

TACOMA AREA COALITION OF INDIVIDUALS WITH DISABILITIES

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tacoma Area Coalition of Individuals with Disabilities
Tacoma, Washington

We have audited the accompanying financial statements of Tacoma Area Coalition of Individuals with Disabilities (TACID) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 TACID as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

June 27, 2018

TACOMA AREA COALITION OF INDIVIDUALS WITH DISABILITIES

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	<u>ASSETS</u>	
	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 62,178	\$ 60,821
Accounts receivable	15,904	4,645
Pledges receivable, net	5,680	-
In-kind rent receivable	186,606	186,606
Prepaid expenses	<u>2,816</u>	<u>2,924</u>
Total current assets	273,184	254,996
LEASEHOLD IMPROVEMENTS AND EQUIPMENT		
Leasehold improvements	111,620	111,620
Equipment	<u>39,682</u>	<u>37,082</u>
	151,302	148,702
Less accumulated depreciation	<u>(94,585)</u>	<u>(77,787)</u>
	56,717	70,915
OTHER ASSETS		
Pledges receivable, net of current portion	16,472	-
In-kind rent receivable, net of current portion	<u>54,427</u>	<u>241,033</u>
	<u>70,899</u>	<u>241,033</u>
TOTAL ASSETS	<u>\$ 400,800</u>	<u>\$ 566,944</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 8,893	\$ 3,269
Accrued expenses	<u>11,740</u>	<u>12,456</u>
Total current liabilities	20,633	15,725
NET ASSETS		
Unrestricted	139,134	123,580
Temporarily restricted	<u>241,033</u>	<u>427,639</u>
	<u>380,167</u>	<u>551,219</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 400,800</u>	<u>\$ 566,944</u>

The accompanying notes are an integral part of these financial statements.

TACOMA AREA COALITION OF INDIVIDUALS WITH DISABILITIES

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES			
Corporate grants	\$ 411,837	\$ -	\$ 411,837
Foundation grants	125,000	-	125,000
Special events	50,210	-	50,210
Government grants	20,110	-	20,110
Donations	17,573	-	17,573
In-kind donations	10,801	-	10,801
Other income	1,202	-	1,202
Net assets released from restrictions	186,606	(186,606)	-
Total public support and revenues	<u>823,339</u>	<u>(186,606)</u>	<u>636,733</u>
EXPENSES			
Program services	614,679	-	614,679
Supporting services			
General and administrative	121,997	-	121,997
Fundraising	71,109	-	71,109
	<u>807,785</u>	<u>-</u>	<u>807,785</u>
CHANGE IN NET ASSETS	15,554	(186,606)	(171,052)
NET ASSETS, beginning of year	<u>123,580</u>	<u>427,639</u>	<u>551,219</u>
NET ASSETS, end of year	<u>\$ 139,134</u>	<u>\$ 241,033</u>	<u>\$ 380,167</u>

The accompanying notes are an integral part of these financial statements.

TACOMA AREA COALITION OF INDIVIDUALS WITH DISABILITIES

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES			
Corporate grants	\$ 332,029	\$ -	\$ 332,029
Foundation grants	131,378	-	131,378
Special events	27,842	-	27,842
Government grants	22,066	-	22,066
Donations	9,960	-	9,960
In-kind donations	7,600	-	7,600
Other income (loss)	(1,176)	-	(1,176)
Net assets released from restrictions	<u>190,121</u>	<u>(190,121)</u>	<u>-</u>
Total public support and revenues	719,820	(190,121)	529,699
EXPENSES			
Program services	535,515	-	535,515
Supporting services			
General and administrative	126,279	-	126,279
Fundraising	<u>69,258</u>	<u>-</u>	<u>69,258</u>
	<u>731,052</u>	<u>-</u>	<u>731,052</u>
CHANGE IN NET ASSETS	(11,232)	(190,121)	(201,353)
NET ASSETS, beginning of year	<u>134,812</u>	<u>617,760</u>	<u>752,572</u>
NET ASSETS, end of year	<u>\$ 123,580</u>	<u>\$ 427,639</u>	<u>\$ 551,219</u>

The accompanying notes are an integral part of these financial statements.

