

SEXUAL ASSAULT CENTER

FINANCIAL STATEMENTS AND COMPLIANCE SECTION

***As of and for the Years Ended June 30, 2018
and 2017***

And Report Independent Auditor

SEXUAL ASSAULT CENTER

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SEXUAL ASSAULT CENTER

ROSTER OF BOARD OF DIRECTORS AND EXECUTIVE STAFF

AS OF JUNE 30, 2018

Board of Directors

Jim Barker	Chair
Sarah Hannah	Vice Chair
Tracy Kornet	Secretary
Dana Sanders	Treasurer
Elizabeth Kraft Bleeker	Immediate Past Chair
Leslie Zmugg	Emeritus
Cynthia Arnholt	Board Member
Lisa Beavers	Board Member
Lisa Campbell	Board Member
Dr. Deborah Webster Clair	Board Member
Kim Carpenter Drake	Board Member
Luke DeLaVergne	Board Member
Peter Erickson	Board Member
Janel Lacy	Board Member
Tommy Landstreet	Board Member
Jan Smyre	Board Member
Kristy Tinsley	Board Member
Dr. Shree Walker	Board Member
Dr. Sadhna Williams	Board Member
Mary Wilson	Board Member
Stephen Zralek	Board Member

Executive Staff

Rachel Freeman	President
Mary Beth Heaney-Garate	Vice President of Programs
Tana Kimbro	Vice President of Finance
Dorothy Freeman	Vice President of Development

Report of Independent Auditor

The Board of Directors
Sexual Assault Center
Nashville, Tennessee

We have audited the accompanying financial statements of Sexual Assault Center (the “Center”) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows and functional expenses 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 Sexual Assault Center as of June 30, 2018, 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.

Prior Year Financial Statements

The financial statements of Sexual Assault Center as of June 30, 2017, were audited by other auditors whose report dated November 8, 2017, expressed an unmodified opinion on those statements.

Other Matters

Other Information

Our audit was 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* 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 7, 2018, on our consideration of Sexual Assault Center'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 solely 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 the effectiveness of Sexual Assault Center's 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 Sexual Assault Center's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cheryl Bekant LLP". The signature is written in a cursive style.

Nashville, Tennessee
November 7, 2018

SEXUAL ASSAULT CENTER
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 506,374	\$ 435,121
Grants receivable	310,162	136,096
Pledges receivable, net, current portion	659,000	256,000
Other receivables	8,189	7,755
Prepaid expenses and other	14,656	13,347
Total Current Assets	1,498,381	848,319
Pledges receivable, net, net of current portion	277,991	17,750
Land, building, and equipment, net	3,898,468	2,516,498
Investments	1,462,993	1,358,636
Total Assets	\$ 7,137,833	\$ 4,741,203
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 219,116	\$ 78,272
Line of credit	174,463	-
Total Liabilities	393,579	78,272
Net Assets:		
Unrestricted:		
Undesignated	4,078,735	2,649,545
Board designated	119,027	119,027
Total Unrestricted	4,197,762	2,768,572
Temporarily restricted	1,366,795	714,662
Permanently restricted	1,179,697	1,179,697
Total Net Assets	6,744,254	4,662,931
Total Liabilities and Net Assets	\$ 7,137,833	\$ 4,741,203

The accompanying notes to the financial statements are an integral part of these statements.

