

**RAPE, ABUSE & INCEST NATIONAL NETWORK  
(RAINN)**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED MAY 31, 2018 AND 2017**

# Rape, Abuse & Incest National Network (RAINN)

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## Independent Auditor's Report

To the Board of Directors of  
**Rape, Abuse & Incest National Network (RAINN)**  
Washington, D.C.

We have audited the accompanying financial statements of **Rape, Abuse & Incest National Network (RAINN)** (a nonprofit organization), which comprise the Statements of Financial Position as of May 31, 2018 and 2017, 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 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.

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## Independent Auditor's Report (continued)

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Rape, Abuse & Incest National Network (RAINN)** as of May 31, 2018 and 2017, 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.

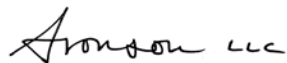
### *Other Matters*

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 October 24, 2018, on our consideration of **Rape, Abuse & Incest National Network (RAINN)**'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 **Rape, Abuse & Incest National Network (RAINN)**'s internal control over financial reporting and compliance.



Rockville, Maryland  
October 24, 2018

# Rape, Abuse & Incest National Network (RAINN)

## Statements of Financial Position

<i>May 31,</i>	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,761,675	\$ 5,356,214
Investments	5,089,072	67,761
Pledges receivable	93,951	17,354
Contracts and grants receivable	512,144	180,512
Prepaid expenses and deposit	115,764	125,454
Property and equipment, net	624,400	710,162
<b>Total assets</b>	<b>\$ 8,197,006</b>	<b>\$ 6,457,457</b>
<b>Liabilities and Net Assets</b>		
Note payable	\$ 35,104	\$ 68,509
Accounts payable and accrued expenses	491,349	465,233
Deferred rent	627,331	671,218
Deferred revenue	7,250	128,735
<b>Total liabilities</b>	<b>1,161,034</b>	<b>1,333,695</b>
<b>Net assets</b>		
Unrestricted	7,034,314	5,123,762
Temporarily restricted	1,658	-
<b>Total net assets</b>	<b>7,035,972</b>	<b>5,123,762</b>
<b>Total liabilities and net assets</b>	<b>\$ 8,197,006</b>	<b>\$ 6,457,457</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## Rape, Abuse & Incest National Network (RAINN)

### Statements of Activities and Changes in Net Assets

<i>Years Ended May 31,</i>	<b>2018</b>	2017
<b>Revenues and support</b>		
Service fees	\$ 5,038,315	\$ 4,291,468
Contributions	2,750,718	2,251,429
Federal grants	1,247,817	1,134,984
Contributed services and gifts-in-kind	534,381	1,235,910
Special events, net	119,158	126,495
Merchandise sales	2,292	1,610
Investment income	25,367	14,947
<b>Total revenues and support</b>	<b>9,718,048</b>	9,056,843
<b>Expenses</b>		
Programs	7,387,394	7,196,005
Management and general	84,212	97,524
Fundraising	335,890	353,441
<b>Total expenses</b>	<b>7,807,496</b>	7,646,970
<b>Change in unrestricted net assets</b>	<b>1,910,552</b>	1,409,873
<b>Changes in temporarily restricted net assets</b>		
Contributions	1,658	-
<b>Total change in net assets</b>	<b>1,912,210</b>	1,409,873
<b>Net assets, beginning of year</b>	<b>5,123,762</b>	3,713,889
<b>Net assets, end of year</b>	<b>\$ 7,035,972</b>	\$ 5,123,762

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## Rape, Abuse & Incest National Network (RAINN)

