

CRISIS CONNECTIONS

Financial Statements
December 31, 2023 and 2022

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Claire Chow, CPA
Jason Mallon, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Crisis Connections
Seattle, Washington

Opinion

We have audited the financial statements of Crisis Connections (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Crisis Connections as of December 31, 2023 and 2022, and its change 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 Crisis Connections and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Crisis Connections' ability to continue as a going concern twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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.

Amanda O'Rourke, CPA
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In performing an audit in accordance with generally accepted 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 Crisis Connections' 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 Crisis Connections' 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.

Greenwood Ohlund

Seattle, Washington
July 24, 2024

CRISIS CONNECTIONS

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

ASSETS	2023	2022
Current Assets		
Cash and cash equivalents	\$ 2,623,407	\$ 3,803,946
Grants and contributions receivable	3,804,746	2,864,973
Prepaid expenses and other assets	365,813	312,024
Total current assets	6,793,966	6,980,943
Right-of-Use Asset - Operating Leases	3,256,367	3,744,024
Property and Equipment, net	460,531	499,283
Security Deposits	114,183	81,864
Total assets	<u>\$ 10,625,047</u>	<u>\$ 11,306,114</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 384,161	\$ 419,261
Accrued payroll and related expenses	741,596	443,440
Operating lease liability	488,716	466,422
Grants and contributions received in advance	159,591	1,238,611
Other accrued liabilities	65,683	9,755
Total current liabilities	1,839,747	2,577,489
Operating Lease Liability, less current portion	2,979,599	3,468,315
Total liabilities	4,819,346	6,045,804
Net Assets without Donor Restrictions	5,805,701	5,260,310
Total liabilities and net assets	<u>\$ 10,625,047</u>	<u>\$ 11,306,114</u>

See accompanying notes to financial statements.

CRISIS CONNECTIONS

STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Support and Revenue		
Government grants	\$ 15,817,607	\$ 10,574,617
Grants and contributions	3,948,078	3,633,978
Other revenue	<u>128,647</u>	<u>126,025</u>
Total support and revenue	19,894,332	14,334,620
Expenses		
Program services	16,183,478	11,951,122
Management and general	2,766,472	1,860,528
Fundraising	<u>398,991</u>	<u>381,863</u>
Total expenses	<u>19,348,941</u>	<u>14,193,513</u>
Change in net assets	545,391	141,107
Net Assets without Donor Restrictions, beginning of year	<u>5,260,310</u>	<u>5,119,203</u>
Net Assets without donor restrictions, end of year	<u>\$ 5,805,701</u>	<u>\$ 5,260,310</u>

See accompanying notes to financial statements.

CRISIS CONNECTIONS

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2023

	Crisis & Peer Services	Information & Referral	Total Program Services	Management and General	Fundraising	Total
Salaries	\$ 8,986,140	\$ 1,890,780	\$ 10,876,920	\$ 1,308,240	\$ 204,744	\$ 12,389,904
Employee benefits	966,155	258,053	1,224,208	121,112	12,483	1,357,803
Payroll taxes	763,726	165,338	929,064	139,234	17,449	1,085,747
Total payroll expenses	10,716,021	2,314,171	13,030,192	1,568,586	234,676	14,833,454
Professional fees and subcontracts	706,804	124,821	831,625	691,349	80,672	1,603,646
Information technology	551,755	103,566	655,321	158,736	24,509	838,566
Occupancy	365,631	111,484	477,115	169,480	27,627	674,222
Telephone	277,055	15,781	292,836	24,999	3,694	321,529
Staff training and conferences	202,139	2,012	204,151	14,360	643	219,154
Miscellaneous	38,091	126,404	164,495	4,438	1,334	170,267
Equipment maintenance	96,395	45,533	141,928	23,105	154	165,187
Bank fees	51,463	10,222	61,685	10,628	4,442	76,755
Recruitment	20,750	2,463	23,213	47,576	-	70,789
Postage, printing and media	46,754	1,738	48,492	7,767	5,186	61,445
Dues and subscriptions	30,548	4,931	35,479	12,837	1,908	50,224
Insurance	32,859	8,771	41,630	3,931	611	46,172
Advertising	32,908	333	33,241	-	11,694	44,935
Recognition	23,235	3,480	26,715	10,624	211	37,550
Supplies	9,572	720	10,292	8,230	201	18,723
Total expenses before depreciation and amortization	13,201,980	2,876,430	16,078,410	2,756,646	397,562	19,232,618
Depreciation and amortization	81,467	23,601	105,068	9,826	1,429	116,323
	<u>\$ 13,283,447</u>	<u>\$ 2,900,031</u>	<u>\$ 16,183,478</u>	<u>\$ 2,766,472</u>	<u>\$ 398,991</u>	<u>\$ 19,348,941</u>

