

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

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED MAY 31, 2016 AND 2015

Rape, Abuse & Incest National Network (RAINN)

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Audited Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 16
Supplementary Information	
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 <i>Government Auditing Standards</i>	17 - 18
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	19 - 21
Schedule of Expenditures of Federal Awards	22
Notes to Schedule of Expenditures of Federal Awards	23
Schedule of Findings and Questioned Costs	24 - 25



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, 2016 and 2015, 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.

805 King Farm Boulevard
Suite 300
Rockville, Maryland 20850

☎ 301.231.6200
☎ 301.231.7630
www.aronsonllc.com
info@aronsonllc.com

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, 2016 and 2015, 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.

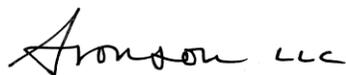
Other Matters

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 November 10, 2016, 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
November 10, 2016

Rape, Abuse & Incest National Network (RAINN)

Statements of Financial Position

<i>May 31,</i>	2016	2015
Assets		
Cash and cash equivalents	\$ 3,638,201	\$ 2,989,589
Investments	40,039	33,746
Pledges receivable	61,453	87,761
Contracts and grants receivable	485,262	212,354
Prepaid expenses	82,122	81,748
Property and equipment, net	794,529	761,122
Total assets	\$ 5,101,606	\$ 4,166,320
Liabilities and Net Assets		
Note payable	\$ 100,323	\$ 130,622
Accounts payable and accrued expenses	471,455	451,514
Deferred rent	689,306	646,704
Deferred revenue	126,633	31,667
Total liabilities	1,387,717	1,260,507
Net assets		
Unrestricted	3,713,889	2,830,813
Temporarily restricted	-	75,000
Total net assets	3,713,889	2,905,813
Total liabilities and net assets	\$ 5,101,606	\$ 4,166,320

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>	2016	2015
Revenues and support		
Service fees	\$ 4,118,596	\$ 3,393,372
Contributions	1,095,872	1,192,521
Federal grants	1,197,324	417,270
Contributed services and gifts-in-kind	9,466,405	1,165,657
Special events, net	224,452	158,169
Merchandise sales	4,462	3,853
Investment income	3,501	8,363
Net assets released from restrictions	75,000	4,375
Total revenues and support	16,185,612	6,343,580
Expenses		
Programs	14,880,130	5,608,574
Management and general	53,430	120,623
Fundraising	368,976	234,845
Total expenses	15,302,536	5,964,042
Change in unrestricted net assets	883,076	379,538
Changes in temporarily restricted net assets		
Contributions	-	75,000
Net assets released from restrictions	(75,000)	(4,375)
Change in temporarily restricted net assets	(75,000)	70,625
Total change in net assets	808,076	450,163
Net assets, beginning of year	2,905,813	2,455,650
Net assets, end of year	\$ 3,713,889	\$ 2,905,813

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, 2016</i>	Communications	Victim Services	Policy	Total Programs	Management and general	Fund- raising	Total
Accounting	\$ 3,364	\$ 3,364	\$ 3,364	\$ 10,092	\$ 1,031	\$ 3,364	\$ 14,487
Bank credit card and other charges	1,314	8,120	515	9,949	118	26,260	36,327
Conferences	-	11,717	848	12,565	-	645	13,210
Contractors and consultants	84,922	198,492	30,475	313,889	30,475	109,790	454,154
Depreciation	3,653	22,571	1,432	27,656	125	1,401	29,182
Employee benefits	24,707	152,106	8,757	185,570	761	8,565	194,896
Equipment	5,001	26,760	-	31,761	-	-	31,761
Interest	707	4,368	277	5,352	24	271	5,647
Internet hosting	10,247	497,812	99	508,158	36	1,801	509,995
Legal	-	34,141	614,746	648,887	-	1,135	650,022
Liability insurance	1,835	11,336	719	13,890	63	704	14,657
Merchandise production	-	-	-	-	-	2,830	2,830
Occupancy expense	43,483	253,945	17,048	314,476	1,481	16,674	332,631
Postage	67,853	1,648	-	69,501	-	1,578	71,079
Printing	103,631	1,158	-	104,789	-	4,674	109,463
Public education/awareness	8,893,159	24,014	8,804	8,925,977	139	455	8,926,571
Salaries	426,031	2,632,129	167,030	3,225,190	14,515	163,367	3,403,072
Software	9,408	48,797	-	58,205	51	5,988	64,244
State registration fees	-	-	-	-	80	3,655	3,735
Supplies	8,897	18,629	60	27,586	155	1,081	28,822
Taxes - payroll	34,806	216,600	13,646	265,052	4,361	13,347	282,760
Telephone	1,194	41,500	94	42,788	8	630	43,426
Travel	21,577	50,357	6,863	78,797	7	761	79,565
Total	\$ 9,745,789	\$ 4,259,564	\$ 874,777	\$ 14,880,130	\$ 53,430	\$ 368,976	\$ 15,302,536