### Statement of Functional Expenses

<i>Year Ended May 31, 2018</i>	Communications	Victims Services	Public Policy	Consulting Services	Total Programs	Management and general	Fund- raising	Total
Accounting	\$ 3,723	\$ 21,468	\$ 1,574	\$ 3,209	\$ 29,974	\$ 1,411	\$ 1,329	\$ 32,714
Bank and credit card charges	2,446	14,074	1,032	2,864	20,416	14,506	40,048	74,970
Conferences	2,303	9,962	546	1,460	14,271	-	2,465	16,736
Contractors	40,200	301,132	16,998	51,426	409,756	4,431	14,346	428,533
Depreciation	7,917	45,650	3,348	6,823	63,738	871	2,825	67,434
Employee benefits	27,018	183,846	11,609	23,284	245,757	3,009	9,642	258,408
Equipment	190	30,097	-	-	30,287	-	-	30,287
Interest	288	1,659	122	248	2,317	31	103	2,451
Internet and hosting	9,798	282,836	417	4,039	297,090	179	2,033	299,302
Legal	-	41,519	247,000	1,418	289,937	-	-	289,937
Liability insurance	3,724	18,468	1,575	3,209	26,976	410	1,329	28,715
Occupancy	47,439	281,527	20,059	42,259	391,284	7,089	16,929	415,302
Postage	58,309	1,500	113	142	60,064	-	2,040	62,104
Printing	88,360	6,457	751	1,564	97,132	42	2,526	99,700
Public education	512,525	33,402	2,469	-	548,396	-	21,382	569,778
Salaries	533,394	3,036,445	222,036	475,693	4,267,568	46,688	191,043	4,505,299
Software	593	21,632	113	1,472	23,810	264	245	24,319
State registration fees/other taxes	481	2,773	203	414	3,871	133	5,919	9,923
Supplies	4,121	26,099	1,001	2,845	34,066	331	1,945	36,342
Taxes - payroll	42,505	243,294	17,759	38,525	342,083	3,732	14,914	360,729
Telephone	839	53,485	317	2,782	57,423	83	267	57,773
Travel	24,274	34,463	4,465	67,976	131,178	1,002	4,560	136,740
<b>Total</b>	<b>\$ 1,410,447</b>	<b>\$ 4,691,788</b>	<b>\$ 553,507</b>	<b>\$ 731,652</b>	<b>\$ 7,387,394</b>	<b>\$ 84,212</b>	<b>\$ 335,890</b>	<b>\$ 7,807,496</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## Rape, Abuse & Incest National Network (RAINN)

### Statement of Functional Expenses

<i>Year Ended May 31, 2017</i>	Communications	Victims Services	Public Policy	Consulting Services	Total Programs	Management and general	Fund- raising	Total
Accounting	\$ 3,352	\$ 19,154	\$ 1,672	\$ 2,755	\$ 26,933	\$ 250	\$ 1,176	\$ 28,359
Bank credit card and other charges	1,457	8,327	727	1,197	11,708	1,242	38,114	51,064
Conferences	777	6,401	1,880	2,266	11,324	-	2,665	13,989
Contractors and consultants	85,761	126,969	32,304	62,635	307,669	45,697	50,188	403,554
Depreciation	7,259	41,481	3,622	5,965	58,327	545	2,546	61,418
Employee benefits	21,416	147,454	9,725	15,640	194,235	2,442	35,542	232,219
Equipment	1,306	32,389	-	-	33,695	-	-	33,695
Interest	483	2,761	241	397	3,882	36	169	4,087
Internet hosting	8,805	485,073	667	2,363	496,908	236	12,334	509,478
Legal	50	27,215	600,025	699	627,989	4	1,308	629,301
Liability insurance	3,056	17,462	1,525	2,511	24,554	229	1,072	25,855
Merchandise production	-	-	-	-	-	-	1,270	1,270
Occupancy expense	39,970	229,667	20,241	32,847	322,725	4,753	14,021	341,499
Postage	52,093	11,117	-	211	63,421	-	590	64,011
Printing	104,602	214	-	1,072	105,888	1,578	2,178	109,644
Public education/awareness	631,474	3,202	8,424	-	643,100	-	1,433	644,533
Salaries	464,491	2,654,375	231,759	381,721	3,732,346	34,881	162,939	3,930,166
Software	19,341	44,103	-	3,073	66,517	455	25	66,997
State registration fees	-	-	-	-	-	419	6,978	7,397
Supplies	5,349	21,087	347	651	27,434	314	51	27,799
Taxes - payroll	38,186	218,215	19,053	31,381	306,835	2,867	13,395	323,097
Telephone	3,012	39,296	66	108	42,482	10	46	42,538
Travel	29,958	29,827	6,708	21,540	88,033	1,566	5,401	95,000
<b>Total</b>	<b>\$ 1,522,198</b>	<b>\$ 4,165,789</b>	<b>\$ 938,986</b>	<b>\$ 569,032</b>	<b>\$ 7,196,005</b>	<b>\$ 97,524</b>	<b>\$ 353,441</b>	<b>\$ 7,646,970</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.



