

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Relief After Violent Encounter - Ionia/Montcalm, Inc. (a nonprofit corporation), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, 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 Relief After Violent Encounter - Ionia/Montcalm, Inc. as of September 30, 2019, 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2020, on our consideration of Relief After Violent Encounter - Ionia/Montcalm, Inc.'s 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 to 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 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 Relief After Violent Encounter - Ionia/Montcalm, Inc.'s internal control over financial reporting and compliance.

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April 3, 2020

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FINANCIAL STATEMENTS

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RELIEF AFTER VIOLENT ENCOUNTER - IONIA/MONTCALM, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions
SUPPORT AND REVENUE	
Grants	
Department of Health and Human Services	\$ 224,610
Department of Health and Human Services - VOCA	282,976
FEMA	
Montcalm County	6,000
Ionia County	2,685
Other	1,250
Local	
United Way	4,000
Other	285
Other	
Donations	39,191
Interest	1,232
Special events	22,468
	584,697
TOTAL SUPPORT AND REVENUE	584,697
EXPENSES	
Program services	425,887
Supporting services	138,738
Management and general	1,365
Fundraising	
	565,991
TOTAL EXPENSES	565,991
CHANGE IN NET ASSETS	18,706
Net assets, beginning of year	342,281
Net assets, end of year	\$ 360,987

See accompanying notes to financial statements.

RELIEF AFTER VIOLENT ENCOUNTER - IONIA/MONTCALM, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 18,706
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	11,433
Loss on disposal of fixed assets	237
(Increase) decrease in:	
Due from Federal/State	(367)
Due from others	5,011
Increase (decrease) in:	
Accounts payable	(88)
Accrued wages	2,206
Other accrued liabilities	784
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	37,922
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts of interest reinvested	<hr/> (1,232)
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NET INCREASE IN CASH DURING YEAR	36,690
Cash, beginning of year	<hr/> 108,375
Cash, end of year	<hr/> \$ 145,065 <hr/>

See accompanying notes to financial statements.

RELIEF AFTER VIOLENT ENCOUNTER - IONIA/MONTCALM, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. The Agency has not designated any amounts from net assets without donor restrictions.

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.

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state, and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, State, and local tax returns generally remain open for examination by various taxing authorities for a period of 3 to 4 years.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees received in advance, if any, are recorded as deferred revenue. Contributions are recognized when cash, securities, or other assets, or an unconditional promise to give is received. Conditional promises to give are recognized when the conditions on which the depend have been substantially met.

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, 2019, meeting the recognition criteria.

RELIEF AFTER VIOLENT ENCOUNTER - IONIA/MONTCALM, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - LIQUIDITY AND AVAILABILITY

The Agency regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenses over a 12-month period, the Agency considers all expenses related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenses.

Financial assets available for general expenses, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following at September 30, 2019:

Cash	\$ 145,065
Investments	55,032
Due from Federal/State	43,348
Due from others	<u>5,508</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 248,953</u>

In addition to financial assets available to meet general expenses over the next 12 months, the Agency operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenses.

NOTE 5 - DUE FROM FEDERAL/STATE

The following is a summary of the amounts due from Federal/State at September 30, 2019:

Michigan Department of Health and Human Services	\$ 13,229
Michigan Department of Health and Human Services - VOCA	<u>30,119</u>
	<u>\$ 43,348</u>

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DEPARTMENT OF HEALTH
OFFICE OF THE STATE EPIDEMIOLOGIST
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SUPPLEMENTARY INFORMATION

RELIEF AFTER VIOLENT ENCOUNTER - IONIA/MONTCALM, INC.
SCHEDULE OF REVENUE AND EXPENSES
DEPARTMENT OF HEALTH AND HUMAN SERVICES
YEAR ENDED SEPTEMBER 30, 2019

	<u>Grant No.</u> <u>DV-16-34001</u>	<u>Grant No.</u> <u>STOP-16-34001</u>	<u>Total</u>
REVENUE	<u>\$ 177,813</u>	<u>\$ 46,797</u>	<u>\$ 224,610</u>
EXPENSES			
Salaries and wages	\$ 134,658	\$ 37,496	\$ 172,154
Fringe benefits	14,087	4,315	18,402
Communication	2,478	874	3,352
Supplies	2,063	2,889	4,952
Local transportation	2,537	1,134	3,671
Occupancy	16,148	-	16,148
Miscellaneous	5,842	89	5,931
TOTAL EXPENSES	<u>\$ 177,813</u>	<u>\$ 46,797</u>	<u>\$ 224,610</u>

**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, 2019, 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 April 3, 2020.

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.

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 below, that we consider to be a material weakness.

2019-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Criteria: Auditing standards emphasize that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (where applicable), including the notes to the financial statements, in conformity with U.S. generally accepted accounting principles.

Condition: Material journal entries for the proper recognition of grants receivable, accounts payable, and deferred revenue were proposed by the auditors. These misstatements were not detected by the Agency's internal control over financial reporting. These entries were brought to the attention of management and were subsequently recorded in the Agency's general ledger.

Cause: Misstatements were not identified and corrected by management.

Effect: The Agency's accounting records were initially misstated by amounts material to the financial statements. Necessary adjustments were brought to the attention of management and were subsequently recorded in the Agency's general ledger.

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: Management will review all year-end balances and ensure agreement to supporting documentation.

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*.

Agency's Response to the Finding

The Agency's response to the finding identified in our audit is listed above. The Agency's 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 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.

Mary Costerian PC

April 3, 2020