TACOMA AREA COALITION OF INDIVIDUALS WITH DISABILITIES

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Program Services</u>		<u>Total Program Services</u>	<u>Supporting Activities</u>		<u>Total Supporting Activities</u>	<u>Total</u>
	<u>Wellness and Recovery</u>	<u>Behavioral Health Ombuds</u>		<u>General Administrative</u>	<u>Fundraising</u>		
Salaries and wages	\$ 176,615	\$ 112,511	\$ 289,126	\$ 49,055	\$ 48,006	\$ 97,061	\$ 386,187
Employee benefits and taxes	24,618	15,683	40,301	6,838	6,691	13,529	53,830
Depreciation	7,682	4,894	12,576	2,134	2,088	4,222	16,798
Equipment expense	16,256	10,355	26,611	4,515	4,418	8,933	35,544
Event expense	-	-	-	-	2,965	2,965	2,965
In-kind	8,201	-	8,201	-	-	-	8,201
Insurance	3,029	1,930	4,959	841	823	1,664	6,623
Meetings	899	572	1,471	249	244	493	1,964
Mileage & travel	322	206	528	90	88	178	706
Miscellaneous	-	-	-	3,039	-	3,039	3,039
Occupancy	175,410	3,732	179,142	6,531	933	7,464	186,606
Professional fees	13,225	3,307	16,532	46,291	3,307	49,598	66,130
Supplies	3,000	1,912	4,912	834	816	1,650	6,562
Technology	1,837	1,170	3,007	510	499	1,009	4,016
Training & staff appreciation	339	216	555	94	92	186	741
Utilities	26,201	557	26,758	976	139	1,115	27,873
	<u>\$ 457,634</u>	<u>\$ 157,045</u>	<u>\$ 614,679</u>	<u>\$ 121,997</u>	<u>\$ 71,109</u>	<u>\$ 193,106</u>	<u>\$ 807,785</u>

The accompanying notes are an integral part of these financial statements.

TACOMA AREA COALITION OF INDIVIDUALS WITH DISABILITIES

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Program Services</u>			<u>Supporting Activities</u>			<u>Total</u>
	<u>Wellness and Recovery</u>	<u>Behavioral Health Ombuds</u>	<u>Total Program Services</u>	<u>General Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Activities</u>	
Salaries and wages	\$ 166,714	\$ 62,517	\$ 229,231	\$ 46,849	\$ 44,993	\$ 91,842	\$ 321,073
Employee benefits and taxes	23,220	8,707	31,927	6,525	6,267	12,792	44,719
Depreciation	7,994	2,997	10,991	2,246	2,157	4,403	15,394
Equipment expense	11,491	4,310	15,801	3,230	3,102	6,332	22,133
Event expense	-	-	-	-	4,503	4,503	4,503
In-kind	7,600	-	7,600	-	-	-	7,600
Insurance	2,893	1,085	3,978	813	781	1,594	5,572
Meetings	109	41	150	30	29	59	209
Mileage & travel	656	246	902	184	177	361	1,263
Miscellaneous	-	-	-	3,677	-	3,677	3,677
Occupancy	175,410	3,732	179,142	6,531	933	7,464	186,606
Professional fees	15,079	3,770	18,849	52,779	3,770	56,549	75,398
Supplies	3,553	1,332	4,885	998	959	1,957	6,842
Technology	4,784	1,794	6,578	1,344	1,291	2,635	9,213
Training & staff appreciation	623	234	857	175	168	343	1,200
Utilities	24,111	513	24,624	898	128	1,026	25,650
	<u>\$ 444,237</u>	<u>\$ 91,278</u>	<u>\$ 535,515</u>	<u>\$ 126,279</u>	<u>\$ 69,258</u>	<u>\$ 195,537</u>	<u>\$ 731,052</u>

The accompanying notes are an integral part of these financial statements.

TACOMA AREA COALITION OF INDIVIDUALS WITH DISABILITIES

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (171,052)	\$ (201,353)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,798	15,394
Loss on disposal of assets	-	2,106
In-kind rent	186,606	186,606
In-kind equipment contributions	(2,600)	-
Changes in assets and liabilities:		
Accounts receivable	(11,259)	21,631
Pledges receivable, net	(22,152)	-
Prepaid expenses	108	1,603
Accounts payable	5,624	(16,670)
Accrued expenses	(716)	(8,152)
Net cash provided by operating activities	<u>1,357</u>	<u>1,165</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>-</u>	<u>(24,958)</u>
NET CHANGE IN CASH	1,357	(23,793)
CASH, beginning of year	<u>60,821</u>	<u>84,614</u>
CASH, end of year	<u>\$ 62,178</u>	<u>\$ 60,821</u>

The accompanying notes are an integral part of these financial statements.

TACOMA AREA COALITION OF INDIVIDUALS WITH DISABILITIES

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 - NATURE OF ACTIVITIES

Tacoma Area Coalition of Individuals with Disabilities (TACID) was formed to provide a community service center for persons with disabilities. The center and activities of TACID were developed for promoting the general welfare of people with disabilities including, but not limited to, education, rehabilitation, and socialization; to develop and carry out programs designed to meet the needs of the general TACID population, as well as, programs to address the specific needs of the separate groups of people with disabilities; to increase and improve the communication and understanding among the physically disabled, sensory disabled and other people; and to enrich, develop, and improve the intellectual and physical capabilities of persons with disabilities.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of TACID are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred.