CRISIS CONNECTIONS

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2022

	Crisis & Peer Services	Information & Referral	Community Training	Total Program Services	Management and General	Fundraising	Total
Salaries	\$ 5,940,092	\$ 1,072,946	\$ 160,645	\$ 7,173,683	\$ 1,006,640	\$ 100,443	\$ 8,280,766
Employee benefits	803,019	222,115	24,960	1,050,094	114,530	3,998	1,168,622
Payroll taxes	493,041	92,259	12,920	598,220	111,161	8,114	717,495
Total payroll expenses	7,236,152	1,387,320	198,525	8,821,997	1,232,331	112,555	10,166,883
Professional fees and subcontracts	772,389	68,148	10,182	850,719	351,903	112,899	1,315,521
Occupancy	512,382	143,187	7,487	663,056	104,043	44,289	811,388
Information technology	440,634	32,046	6,035	478,715	35,488	4,147	518,350
Equipment maintenance	185,990	10,199	58	196,247	28,358	2,277	226,882
Telephone	170,171	26,734	3,093	199,998	12,350	1,104	213,452
Advertising	99,901	-	3,775	103,676	-	65,027	168,703
Miscellaneous	70,006	81,277	3,440	154,723	6,418	6,055	167,196
Staff training and conferences	98,582	4,097	22,641	125,320	10,735	2,375	138,430
Recruitment	69,152	7,666	3,413	80,231	21,765	9,191	111,187
Postage, printing and media	55,549	1,512	6,162	63,223	11,718	18,032	92,973
Insurance	30,594	6,348	851	37,793	3,923	377	42,093
Supplies	26,164	2,596	590	29,350	5,604	818	35,772
Recognition	2,877	3,318	95	6,290	24,090	243	30,623
Bank fees	17,166	3,103	1,730	21,999	3,295	1,250	26,544
Dues and subscriptions	13,189	6,582	218	19,989	996	657	21,642
Total expenses before depreciation and amortization	9,800,898	1,784,133	268,295	11,853,326	1,853,017	381,296	14,087,639
Depreciation and amortization	78,911	16,901	1,984	97,796	7,511	567	105,874
	<u>\$ 9,879,809</u>	<u>\$ 1,801,034</u>	<u>\$ 270,279</u>	<u>\$ 11,951,122</u>	<u>\$ 1,860,528</u>	<u>\$ 381,863</u>	<u>\$ 14,193,513</u>

See accompanying notes to financial statements.

CRISIS CONNECTIONS

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 545,391	\$ 141,107
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	116,323	105,874
Amortization of right-of-use assets - operating leases	487,657	634,299
Changes in operating assets and liabilities:		
Grants and contributions receivable	(939,773)	(727,163)
Prepaid expenses and other assets	(53,789)	(631)
Accounts payable	(35,100)	182,572
Accrued payroll and related expenses	298,156	(34,251)
Operating lease liability	(466,422)	(443,586)
Grants and contributions received in advance	(1,079,020)	1,238,611
Other accrued liabilities	55,928	(64,121)
Security Deposits	(32,319)	-
	(1,102,968)	1,032,711
Cash Flows from Investing Activity		
Purchase of property and equipment	(77,571)	(39,662)
	(1,180,539)	993,049
Cash and Cash Equivalents, beginning of the year	3,803,946	2,810,897
Cash and Cash Equivalents, end of the year	\$ 2,623,407	\$ 3,803,946

See accompanying notes to financial statements.

CRISIS CONNECTIONS

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

Since 1964 Crisis Connections has been a trusted nonprofit serving Seattle, King County, and Washington state. Their mission is to foster resilience and well-being for all by connecting people to accessible and compassionate support. Their core helplines include 988- and 24-hour Crisis Lines, 211 for basic needs assistance, Teen Link and Warm Line for peer support, the Washington Recovery Help Line, and Support After Suicide programs.