# Rape, Abuse & Incest National Network (RAINN)

## Statements of Cash Flows

<i>Years Ended May 31,</i>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,912,210	\$ 1,409,873
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities</b>		
Depreciation and amortization	67,434	61,418
Unrealized and realized gains on investments	(16,387)	(6,633)
Donated investments	(19,065)	(28,089)
Loss on disposal of property and equipment	43,274	43,274
<b>(Increase) decrease in</b>		
Pledges receivable	(76,597)	44,099
Contracts and grants receivable	(331,632)	304,750
Prepaid expenses	9,690	(43,332)
<b>Increase (decrease) in</b>		
Accounts payable and accrued expenses	26,116	(6,222)
Deferred rent	(43,887)	(18,088)
Deferred revenue	(121,485)	2,102
<b>Net cash provided by operating activities</b>	<b>1,449,671</b>	<b>1,763,152</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(4,985,859)	(1,382)
Proceeds from sale of investments	-	8,382
Purchase of property and equipment	(24,946)	(20,325)
<b>Net cash used by investing activities</b>	<b>(5,010,805)</b>	<b>(13,325)</b>
<b>Cash flows from financing activities</b>		
Payment on note payable	(33,405)	(31,814)
<b>Net change in cash and cash equivalents</b>	<b>(3,594,539)</b>	<b>1,718,013</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>5,356,214</b>	<b>3,638,201</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,761,675</b>	<b>\$ 5,356,214</b>
<b>Supplemental cash flow information</b>		
Payment of interest	\$ 2,451	\$ 4,087
<b>Supplemental non-cash investing and financing activities</b>		
Donated investments	\$ 19,065	\$ 28,089

The accompanying Notes to Financial Statements are an integral part of these financial statements.

# Rape, Abuse & Incest National Network (RAINN)

## Notes to Financial Statements

### 1. Organization and significant accounting policies

**Organization:** Rape, Abuse & Incest National Network (RAINN) was organized for the charitable and educational purposes of establishing and maintaining the National Sexual Assault Hotline, National Sexual Assault Online Hotline and other services for victims; educating the public about sexual assault; and improving the criminal justice response to sexual violence. As a Voluntary Health and Welfare organization, RAINN provides direct services for victims of sexual assault. RAINN is located and operates in Washington, D.C.

**Basis of accounting:** RAINN's financial statements have been prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

**Basis of presentation:** Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions and reported as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations as to time or purpose of use. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted net assets on the Statements of Activities and Changes in Net Assets. Temporarily restricted net assets were \$1,658 and \$0 as of May 31, 2018 and 2017, respectively.

Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently. There were no permanently restricted net assets as of May 31, 2018 and 2017.

**Cash and cash equivalents:** RAINN considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. RAINN maintains cash balances that may exceed federally insured limits. Management does not believe that this results in a significant credit risk.

**Investments:** Investments are stated at fair value based on published market values and consist of common stock, exchange traded and close-end funds, and mutual funds. Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

# Rape, Abuse & Incest National Network (RAINN)

## Notes to Financial Statements

**Pledges receivable:** RAINN records pledges in the period which they are promised. The allowance for doubtful accounts reflects the best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known troubled accounts. All accounts or portions thereof that are deemed to be uncollectible or that require an excessive collection cost are written off to the allowance for doubtful accounts. Management believes the balance to be fully collectible within one year; therefore no allowance for uncollectible pledges has been recorded.

