the Organization, which caused the financial statements to be materially misstated and resulted in noncompliance with the grant. These expenses are disallowed by the grant provisions and must be repaid to the granting agency.

Recommendation: The Organization should review and revise the current financial and compliance policies and procedures and the board of directors should provide appropriate oversight to ensure that the policies and procedures are followed. Additionally, training related to grant compliance and management should be implemented for all board members and management to ensure that the purchase process is completed.

Washington Coalition of Crime Victim Advocates
Schedule of Findings and Responses
Year Ended December 31, 2015

Internal Control Over Financial Reporting and on Compliance and Other Matters:

Finding 2015-01 (continued):

Response of Organization and Planned Corrective Action:

Response of Organization:

The Organization acknowledges the finding. There were two checks issued in 2015 for training development. The payments were issued by Washington Coalition of Crime Victim Advocates' (WCCVA) accountants, but not processed. WCCVA's accountants were transitioning out of their positions and a new accountant was transitioning in. During the transition, the accountants canceled the transactions, but did not issue a reimbursement check to the Office of the Attorney General (AGO). The accountants and auditor reconciled QuickBooks and agreed that everything was in order, which is what was reported to WCCVA management and the WCCVA Board of Directors. WCCVA's management and Board of Directors did not notice anything of concern when reviewing the monthly financial reports. When most recently examining QuickBooks for the audit, it was evident that the payments had been canceled, but not reimbursed to the AGO. When WCCVA's Executive Director was informed, she notified the WCCVA Board of Directors and contacted the AGO for guidance. The AGO confirmed that WCCVA will need to issue a reimbursement check to the AGO for the canceled expenditures.

Planned Corrective Action:

WCCVA has instructed the accounting firm to inform WCCVA management and Board of Directors of any canceled check or other payment that is not processed by the bank. The accounting firm has been told not to make any cancellations when reconciling QuickBooks without notifying WCCVA management and WCCVA Board of Directors. If there are any checks or other payments not processed by the bank within six months, the accounting firm will notify WCCVA management and Board of Directors and issue a new check to the vendor or reverse payment to the AGO. WCCVA's accounting firm will notify WCCVA management and Board of Directors should any account balances be off. WCCVA management and Board of Directors will review monthly financial reports provided by the accounting firm, providing close attention to account balances, as opposed to focusing so heavily on expenditures. WCCVA staff and Board of Directors will receive additional training regarding internal controls that increase organizational oversight and efficiency during periods of transition with staff, accountants, and board leadership.

Washington Coalition of Crime Victim Advocates
Schedule of State Financial Assistance
Year Ended December 31, 2015

Grantor Agency:

Washington State Office of the Attorney General

State Program Name:

Crime Victim Advocates

Grantor:

Washington State Office of the Attorney General

AGO Agreement Number

K5073

Total Grant Award:

\$ 656,744

Grant Period:

July 1, 2015 - June 30, 2017

Current Year Expenditures:

\$ 319,314