Crisis Connections' work is dedicated to reducing inequities and disparities, and they primarily serve BIPOC and low-income populations. All our services are 100% free and translation is available in over 150 languages.

Crisis Connections is proud to have expanded their services to meet the changing needs of their community in recent years. In 2023, Crisis Connections served a total of 406,736 people; they received 668,229 calls, texts, or chats (many people call more than once) and made 339,235 referrals to services.

Our core programs include:

- 988 – 24/7/365 Suicide and Crisis Lifeline (King County)
- 211 – addresses social determinants of health; staff provide information and referrals to social services like food & shelter (King County)
- 24-Hour Crisis Line – 24/7/365 helpline for anyone in crisis, including suicidal urges (King, Pierce, Clark, Skamania, Klickitat, Grant, Okanogan, Chelan, and Douglas counties)
- WA Teen Link – teen answered helpline, suicide prevention training, and resource guides (WA State)
- WA Recovery Help Line – 24/7/365 information and referrals for substance use & mental health (WA State)
- WA Warm Line – peer-answered support line for people with mental health challenges (WA State)
- Postvention Services – group, mail, or phone support for suicide survivors (WA State)
- One Call – 24/7/365 behavioral assistance line for first responders (police, fire, and EMS providers). Behavioral health specialists provide information & resources for first responders so they can best support people in crisis (King County)
- Public Resource Databases – 211, Teen Link & Recovery Help Line programs regularly update easily searchable public resource databases, which were used 125,004 times in 2023.

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 and disclosures. Actual results could differ from those estimates.

CRISIS CONNECTIONS

NOTES TO FINANCIAL STATEMENTS

Financial Statement Presentation

Crisis Connections reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions are not subject to donor-imposed stipulations and are available for general operations. Net assets with donor restrictions consist of unexpended contributions restricted for particular purposes or time periods. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted purpose or as time restrictions are met. Crisis Connections has no net assets with donor restrictions and therefore this classification of net assets is not presented.

Cash and Cash Equivalents

Crisis Connections considers all cash accounts and money market funds with an original maturity of three months or less to be cash and cash equivalents. At times, amounts may exceed federally insured limits. Crisis Connections has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Grants and Contributions Receivable

Grants and contributions receivable that are expected to be collected in one year are recorded at net realizable value. Management reviews the collectability of these receivables on a periodic basis and determines the appropriate amount of any allowances. When a receivable is determined to be uncollectible, it is written off against the allowance. Management does not believe an allowance for uncollectible amounts is necessary at December 31, 2023 or 2022.

At December 31, 2023 and 2022, respectively, 78% and 75% grants and contributions receivable were due from three government agencies.

Leases

Crisis Connections determines if an arrangement is a lease at inception. Operating leases are included in ROU assets and lease liabilities in the statements of financial position.

ROU assets represent Crisis Connections' right to use an underlying asset for the lease term, and lease liabilities represent Crisis Connections' obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Crisis Connections will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Crisis Connections has elected to recognize payments for short-term leases with terms of 12 months or less as expense as incurred, and these leases are not included as ROU assets or lease liabilities on the statements of financial position. The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, Crisis Connections has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

CRISIS CONNECTIONS

NOTES TO FINANCIAL STATEMENTS

Crisis Connections has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

Property and Equipment

Crisis Connections capitalizes assets with a cost or donated value of greater than \$1,000 and a useful life greater than one year. Purchased property and equipment is carried at cost. Donated property and equipment are recorded at fair value when received. Depreciation of property and equipment is computed using the straight-line method based on estimated useful lives of the assets, ranging from five to ten years. Leasehold improvements are amortized over the lesser of the useful life of the improvements or the term of the lease.

Property and equipment consist of the following at December 31:

	2023	2022
Equipment	\$ 408,971	\$ 331,401
Furnishings	262,508	262,508
Leasehold improvements	191,594	191,594
	863,073	785,503
Less: accumulated depreciation and amortization	(402,542)	(286,220)
	<u>\$ 460,531</u>	<u>\$ 499,283</u>

Revenue Recognition

Revenues from government grants and other grants and contributions are recognized when the conditions are met (for government grants, generally when the qualified expenditure is incurred). Revenue from government agencies is subject to audit, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. During the years ended December 31, 2023 and 2022, no such adjustments were made.