**Contracts and grants receivable:** Contracts and grants receivable are recorded when expenses are incurred or services are provided for federal programs. The allowance for doubtful accounts reflects the best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known troubled accounts. All accounts or portions thereof that are deemed to be uncollectible or that require an excessive collection cost are written off to the allowance for doubtful accounts. Management believes this balance is fully collectible and therefore no allowance for doubtful accounts is deemed necessary.

**Property and equipment:** Property and equipment are recorded at the original cost and are depreciated on a straight-line basis over estimated lives of three to five years with a capitalization policy of \$5,000. Leasehold improvements to property are recorded at cost and are amortized over the lesser of the remaining useful life or the term of the lease.

**Deferred rent:** RAINN recognizes the minimum non-contingent rents required under operating leases as rent expense on a straight-line basis over the life of the lease, with differences between amounts recognized as expense and the amounts actually paid recorded as deferred rent on the accompanying Statements of Financial Position.

**Revenue recognition:**

**Service fees** – RAINN has a fixed fee contract with the Department of Defense (DOD), as well as for other non-governmental entities for providing hotline services. Revenue is recognized ratably monthly as services are provided. Amounts received in advance of performance are recorded as deferred revenue.

# Rape, Abuse & Incest National Network (RAINN)

## Notes to Financial Statements

**Contributions** – RAINN recognizes all unconditional contributions received as income in the period in which the commitment is made. Contributions are reported as unrestricted, temporarily restricted or permanently restricted depending on the absence or existence of donor stipulations that limit the use of the contributions.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

**Federal grants** – Revenue from federal grants is recognized as allowable expenditures are incurred. Amounts received in advance are deferred advances, and expenditures incurred prior to receiving reimbursement are recorded as grants receivable.

**Contributed services and gifts-in-kind** – RAINN receives contributed legal assistance, media, web hosting, and technology services. Gifts-in-kind that can be used or sold are measured at fair value and recognized as contributions when received. Contributed services that can create or enhance a nonfinancial asset or require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. These services are reported at their estimated fair value based on donor provided detail of the market value of services provided. These contributions were expensed and reported by function on the Statements of Functional Expenses.

**Special events** – Revenues from event tickets are reported in the fiscal year in which the event is held. All proceeds from ticket sales for special events received prior to year-end, but relating to events held subsequent to the statement of financial position date, are recorded as deferred revenue. Amounts reflected as temporarily restricted ticket revenues and sales represent contributions received at annual fundraising events with donor-imposed restrictions. Special event revenue is reported net of event expenses. Direct event expenses are reported in the fiscal year in which the event is held.

**Sales of merchandise** – RAINN sells shirts, key-chains, and other small merchandise items which include its logo or program message. Revenues from merchandise are recognized at the time of sale.

# Rape, Abuse & Incest National Network (RAINN)

## Notes to Financial Statements

**Functional allocation of expenses:** The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Cash flow classification of donated financial assets:** Cash receipts from the sale of donated securities with no donor-imposed restrictions are included in the operating section of the Statements of Cash Flows, while cash receipts from the sale of donated securities with donor-imposed long-term restrictions are classified as financing activities. Otherwise, receipts from the sale of donated financial assets are classified as cash flows from investing activities.

**Tax status:** RAINN is exempt from federal income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

RAINN evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of May 31, 2018 and 2017, there are no accruals for uncertain tax positions. If applicable, RAINN records interest and penalties as a component of income tax expense. Tax years from 2015 through the current year remain open for examination by tax authorities.

**Use of accounting 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent events:** Management has evaluated subsequent events for disclosure in these financial statements through October 24, 2018, which is the date the financial statements were available to be issued.

