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FINANCIAL STATEMENTS

Relief After Violent Encounter - Ionia/Montcalm, Inc.

STATEMENT OF FINANCIAL POSITION

September 30, 2017

ASSETS

Current assets

Cash	\$ 114,709
Investments	53,156
Prepays	912
Due from Federal/State	19,941
Due from others	<u>5,325</u>

Total current assets 194,043

Noncurrent assets

Fixed assets, net of accumulated depreciation	<u>191,530</u>
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TOTAL ASSETS \$ 385,573

LIABILITIES AND NET ASSETS

Liabilities

Current liabilities

Accrued wages	\$ 15,217
Other accrued liabilities	4,036
Deferred revenue	<u>26,667</u>

Total liabilities 45,920

Net Assets

Unrestricted	<u>339,653</u>
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TOTAL LIABILITIES AND NET ASSETS \$ 385,573

See accompanying notes to financial statements.

Relief After Violent Encounter - Ionia/Montcalm, Inc.

STATEMENT OF ACTIVITIES

Year Ended September 30, 2017

	<u>Unrestricted</u>
SUPPORT AND REVENUE	
Grants	
Department of Health and Human Services	\$ 222,386
Department of Health and Human Services - VOCA	196,094
FEMA	
Montcalm County	8,550
Ionia County	3,935
Other	2,000
Local	
United Way	13,280
Other	12
Other	
Donations	26,203
Interest	473
Special events	37,331
	<u>510,264</u>
TOTAL SUPPORT AND REVENUE	510,264
EXPENSES	
Program services	350,421
Supporting services	
Management and general	<u>186,559</u>
	<u>536,980</u>
TOTAL EXPENSES	536,980
CHANGE IN NET ASSETS	(26,716)
Net assets, beginning of year	<u>366,369</u>
Net assets, end of year	<u><u>\$ 339,653</u></u>

See accompanying notes to financial statements.

Relief After Violent Encounter - Ionia/Montcalm, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2017

	Program Services	Management and General	Total
Salaries and wages	\$ 214,320	\$ 156,799	\$ 371,119
Payroll taxes and other fringe benefits	35,477	18,039	53,516
Total salaries and related expenses	249,797	174,838	424,635
Utilities	5,671	1,559	7,230
Communications	9,462	494	9,956
Maintenance	22,992	192	23,184
Postage	177	318	495
Printing and publishing	3,128	830	3,958
Resource material	300	300	600
Supplies	17,906	1,171	19,077
Mileage reimbursement	9,560	210	9,770
Specific assistance	714	-	714
Conferences and training	1,740	87	1,827
Food	839	-	839
Insurance	10,351	1,468	11,819
Contractual services	3,646	4,800	8,446
Miscellaneous	392	292	684
Total expenses before depreciation	336,675	186,559	523,234
Depreciation	13,746	-	13,746
TOTAL EXPENSES	\$ 350,421	\$ 186,559	\$ 536,980

See accompanying notes to financial statements.

Relief After Violent Encounter - Ionia/Montcalm, Inc.

STATEMENT OF CASH FLOWS

Year Ended September 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (26,716)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	13,746
(Increase) decrease in:	
Due from Federal/State	35,073
Due from others	(437)
Prepays	1,654
Increase (decrease) in:	
Accounts payable	(605)
Accrued wages	661
Other accrued liabilities	(690)
Deferred revenue	26,667
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	49,353
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(468)
Purchase of fixed assets	(408)
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NET CASH (USED) BY INVESTING ACTIVITIES	(876)
	<hr/>
NET INCREASE IN CASH DURING YEAR	48,477
Cash, beginning of year	<hr/>
	66,232
Cash, end of year	<hr/>
	\$ 114,709

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In 1979, a grass roots movement resulted in the opening of the Spouse Abuse Center in Ionia to shelter women and children who were survivors of family violence. For 37 years, comprehensive victim services have continued in the original house with expanded sites throughout Ionia and Montcalm Counties. Relief After Violent Encounter Ionia/Montcalm (RAVE Ionia/Montcalm), Inc. services also include nonresidential counseling and advocacy, crisis hotline, sexual assault services, services to homeless women and children, legal advocacy, and community education and prevention activities.

The accounting policies of the Agency conform to U.S. generally accepted accounting principles (GAAP) as applicable to nonprofit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing nonprofit accounting and financial reporting policies.

