

DISPUTE RESOLUTION CENTER OF  
YAKIMA AND KITTITAS COUNTIES

**Financial Statements**

December 31, 2010 and 2009

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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To the Board of Directors  
Dispute Resolution Center of Yakima and Kittitas Counties  
Yakima, Washington

We have reviewed the accompanying statements of financial position of Dispute Resolution Center of Yakima and Kittitas Counties (a nonprofit corporation) as of December 31, 2010 and 2009, and the related statements of activities and changes in net assets, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The information included in the accompanying statements of functional expenses is presented only for purposes of additional analysis and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

This report is intended solely for the information and use of the Board of Directors, management, United Way of Central Washington, and other grant sources and is not intended to be and should not be used by anyone other than these specified parties.

*Allegria & Company, P.S.*

July 21, 2011

DISPUTE RESOLUTION CENTER OF  
YAKIMA AND KITTITAS COUNTIES

**Statements of Financial Position**

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Current assets		
Cash	\$ 128,366	\$ 85,149
Accounts receivable	1,367	1,609
Prepaid expenses	5,606	3,195
Total current assets	<u>135,339</u>	<u>89,953</u>
Property and equipment		
Equipment	31,074	28,565
Furniture	7,861	7,861
Total property and equipment	<u>38,935</u>	<u>36,426</u>
Less: accumulated depreciation	<u>35,408</u>	<u>33,955</u>
Net property and equipment	<u>3,527</u>	<u>2,471</u>
Total assets	<u>\$ 138,866</u>	<u>\$ 92,424</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	\$ 682	\$ 900
Accrued liabilities	3,120	2,233
Deferred revenue	28,661	5,376
Total liabilities	<u>32,463</u>	<u>8,509</u>
Unrestricted net assets	<u>106,403</u>	<u>83,915</u>
Total liabilities and net assets	<u>\$ 138,866</u>	<u>\$ 92,424</u>

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See independent accountant's review report and accompanying notes to financial statements.

DISPUTE RESOLUTION CENTER OF  
YAKIMA AND KITTITAS COUNTIES

**Statements of Activities and Changes in Net Assets**

Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Changes in unrestricted net assets		
Service revenue	\$ 175,835	\$ 160,436
Direct public support	<u>66,799</u>	<u>105,219</u>
Total service revenue and direct public support	<u>242,634</u>	<u>265,655</u>
Functional expenses		
Program	163,840	177,126
Management and general	42,984	45,447
Fundraising	<u>13,322</u>	<u>14,360</u>
Total functional expenses	<u>220,146</u>	<u>236,933</u>
Net change in unrestricted net assets	22,488	28,722
Net assets, beginning of year	<u>83,915</u>	<u>55,193</u>
Net assets, end of year	<u>\$ 106,403</u>	<u>\$ 83,915</u>

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See independent accountant's review report and accompanying notes to financial statements.

DISPUTE RESOLUTION CENTER OF  
YAKIMA AND KITTITAS COUNTIES

**Statements of Cash Flows**

Years ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities		
Net change in unrestricted net assets	\$ 22,488	\$ 28,722
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,453	1,885
Bad debt expense	403	625
Changes in cash due to changes in assets and liabilities		
Accounts receivable	(161)	(962)
Prepaid expenses	(2,411)	952
Accounts payable	(218)	106
Accrued liabilities	887	(2,075)
Deferred revenue	23,285	593
Net cash from operating activities	45,726	29,846
Cash flows from investing activities		
Purchases of property and equipment	(2,509)	-
Net change in cash	43,217	29,846
Cash, beginning of year	85,149	55,303
Cash, end of year	\$ 128,366	\$ 85,149

See independent accountant's review report and accompanying notes to financial statements.

DISPUTE RESOLUTION CENTER OF  
YAKIMA AND KITTITAS COUNTIES

**Notes to Financial Statements**

December 31, 2010 and 2009

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**(1) Summary of Significant Accounting Policies**

***Nature of Business***

Dispute Resolution Center of Yakima and Kittitas Counties (the Organization) is a nonprofit corporation formed in June of 1992, and its primary place of business is Yakima County. The purpose of the Organization is to provide dispute resolution services to Yakima and Kittitas County residents.

***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. Accordingly, actual results could differ from those estimates.

***Allowance for Doubtful Accounts***

The allowance for doubtful accounts is determined by the Organization based on past collection experience applied to ongoing evaluations of its receivables and its assessment of the risks of repayment. Management has determined that an allowance for doubtful accounts is not necessary. As of December 31, 2010 and 2009, management has written off all receivables that it determined to be uncollectable. For the years ended December 2010 and 2009, the Organization wrote off \$403 and \$625 in bad debts, respectively.

***Property and Equipment***

Property and equipment is stated at cost. Donated assets are recorded at fair market value at the date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

***Federal Income Tax***

The Organization is a tax-exempt organization under the provisions of the Internal Revenue Service Code section 501(c)(3) and is not a private foundation.