During the years ended December 31, 2023 and 2022, government grant revenue from three and five government agencies represented 70% and 86% of total support and revenue, respectively.

Conditional promises to give – that is, those with a measurable performance or barrier and a right of return – are not recognized until the conditions on which they depend have been met. Crisis Connections had approximately \$13,400,000 in conditional government grant revenue, of which it was notified during the year ended December 31, 2023. The promises were conditional upon Crisis Connections achieving certain goals related to specific programs run by Crisis Connections. Due to the uncertainty regarding meeting the conditions, revenue was not recognized for these government grants as of December 31, 2023. Revenue received in advance of being earned is recorded as unearned grant revenue in the statements of financial position.

CRISIS CONNECTIONS

NOTES TO FINANCIAL STATEMENTS

Donated Services

Donated services are reflected as contributions in the accompanying statements at their estimated values at date of receipt. Donations 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.

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 totaled approximately 37,000 for the year ended December 31, 2023. These financial statements do not include any adjustments for these hours as they do not meet the criteria for recognition.

Allocation of Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of Crisis Connections. Those expenses include payroll, professional fees and subcontracts, information technology, equipment maintenance, telephone, advertising and other, which are allocated based on time and effort. Occupancy and depreciation and amortization are allocated based on estimates of use of space or resources.

Income Taxes

Crisis Connections is exempt from income taxes under Internal Revenue Code Section 501(c)(3), and, as such, is subject to income taxes only to the extent of taxable unrelated business income. Crisis Connections did not generate any taxable income for the years ended December 31, 2023 and 2022 and therefore no provisions for federal income taxes are necessary.

Union Employees

The labor union may limit Crisis Connections' flexibility in dealing with its workforce. Any work stoppage or instability within the workforce could delay the Crisis Connections' ability to satisfy commitments under existing grant agreements.

Subsequent Events

Management of Crisis Connections has evaluated subsequent events through the date these financial statements were available to be issued, which was July 24, 2024.

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CRISIS CONNECTIONS

NOTES TO FINANCIAL STATEMENTS

Note 2 – Liquidity and Availability of Resources

Crisis Connections has a policy to maintain four to six months of cash needs as reserves between cash and cash equivalents and receivable balances.

Crisis Connections' financial assets available to meet general expenditures within one year of the statement of financial position date consist of the following at December 31:

	2023	2022
Cash and cash equivalents	\$ 2,623,407	\$ 3,803,946
Grants and contributions receivable	3,804,746	2,864,973
	<u>\$ 6,428,153</u>	<u>\$ 6,668,919</u>

Note 3 – Lease Commitment

Crisis Connections has two noncancellable operating leases for office space in Seattle, Washington and Renton, Washington, with maturities of March 2030 and July 2030 and ten-year and five-year renewal options, respectively. The renewal options are not included in Crisis Connections' ROU assets or lease liabilities as there is no reasonable certainty these options will be exercised.

Crisis Connections has recognized operating lease ROU assets and corresponding operating lease liabilities representing the discounted payments required under the lease through maturity. Operating lease costs under these leases totaled \$487,657 and \$634,299 for the years ended December 31, 2023 and 2022, respectively, and are included within occupancy in the statement of functional expenses. Operating cash flows under these leases were \$523,715 and \$507,868 during the years ended December 31, 2023 and 2022, respectively.

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, is as follows for the years ending December 31:

2024	\$ 539,563
2025	556,208
2026	572,056
2027	587,903
2028	621,941
Thereafter	<u>789,789</u>
	3,667,460
Less: Imputed interest (at 1.55%)	<u>(199,145)</u>
	<u>\$ 3,468,315</u>

CRISIS CONNECTIONS

NOTES TO FINANCIAL STATEMENTS

The operating lease liabilities are presented in the statement of financial position as of December 31, 2023, as follows:

	<u>2023</u>	<u>2022</u>
Operating lease liabilities (current liabilities)	\$ 488,716	\$ 466,422
Operating lease liabilities, less current portion	<u>2,979,599</u>	<u>3,468,315</u>
	<u>\$ 3,468,315</u>	<u>\$ 3,934,737</u>