The following is a summary of the significant accounting policies of the Agency:

Basis of Presentation - In accordance with GAAP, the Agency is required to report information regarding its financial position and activities according to three (3) classes of net assets (unrestricted, temporarily restricted, and permanently restricted) based upon the existence or absence of donor-imposed restrictions. Currently the Organization has no net assets classified as temporarily or permanently restricted. During the current year the Organization received no temporarily or permanently restricted support.

GAAP also require contributions received to be recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. RAVE Ionia/Montcalm, Inc. has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

Basis of Accounting - Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statements of the Agency are accounted for using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for nonprofit organizations.

Cash - Cash includes a checking account and cash on hand.

Investments - Investments consist of certificates of deposit with an original maturity of greater than 90 days. All investments have readily determinable fair values and are stated at fair value at September 30, 2017.

Prepays - Prepays consist of payments made to vendors that will benefit future periods.

Due from Federal/State - Due from Federal/State consists of amounts due for reimbursement of grant expenses that had not been received as of year-end.

Due from Others - Due from others consists mainly of amounts due from local organizations which represent reimbursement for grant expenses that had not been received as of year-end.

Fixed Assets - Property, equipment, and buildings acquired by the Agency is stated at cost, if purchased, or at fair value, if donated, with items capitalized at a unit cost of \$300 or greater. Depreciation is provided using the straight-line method over the useful lives of the respective assets, which range from 5 to 39 years. The costs of normal maintenance that do not add to the value of assets or materially extend asset lives are not capitalized.

Equipment purchased with grant funds are recorded as an expense to meet grant reporting requirements. These fixed assets are considered to be owned by the grant funding source and, accordingly, are not reported as fixed assets in the financial statements.

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes - RAVE I/M is a nonprofit corporation and has been granted exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Agency is not classified as a private foundation.

Contributed Materials, Equipment, and Services - RAVE I/M will record various types of in-kind contributions that have a fair value of \$500 or more in accordance with GAAP. GAAP requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The value of donated services is recorded as contributions in the period the services are rendered. The amounts reflected in the financial statements as in-kind contributions will be offset by like amounts included in expenses. RAVE I/M did not receive contributed materials, equipment, or services during the fiscal year ended September 30, 2017, meeting the recognition criteria.

Contributions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions, unless the restrictions are met in the same year as the contribution was received. In that instance, no reclassification is necessary because the contribution was never included in temporarily restricted net assets.

Governmental Grants - Governmental grants which are for particular operating purposes are not considered to be contributions and are recognized as revenue when expenses are incurred under the appropriate activity type (i.e., unrestricted).

Allocated Costs - Certain costs of RAVE I/M have been allocated to program service and supporting service activities. Salaries and related expenses have been allocated based on actual time spent on different activities which was logged on a spreadsheet. Most other costs are allocated to program service and supporting service activities based on actual activity, square footage or time studies that were conducted.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Comparative Data - Comparative data for the prior year has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

Subsequent Events - In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through March 1, 2018 the date the financial statements were available to be issued.

NOTE B: CONCENTRATION OF CREDIT RISK

The Agency is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments, which potentially subject the Agency to concentration of credit risk, consist principally of cash in the bank. The Agency places its cash with high-credit-quality financial institutions. Although such cash balances may exceed the federally insured limits at certain times during the year, they are, in the opinion of management, subject to minimal risk.

Relief After Violent Encounter - Ionia/Montcalm, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE C: DUE FROM FEDERAL/STATE

The following is a summary of the amounts due from Federal/State at September 30, 2017:

Michigan Department of Health and Human Services	\$ 1,120
Michigan Department of Health and Human Services - VOCA	18,821
	<u>\$ 19,941</u>

NOTE D: FIXED ASSETS

The following is a summary of the changes in fixed assets for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Deletions	Balance Sept. 30, 2017
Fixed assets being depreciated				
Buildings & building improvements	\$ 328,037	\$ -	\$ -	\$ 328,037
Equipment	33,262	408	-	33,670
Subtotal	361,299	408	-0-	361,707
Less accumulated depreciation for				
Buildings & building improvements	(133,030)	(9,779)	-	(142,809)
Equipment	(23,401)	(3,967)	-	(27,368)
Subtotal	(156,431)	(13,746)	-0-	(170,177)
Net fixed assets	<u>\$ 204,868</u>	<u>\$ (13,338)</u>	<u>\$ -0-</u>	<u>\$ 191,530</u>

NOTE E: RELIANCE ON FUNDING SOURCES

RAVE I/M receives a substantial amount of its support from Federal and State grant revenues. A significant reduction in the level of this support, if it were to occur, would have an effect on the Agency's programs and activities.