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, 2015</i>	Communications	Victim Services	Policy	Total Programs	Management and general	Fund- raising	Total
Accounting	\$ 3,298	\$ 18,187	\$ 1,360	\$ 22,845	\$ 298	\$ 1,338	\$ 24,481
Bank credit card and other charges	449	2,478	185	3,112	16	16,207	19,335
Conferences	3,635	4,429	625	8,689	-	-	8,689
Contractors and consultants	87,721	137,421	49,942	275,084	21,404	21,404	317,892
Depreciation	1,966	10,839	810	13,615	178	797	14,590
Employee benefits	14,454	77,656	5,960	98,070	1,310	5,863	105,243
Equipment	1,426	31,936	-	33,362	-	-	33,362
Interest	961	5,298	396	6,655	87	390	7,132
Internet hosting	130,232	325,358	193	455,783	-	8,018	463,801
Legal	-	237,862	394,999	632,861	-	-	632,861
Liability insurance	2,046	11,286	843	14,175	186	830	15,191
Merchandise production	-	-	-	-	-	3,059	3,059
Occupancy expense	31,780	182,918	13,104	227,802	2,881	12,892	243,575
Postage	50,960	100	-	51,060	-	1,537	52,597
Printing	62,254	1,045	-	63,299	-	1,322	64,621
Public education/awareness	828,740	72,586	8,418	909,744	-	1,934	911,678
Salaries	349,498	1,871,639	144,046	2,365,183	86,374	141,979	2,593,536
Software	17,452	63,298	-	80,750	-	-	80,750
State registration fees	-	-	-	-	413	5,293	5,706
Supplies	10,743	14,686	-	25,429	410	392	26,231
Taxes - payroll	28,531	152,789	11,759	193,079	7,051	11,590	211,720
Telephone	83	83,073	-	83,156	-	-	83,156
Travel	9,178	32,769	2,874	44,821	15	-	44,836
Total	\$ 1,635,407	\$ 3,337,653	\$ 635,514	\$ 5,608,574	\$ 120,623	\$ 234,845	\$ 5,964,042

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>	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 808,076	\$ 450,163
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	29,182	42,682
Unrealized and realized loss (gain) on investments	2,913	(1,679)
Donated investments	(5,564)	(32,067)
(Increase) decrease in		
Pledges receivable	26,308	(12,057)
Contracts and grants receivable	(272,908)	(121,421)
Prepaid expenses	(374)	(25,709)
Increase (decrease) in		
Accounts payable and accrued expenses	19,941	153,896
Deferred rent	42,602	193,581
Deferred revenue	94,966	31,667
Net cash provided by operating activities	745,142	679,056
Cash flows used by investing activities		
Purchase of investments	(3,642)	-
Purchase of property and equipment	(62,589)	(399,980)
Net cash used by investing activities	(66,231)	(399,980)
Cash flows used by financing activities		
Payment on note payable	(30,299)	(28,856)
Net change in cash and cash equivalents	648,612	250,220
Cash and cash equivalents, beginning of year	2,989,589	2,739,369
Cash and cash equivalents, end of year	\$ 3,638,201	\$ 2,989,589
Supplemental cash flow information		
Payment of interest	\$ 5,647	\$ 7,132
Supplemental non-cash investing and financing activities		
Donated investments	\$ 5,564	\$ 32,067

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.