## 2. Program descriptions

**Victims Services:** RAINN created and operates the National Sexual Assault Hotline, which is available by phone (800.656.HOPE) and online in English ([online.RAINN.org](http://online.RAINN.org)) and Spanish ([RAINN.org/es](http://RAINN.org/es)). RAINN also operates Safe Helpline, a service for members of the U.S. military affected by sexual assault, through a contract with the Department of Defense. RAINN works closely with more than 1,000 local sexual assault service providers to offer confidential support services, available 24/7, to survivors across the country.

# Rape, Abuse & Incest National Network (RAINN)

## Notes to Financial Statements

**Public Education:** RAINN educates the public about sexual violence and works with national media and the entertainment industry to elevate sexual violence storylines and reach millions of households across the country. RAINN also operates [RAINN.org](http://RAINN.org) and social media platforms to provide information about sexual violence, connect people to support, and engage with communities about these issues. Through an annual college program, a national speakers bureau of more than 2,500 survivors, and other community activities, RAINN is able to mobilize the public to play a role in prevention and recovery.

**Public Policy:** RAINN works at the federal and state levels to improve the criminal justice system, prevent sexual assault, and ensure justice for survivors. RAINN develops and promotes public policy changes that make communities safer and support survivors. RAINN also leads the national effort to end the rape kit backlog and reform state statutes of limitations laws.

**Consulting Services:** RAINN works with clients across public, private, and nonprofit sectors to develop targeted, effective sexual assault education and response programs. RAINN offers a variety of specialized consulting services to meet each organization's unique needs, including hotlines services, program assessments, and education and training.

### 3. Investments

The following is a summary of RAINN's investments as of May 31:

	<b>2018</b>	<b>2017</b>
Money market funds	\$ 16,238	\$ -
Common stock	96,272	67,761
Exchange traded and close-end funds - equities	700,486	-
Exchange traded and close-end funds - fixed income & preferred securities	99,327	-
Mutual funds – equities	1,610,269	-
Mutual funds – fixed income & preferred securities	2,566,480	-
<b>Total investments</b>	<b>\$ 5,089,072</b>	<b>\$ 67,761</b>

# Rape, Abuse & Incest National Network (RAINN)

## Notes to Financial Statements

Investment income and gains on investments consisted of the following for the years ended May 31:

	<u>2018</u>	<u>2017</u>
Unrealized and realized gains	\$ 16,387	\$ 6,633
Interest	8,980	8,314
<b>Total investment income</b>	<b>\$ 25,367</b>	<b>\$ 14,947</b>

#### 4. Fair value

RAINN values certain assets in accordance with a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the entity to develop its own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

## Rape, Abuse & Incest National Network (RAINN)

### Notes to Financial Statements

The fair value of RAINN's investments is as follows:

<b>May 31, 2018</b>	<b>Fair Value Measurements Using:</b>			
<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
Money market funds	\$ 16,238	\$ 16,238	\$ -	\$ -
Common stock	96,272	96,272	-	-
Exchange traded and close-end funds - equities	700,486	700,486	-	-
Exchange traded and close-end funds – fixed income & preferred securities	99,327	99,327	-	-
Mutual funds – equities	1,610,269	1,610,269	-	-
Mutual funds – fixed income & preferred securities	2,566,480	2,566,480	-	-
<b>Total</b>	<b>\$ 5,089,072</b>	<b>\$ 5,089,072</b>	<b>\$ -</b>	<b>\$ -</b>



## Rape, Abuse & Incest National Network (RAINN)

### Notes to Financial Statements

May 31, 2017	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock	\$ 67,761	\$ 67,761	\$ -	\$ -
<b>Total</b>	<b>\$ 67,761</b>	<b>\$ 67,761</b>	<b>\$ -</b>	<b>\$ -</b>

#### 5. Property and equipment

Property and equipment consist of the following at May 31:

	2018	2017
Furniture and equipment	\$ 151,941	\$ 141,203
Software	250,875	250,875
Leasehold improvements	545,933	574,999
<b>Total property and equipment</b>	<b>948,749</b>	<b>967,077</b>
Less: Accumulated depreciation and amortization	(324,349)	(256,915)
<b>Total property and equipment, net</b>	<b>\$ 624,400</b>	<b>\$ 710,162</b>

Depreciation and amortization expense for the years ended May 31, 2018 and 2017 was \$67,434 and \$61,418, respectively.