In determining the recognition of uncertain tax positions, the Organization applies a more-likely-than-not recognition threshold (i.e. greater than 50 percent likelihood) and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities. With few exceptions, the Organization is no longer subject to United States federal, state, or local income tax examinations by tax authorities for years ended before 2007. Interest and penalties, if any, are included in functional expenses.

***Net Assets***

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. The classes of net assets are based on the existence or absence of donor-imposed restrictions. There were no restricted net assets as of December 31, 2010 and 2009.

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See independent accountant's review report.

DISPUTE RESOLUTION CENTER OF  
YAKIMA AND KITTITAS COUNTIES

**Notes to Financial Statements**

December 31, 2010 and 2009

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***Revenue Recognition***

Revenues are recognized when services are performed. The Organization records grant revenue received as a deferred revenue liability until the Organization completes the associated grant work then records the actual amount earned as revenue.

**(2) Lease Commitments**

The Organization leases the Yakima office location and has entered into a five-year triple net lease, which expires on September 30, 2012. Payments are made on a monthly basis with an annual increase of 4% on September 30<sup>th</sup> of each year. Total monthly payments of \$1,704 were paid through September 2010. In October, monthly payments of \$1,378 plus the Organization's share of property taxes, premises casualty insurance, and other services of \$394 equates to total monthly payments of \$1,772. Total rental expense of \$20,652 and \$20,550 was incurred for the years ending December 31, 2010 and 2009, respectively.

**(3) Employee Benefit Plans**

In 2009, the Organization adopted a defined contribution retirement plan under section 408(p) of the Internal Revenue Code to provide eligible employees with retirement benefits. Eligible employees are those employees who are reasonably expected to receive at least \$5,000 in compensation for the current calendar year and who have received at least \$5,000 in compensation during any one calendar year proceeding the current calendar year. The Organization contributes 2% of eligible compensation to the plan. Total contributions made by the Organization were \$1,476 for both the years ended December 31, 2010 and 2009. These contributions are reflected as employee benefits in the statements of functional expense.

**(4) Subsequent Events**

Subsequent events are transactions or events that occur after the statement of financial position date but before the financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

The Organization has evaluated subsequent events through July 21, 2011, which is the date the financial statements are available to be issued.

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See independent accountant's review report.

## **SUPPLEMENTARY INFORMATION**



DISPUTE RESOLUTION CENTER OF  
YAKIMA AND KITTITAS COUNTIES

**Statement of Functional Expenses**

Year ended December 31, 2010

	<u>Program</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation of others	\$ 64,627	\$ 12,519	\$ 4,146	\$ 81,292
Compensation of management	26,507	17,540	5,500	49,547
Office rent and utilities	19,054	3,577	1,216	23,847
Payroll taxes	9,998	1,877	638	12,513
Employee benefits	5,648	1,185	352	7,185
Conferences/convention	6,383	1,126	-	7,509
Office expenses	16,642	2,796	803	20,241
Travel	3,080	-	-	3,080
Accounting fees	2,801	526	179	3,506
Advertising	1,282	241	82	1,605
Insurance	2,986	560	191	3,737
Depreciation expense	1,453	-	-	1,453
Equipment rental and maintenance	2,821	530	180	3,531
Dues	308	58	19	385
Board training and expenses	250	46	16	312
Bad debt	-	403	-	403
	<u>-</u>	<u>403</u>	<u>-</u>	<u>403</u>
Total functional expenses	<u>\$ 163,840</u>	<u>\$ 42,984</u>	<u>\$ 13,322</u>	<u>\$ 220,146</u>

See independent accountant's review report.

DISPUTE RESOLUTION CENTER OF  
YAKIMA AND KITTITAS COUNTIES

**Statement of Functional Expenses**

Year ended December 31, 2009

	<u>Program</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation of others	\$ 82,189	\$ 15,921	\$ 5,272	\$ 103,382
Compensation of management	26,335	17,426	5,464	49,225
Office rent and utilities	18,325	3,440	1,170	22,935
Payroll taxes	10,904	2,047	696	13,647
Employee benefits	7,921	1,663	494	10,078
Conferences/convention	2,571	454	-	3,025
Office expenses	14,492	2,101	662	17,255
Travel	3,076	-	-	3,076
Accounting fees	2,876	540	184	3,600
Advertising	961	181	61	1,203
Insurance	2,823	530	180	3,533
Depreciation expense	1,885	-	-	1,885
Equipment rental and maintenance	1,726	324	110	2,160
Dues	779	146	50	975
Board training and expenses	263	49	17	329
Bad debt	-	625	-	625
	<u>-</u>	<u>625</u>	<u>-</u>	<u>625</u>
Total functional expenses	<u>\$ 177,126</u>	<u>\$ 45,447</u>	<u>\$ 14,360</u>	<u>\$ 236,933</u>

See independent accountant's review report.