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, 2016 and 2015.

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. 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. This balance is deemed 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 Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Federal grants – Revenue from federal grants is recognized as expenditures are incurred. Amounts received in advance are deferred advances, and expenditures incurred on a reimbursement basis 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, 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. During 2016, RAINN received significant gifts-in-kind from one television network valued at \$8,000,000 for the production and airing of two Public Service Announcements.

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 Statement 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, 2016 and 2015, 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 2013 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.

Reclassification: Certain items previously reported in the 2015 financial statements have been reclassified to conform to the current financial statement presentation.

Subsequent events: Management has evaluated subsequent events for disclosure in these financial statements through November 10, 2016, which is the date the financial statements were available to be issued.

2. Program descriptions

Communications: RAINN educates the public about sexual assault and conducts programs to prevent assaults and to reach at-risk populations.

Rape, Abuse & Incest National Network (RAINN)

Notes to Financial Statements

Victim Services: RAINN operates the National Sexual Assault Hotline (800-656-HOPE), and the National Sexual Assault Online Hotline (a secure web-based support hotline at online.RAINN.org). RAINN also operates the DOD Safe Helpline, five interrelated services for members of the US military affected by sexual assault, through a contract from the Department of Defense. All services are provided free of charge to victims of sexual assault. RAINN also provides training, consulting and certification services for companies, organizations and government agencies addressing sexual assault prevention and response.

Policy: RAINN analyzes, develops, and promotes policy changes to bring rapists to justice, help victims, and reduce the incidence of sexual violence.

3. Investments

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

	<u>2016</u>	<u>2015</u>
Common stock	\$ 40,039	\$ 33,746
Investment income and (losses) gains on investments consisted of the following for the years ended May 31:		
	<u>2016</u>	<u>2015</u>
Unrealized and realized (losses) gains	\$ (2,913)	\$ 1,679
Interest	6,414	6,684
Total investment income	\$ 3,501	\$ 8,363

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.

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

Rape, Abuse & Incest National Network (RAINN)

Notes to Financial Statements

May 31, 2016	Total	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock	\$ 40,039	\$ 40,039	\$ -	\$ -
Total	\$ 40,039	\$ 40,039	\$ -	\$ -

May 31, 2015	Total	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock	\$ 33,746	\$ 33,746	\$ -	\$ -
Total	\$ 33,746	\$ 33,746	\$ -	\$ -

5. Property and equipment

Property and equipment consist of the following at May 31:

	2016	2015
Furniture and equipment	\$ 141,203	\$ 137,216
Software	230,550	132,875
Leasehold improvements	618,273	657,346
Total property and equipment	990,026	927,437
Less: Accumulated depreciation and amortization	(195,497)	(166,315)
Total property and equipment, net	\$ 794,529	\$ 761,122

Depreciation and amortization expense for the years ended May 31, 2016 and 2015 was \$29,182 and \$42,682, respectively.

Rape, Abuse & Incest National Network (RAINN)

Notes to Financial Statements

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. An extension executed in February 2015 provided for a rent abatement beginning May 2015 and ending December 2015, with rent payments resuming in January 2016. 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.

The following is a schedule by years of future minimum rental payments required under the operating lease as of May 31, 2016:

Year Ending May 31	Total
2017	331,556
2018	339,846
2019	348,325
2020	357,036
2021	365,988
Thereafter	2,040,798
Total	\$ 3,783,549

Total expense under operating leases for the years ended May 31, 2016 and 2015 was \$325,813 and \$234,697, 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 following schedule summarizes the future principal maturities due under the note payable agreement as of May 31, 2016:

Rape, Abuse & Incest National Network (RAINN)

Notes to Financial Statements

Year Ending May 31	Amount
2017	\$ 31,814
2018	33,405
2019	35,104
Total	\$ 100,323

Total interest expense on the note for the years ended May 31, 2016 and 2015 was \$5,647 and \$7,132, respectively.