#### 6. Operating lease

RAINN is obligated, as lessee, under a non-cancelable operating lease for office space in Washington, D.C. The lease commenced on January 1, 2013 and will end on May 31, 2026 (including extensions) with fixed annual increases of 2.5% during the lease term. A deferred rent liability is recorded for the difference between the pro-rata expense recognized and the total amounts paid under the lease and is recognized as a liability on the Statements of Financial Position.

# Rape, Abuse & Incest National Network (RAINN)

## Notes to Financial Statements

The following is a schedule by years of future minimum rental payments required under the operating lease as of May 31, 2018:

Year Ending May 31	Total
2019	\$ 350,473
2020	359,244
2021	368,250
2022	377,423
2023	386,837
Thereafter	1,045,349
<b>Total</b>	<b>\$ 2,887,576</b>

Total expense under operating leases for the years ended May 31, 2018 and 2017 was \$341,942 and \$335,125, respectively.

### 7. Note payable

Since 1994, RAINN has used the services of a company (A&I Publishing) that is wholly owned by the President of RAINN (see Note 9). Fees for these services were covered by operational agreements on which payment was deferred due to limited cash available to RAINN. As a settlement for the past due amounts, RAINN entered into a note payable agreement for the estimated value of these services. This note in the original amount of \$159,478 is due in 2019 and bears interest at 5%. The annual payment of principal and interest is \$36,830. In the event that RAINN ceases to receive services from this company, the remaining unpaid portion of this note is due immediately.

The future principal maturities due under the note payable agreement as of May 31, 2018 are \$35,104 for the year ended May 31, 2019.

Total interest expense on the note for the years ended May 31, 2018 and 2017 was \$2,451 and \$4,087, respectively.

# Rape, Abuse & Incest National Network (RAINN)

## Notes to Financial Statements

8. Contributed services and gifts-in-kind	Contributed services and gifts-in-kind consisted of the following for the years ended May 31:	
	2018	2017
Advertising and PSAs	\$ 139,690	\$ 242,706
IT hardware and software	1,285	42,624
Technology services and web hosting	106,052	338,781
Legal services	283,087	611,799
Media services	2,467	-
Other	1,800	-
<b>Total</b>	<b>\$ 534,381</b>	<b>\$ 1,235,910</b>

**9. Related party transactions** RAINN entered into a contracting agreement with A&I Publishing for their services to RAINN. A&I Publishing is wholly owned by the President of RAINN. During the years ended May 31, 2018 and 2017, RAINN incurred expenses of \$342,417 and \$323,035, respectively, under this agreement. In addition, RAINN reimbursed A&I Publishing approximately \$4,395 and \$3,579 for the years ended May 31, 2018 and 2017, respectively, for costs incurred by A&I Publishing on behalf of RAINN. The amount due to A&I Publishing as of May 31, 2018 and 2017 was \$73,870 and \$69,122, respectively, which is included in accounts payable and accrued expenses on the accompanying Statements of Financial Position.

In addition, RAINN has a note payable agreement with A&I Publishing, which is described in Note 7.

**10. Concentration of revenue** The contract with the Department of Defense comprises 42% and 40% of total revenue for the fiscal years ended May 31, 2018 and 2017, respectively.

**11. Collective bargaining agreements** Approximately 15% and 16% of the organization's employees are covered by a collective bargaining agreement as of May 31, 2018 and 2017, respectively. The agreement is scheduled to expire May 31, 2020.



**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 of  
**Rape, Abuse & Incest National Network (RAINN)**  
Washington, D.C.