Financial Statement Presentation

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). Nonprofit organizations are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The net assets of TACID are classified as follows:

Unrestricted net assets: Net assets that consist of resources available for the various programs and administration of TACID which have not been restricted by a donor or other outside party.

Temporarily restricted net assets: Net assets subject to donor restricted contributions and grants. Amounts restricted by the donor for a particular purpose are deemed to be earned and are reported as temporarily restricted revenue when received, and such unexpended amounts are reported as temporarily restricted net assets at year end. When a donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

TACOMA AREA COALITION OF INDIVIDUALS WITH DISABILITIES

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. No permanently restricted assets were held during the years ended December 31, 2017 and 2016 and accordingly, these financial statements do not reflect any activity related to this class of net assets.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts Receivable

TACID records accounts receivable for various cost reimbursement and grants received. As of December 31, 2017 and 2016, no allowance for bad debts is considered necessary.

Leasehold Improvements and Equipment

Expenditures for additions and replacements over \$1,000 are added to the cost of assets. Expenditures for maintenance, repairs and minor removals are charged to expenses when incurred. Assets retired or replaced are eliminated from the asset account and the related amounts of accumulated depreciation are eliminated as well. Costs and expenses for assets placed in service include a charge for depreciation computed on the straight-line method over the estimated useful lives of the assets, ranging from five to twenty years. The amount charged for depreciation for the years ended December 31, 2017 and 2016 was \$16,798 and \$15,394.

Revenue Recognition

With certain reimbursement type of grants, revenue is recognized upon request for reimbursement of expenses, according to the terms of the grants. With all of the other grants, revenue is recognized in the year in which the grant was received.

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to

TACOMA AREA COALITION OF INDIVIDUALS WITH DISABILITIES

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be recorded.

In-Kind Contributions

TACID records in-kind contributions as revenue, along with a like amount under expenses, for the estimated value of donated clothes and professional intern volunteer time. The volunteer services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The estimated fair value of the donated clothes and services received was \$10,801 and \$7,600 for the years ended December 31, 2017 and 2016.

Additionally, TACID has a rental agreement with the City of Tacoma that expires in April 2019. Under the lease, TACID receives free rent. The lease is non-cancellable. Therefore, the total remaining rent under the lease is recorded in temporarily restricted net assets and the current year rent amount is released each year. The current year rent is determined by an estimated rate (\$18 per square foot) and by the total square footage of the facility. The lease has been valued at \$186,606 per year.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Federal Income Tax

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

Accounting For Uncertain Tax Positions

TACID follows GAAP, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the years ended December 31, 2017 and 2016, TACID has no material uncertain tax positions to be accounted for in the financial statements. TACID recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. Typically, the U.S. federal tax returns are open to examination for a period of three years after the filing date.

TACOMA AREA COALITION OF INDIVIDUALS WITH DISABILITIES

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through June 27, 2018, the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the 2016 financial statement presentation to correspond to the current year's format. These reclassifications have not impacted the change in net assets or net assets.

Pending Accounting Pronouncements

In August 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The new standard is effective for reporting periods beginning after December 15, 2018 and early adoption is permitted. This comprehensive new standard will supersede existing revenue recognition guidance and require revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The standard also requires expanded disclosures regarding revenue and contracts with customers. The guidance permits two implementation approaches, one requiring retrospective application of the new standard with restatement of prior years and one requiring prospective application of the new standard with disclosure of results under old standards. Management is currently evaluating the impact this update will have on TACID's financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new standard is effective for reporting periods beginning after December 15, 2019 and early adoption is permitted. The standard will require lessees to report most leases as assets and liabilities on the balance sheet, while lessor accounting will remain substantially unchanged. The standard requires a modified retrospective transition approach for existing leases, whereby the new rules will be applied to the earliest year presented. Management is currently evaluating the impact this update will have on TACID's financial statements.

On August 18, 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU will change the way all not-for-profits classify net assets and prepare financial statements. It is effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. Management is currently evaluating the impact this update will have on TACID's financial statements.

TACOMA AREA COALITION OF INDIVIDUALS WITH DISABILITIES

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable consist of the following:

	<u>2017</u>	<u>2016</u>
Pledges receivable in less than one year	\$ 5,796	\$ -
Pledges receivable in one to five years	<u>17,186</u>	<u>-</u>
	22,982	-
Less discounts to net present value	(360)	-
Less allowance for doubtful accounts	<u>(470)</u>	<u>-</u>
	<u>\$ 22,152</u>	<u>\$ -</u>

The discounts to net present value was calculated using a risk free rate of two percent.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of December 31:

	<u>2017</u>	<u>2016</u>
In-kind rent (Note 2)	<u>\$ 241,033</u>	<u>\$ 427,639</u>