8. Contributed services and gifts-in-kind

Contributed services and gifts-in-kind consisted of the following for the years ended May 31:

	2016	2015
Advertising and PSAs	\$ 8,189,862	\$ 121,341
IT hardware and software	27,138	16,200
Technology services and web hosting	320,598	241,049
Legal services	621,991	432,128
Media services	275,333	293,346
Other	31,483	61,593
Total	\$ 9,466,405	\$ 1,165,657

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, 2016 and 2015, RAINN incurred expenses of \$304,750 and \$285,384, respectively, under this agreement. In addition, RAINN reimbursed A&I Publishing approximately \$9,251 and \$3,870 for the years ended May 31, 2016 and 2015, respectively, for costs incurred by A&I Publishing on behalf of RAINN. The amount due to A&I Publishing as of May 31, 2016 and 2015 was \$61,833 and \$58,223, 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.

Rape, Abuse & Incest National Network (RAINN)

Notes to Financial Statements

-
- 10. Concentration of revenue** The contract with the Department of Defense comprises 23% and 49% of total revenue for the fiscal years ended May 31, 2016 and 2015, respectively. Contributed services from one donor for the production and airing of two Public Service Announcements accounted for 49% of total revenue for the year ended May 31, 2016.
- 11. Temporarily restricted net assets** As of May 31, 2015, temporarily restricted net assets of \$75,000 were restricted for the Communications program. During the year ended May 31, 2016, \$75,000 was released from restrictions. There was no balance in temporarily restricted net assets as of May 31, 2016.
- 12. Collective bargaining agreements** Approximately 16% of the organization's employees are covered by a collective bargaining agreement. The agreement is scheduled to expire May 31, 2017.



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.

805 King Farm Boulevard
Suite 300
Rockville, Maryland 20850

☎ 301.231.6200
☎ 301.231.7630
www.aronsonllc.com
info@aronsonllc.com

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, 2016 and 2015, 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 November 10, 2016.

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.

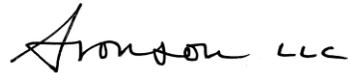
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (Continued)

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.



Rockville, Maryland
November 10, 2016



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, 2016. **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.

805 King Farm Boulevard
Suite 300
Rockville, Maryland 20850

☎ 301.231.6200
☎ 301.231.7630
www.aronsonllc.com
info@aronsonllc.com

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, 2016.

Report on Internal Control over Compliance

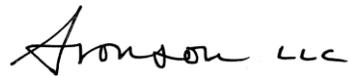
Management of **Rape, Abuse & Incest National Network (RAINN)** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Rape, Abuse & Incest National Network (RAINN)**'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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.



Rockville, Maryland
November 10, 2016

Rape, Abuse & Incest National Network (RAINN)

Schedule of Expenditures of Federal Awards

Year Ended May 31, 2016

<u>Federal Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>
<i>Program Cluster</i>			
Department of Justice			
Office for Victims of Crime			
Vision 21 (English)	16.826	2014-XV-BX-K004	\$ 809,046
Vision 21 (Spanish)	16.826	2014-XV-BX-K005	\$ 388,278
Total federal expenditures, Department of Justice program cluster			\$ 1,197,324

See accompanying Notes to Schedule of Expenditures of Federal Awards.

Rape, Abuse & Incest National Network (RAINN)

Notes to Schedule of Expenditures of Federal Awards

- 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, 2016. 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.

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, 2016

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 no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness identified? yes no
- Significant deficiencies identified that are not considered to be material weakness? yes 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 no

Identification of Major Programs:

GSA Grant Number
16.826

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

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

Auditee qualified as low-risk auditee? yes no

Rape, Abuse & Incest National Network (RAINN)

Schedule of Findings and Questioned Costs (Continued)

Year Ended May 31, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None