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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 **Rape, Abuse & Incest National Network (RAINN)** (a nonprofit organization), which comprise the Statements of Financial Position as of May 31, 2018 and 2017, 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, and have issued our report thereon dated October 24, 2018.

***Internal Control over Financial Reporting***

In planning and performing our audits of the financial statements, we considered **Rape, Abuse & Incest National Network (RAINN)**’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 **Rape, Abuse & Incest National Network (RAINN)**’s internal control. Accordingly, we do not express an opinion on the effectiveness of **Rape, Abuse & Incest National Network (RAINN)**’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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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* (Continued)**

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether **Rape, Abuse & Incest National Network (RAINN)**’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*.

***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 organization’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 organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Aronson LLC*

Rockville, Maryland  
October 24, 2018



## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors of  
**Rape, Abuse & Incest National Network (RAINN)**  
Washington, D.C.

### *Report on Compliance for the Major Federal Program*

We have audited **Rape, Abuse & Incest National Network (RAINN)**'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on **Rape, Abuse & Incest National Network (RAINN)**'s major federal program for the year ended May 31, 2018. **Rape, Abuse & Incest National Network (RAINN)**'s major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for **Rape, Abuse & Incest National Network (RAINN)**'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about **Rape, Abuse & Incest National Network (RAINN)**'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of **Rape, Abuse & Incest National Network (RAINN)**'s compliance.

## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance (Continued)

### *Opinion on the Major Federal Program*

In our opinion, **Rape, Abuse & Incest National Network (RAINN)** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended May 31, 2018.

### *Report on Internal Control over Compliance*

Management of **Rape, Abuse & Incest National Network (RAINN)** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Rape, Abuse & Incest National Network (RAINN)**'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Rape, Abuse & Incest National Network (RAINN)**'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance (Continued)**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Aronson LLC*

Rockville, Maryland  
October 24, 2018



## Rape, Abuse & Incest National Network (RAINN)

### Schedule of Expenditures of Federal Awards

*Year Ended May 31, 2018*

Federal Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Number	Passed through to subrecipients	Federal Expenditures
<b><i>Program Cluster</i></b>				
<b>Department of Justice</b>				
<b>Office for Victims of Crime</b>				
Vision 21	16.582	2014-XV-BX-K004	\$ -	\$ 746,081
Vision 21	16.582	2014-XV-BX-K005	-	361,464
Vision 21	16.582	2017-VF-GX-K029	-	140,272
<b>Total federal expenditures, Department of Justice program cluster</b>			\$ -	\$ 1,247,817

See accompanying Notes to Schedule of Expenditures of Federal Awards.

# Rape, Abuse & Incest National Network (RAINN)

## Notes to Schedule of Expenditures of Federal Awards

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- 1. Basis of presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Rape, Abuse & Incest National Network (RAINN) under programs of the federal government for the year ended May 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Rape, Abuse & Incest National Network (RAINN), it is not intended to and does not present the financial position, changes in net assets, or cash flows of Rape, Abuse & Incest National Network (RAINN).
- 2. Summary of significant accounting policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 3. Indirect rate**

Rape, Abuse & Incest National Network (RAINN) has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

# Rape, Abuse & Incest National Network (RAINN)

## Schedule of Findings and Questioned Costs

*Year Ended May 31, 2018*

### SECTION I - SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? \_\_\_\_\_ yes       X  no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes       X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes       X  no

#### Federal Awards

Internal control over major programs:

- Material weakness identified? \_\_\_\_\_ yes       X  no
- Significant deficiencies identified that are not considered to be material weakness? \_\_\_\_\_ yes       X  none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes       X  no

#### Identification of Major Programs:

GSA Grant Number  
16.582

Name of Federal Program or Cluster  
Department of Justice Program Cluster –  
Vision 21

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  X  yes      \_\_\_\_\_ no

**Rape, Abuse & Incest National Network (RAINN)**

**Schedule of Findings and Questioned Costs (Continued)**

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*Year Ended May 31, 2018*

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SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None