SUPPLEMENTARY INFORMATION

Relief After Violent Encounter - Ionia/Montcalm, Inc.

SCHEDULE OF REVENUE AND EXPENSES

EMERGENCY FOOD AND SHELTER PROGRAM

Year Ended September 30, 2017

	<u>Montcalm County</u>	
REVENUE		<u>\$ 8,550</u>
EXPENSES		
Mass shelter		<u>\$ 8,550</u>
	<u>Ionia County</u>	
REVENUE		<u>\$ 3,935</u>
EXPENSES		
Mass shelter		<u>\$ 3,935</u>

Relief After Violent Encounter - Ionia/Montcalm, Inc.

SCHEDULE OF REVENUE AND EXPENSES

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Year Ended September 30, 2017

	Grant No. DV-16-34001	Grant No. STOP-16-34001	Total
REVENUE	\$ 188,446	\$ 33,940	\$ 222,386
EXPENSES			
Salaries and wages	\$ 152,177	\$ 24,710	\$ 176,887
Fringe benefits	17,079	3,568	20,647
Communication	3,557	1,034	4,591
Supplies	3,247	3,396	6,643
Local transportation	2,018	1,193	3,211
Occupancy	5,556	-	5,556
Miscellaneous	4,812	39	4,851
TOTAL EXPENSES	\$ 188,446	\$ 33,940	\$ 222,386



STEVENS KIRINOVIC & TUCKER P.C.

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

To the Board of Directors
Relief After Violent Encounter - Ionia/Montcalm, Inc.
Ionia, Michigan

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 Relief After Violent Encounter - Ionia/Montcalm Inc. (the Agency) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, 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 March 1, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described below, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency in internal control that we consider to be a significant deficiency.

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. We consider the deficiency described below to be a material weakness.

2017-001 MATERIAL JOURNAL ENTRIES

Condition: A material journal entry to properly adjust fixed assets and accumulated depreciation was proposed by the auditors. This misstatement was not detected by the Agency's internal control over financial reporting. This entry was brought to the attention of management and was subsequently recorded in the Agency's general ledger.

2017-001 MATERIAL JOURNAL ENTRIES - CONTINUED

Criteria: Management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position and results of operations, including the proper recording of journal entries to assure the trial balances from which the financial statements are prepared are prepared in conformity with U.S. generally accept accounting principles (GAAP).

Cause: This misstatement was not identified as part of the Agency's internal control procedures.

Effect: The financial statements may be materially misstated if journal entries are not properly recorded.

Recommendation: We recommend that the Agency take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

Corrective Action Response: The Organization has created a spreadsheet listing Journal ID #, Date, Amount, Debit Acct., Credit Acct., and explanation for the entry. I give this log along with all supporting documents to the Director to review and initial.

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. We consider the deficiency described below to be a significant deficiency.

2017-002 APPROVAL OF CREDIT CARD PURCHASES

Condition: During our testing of internal controls over credit cards, we noted the Executive Director was approving her own credit card purchases.

Criteria: Authorization and review of credit card purchases should not be performed by the individual making the purchases.

Cause: During the fiscal year under audit, one of the Co-Executive Directors terminated employment with the nonprofit corporation. As a result, this authorization step was undertaken exclusively by the new Executive Director.

Effect: Improperly authorized expenditures could be made resulting in overstated expenses. The nonprofit corporation is also at an increased risk of fraud.

Recommendation: We recommend that the review of credit card check request forms regarding the Executive Director's credit card be reviewed by the Treasurer.

Corrective Action Response: Per discussion with Tammy Moore on January 2, 2018, the Agency will utilize the Treasurer in authorizing these types of expenditures going forward.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's 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*.

Relief After Violent Encounter - Ionia/Montcalm's Response to Findings

The Agency's responses to the findings identified in our audit are described above. The Agency's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stevens Kirinovic & Tucker, P.C.

STEVENS, KIRINOVIC & TUCKER, P.C.
Certified Public Accountants

March 1, 2018