SEXUAL ASSAULT CENTER
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Other Support:				
Capital campaign gifts	\$ 1,527,301	\$ 681,741	\$ -	\$ 2,209,042
Grants	1,384,864	-	-	1,384,864
Individual and corporate gifts	805,166	-	-	805,166
Special events	188,599	2,750	-	191,349
United Way	-	181,500	-	181,500
Investment income	-	171,317	-	171,317
Donated services	129,503	-	-	129,503
Counseling fees	105,146	-	-	105,146
Miscellaneous	84,849	-	-	84,849
Net assets released from restrictions	<u>385,175</u>	<u>(385,175)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>4,610,603</u>	<u>652,133</u>	<u>-</u>	<u>5,262,736</u>
Expenses:				
Program services	2,674,623	-	-	2,674,623
Supporting services:				
Management and general	121,005	-	-	121,005
Fundraising	<u>385,785</u>	<u>-</u>	<u>-</u>	<u>385,785</u>
Total Expenses	<u>3,181,413</u>	<u>-</u>	<u>-</u>	<u>3,181,413</u>
Change in net assets	1,429,190	652,133	-	2,081,323
Net assets, beginning of year	<u>2,768,572</u>	<u>714,662</u>	<u>1,179,697</u>	<u>4,662,931</u>
Net assets, end of year	<u>\$ 4,197,762</u>	<u>\$ 1,366,795</u>	<u>\$ 1,179,697</u>	<u>\$ 6,744,254</u>

SEXUAL ASSAULT CENTER
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Other Support:				
Grants	\$ 990,058	\$ -	\$ -	\$ 990,058
Individual and corporate gifts	690,873	50,000	-	740,873
Special events	216,209	5,000	-	221,209
United Way	-	200,000	-	200,000
Counseling fees	146,075	-	-	146,075
Investment income	-	143,639	-	143,639
Capital campaign gifts	-	103,187	-	103,187
Donated services	63,109	-	-	63,109
Miscellaneous	52,967	-	-	52,967
Net assets released from restrictions	434,095	(434,095)	-	-
Total Revenue and Other Support	<u>2,593,386</u>	<u>67,731</u>	<u>-</u>	<u>2,661,117</u>
Expenses:				
Program services	2,327,025	-	-	2,327,025
Supporting services:				
Management and general	114,292	-	-	114,292
Fundraising	299,976	-	-	299,976
Total Expenses	<u>2,741,293</u>	<u>-</u>	<u>-</u>	<u>2,741,293</u>
Change in net assets	(147,907)	67,731	-	(80,176)
Net assets, beginning of year	<u>2,916,479</u>	<u>646,931</u>	<u>1,179,697</u>	<u>4,743,107</u>
Net assets, end of year	<u>\$ 2,768,572</u>	<u>\$ 714,662</u>	<u>\$ 1,179,697</u>	<u>\$ 4,662,931</u>

The accompanying notes to the financial statements are an integral part of these statements.

SEXUAL ASSAULT CENTER
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,081,323	\$ (80,176)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	86,169	89,801
Realized and unrealized gain on investments	(148,753)	(124,928)
Capital campaign receipts	(1,520,610)	(28,378)
(Increase) decrease in grants receivable	(174,066)	1,790
(Increase) decrease in pledges receivable	(663,241)	23,312
Decrease in other receivables	(434)	(5,560)
(Increase) decrease in prepaid expenses and other	(1,309)	8,081
Increase in accounts payable and accrued expenses	140,844	55,444
Net cash used in operating activities	<u>(200,077)</u>	<u>(60,614)</u>
Cash flows from investing activities:		
Purchases of investments	(238,654)	(91,359)
Proceeds from sale of investments	283,050	137,884
Purchases of land, building, and equipment	<u>(1,468,139)</u>	<u>(115,244)</u>
Net cash used in investing activities	<u>(1,423,743)</u>	<u>(68,719)</u>
Cash flows from financing activities:		
Capital campaign receipts	1,520,610	28,378
Borrowings under line of credit	<u>174,463</u>	<u>-</u>
Net cash provided by financing activities	<u>1,695,073</u>	<u>28,378</u>
Net increase (decrease) in cash and cash equivalents	71,253	(100,955)
Cash and cash equivalents, beginning of year	<u>435,121</u>	<u>536,076</u>
Cash and cash equivalents, end of year	<u>\$ 506,374</u>	<u>\$ 435,121</u>
Supplemental cash flow information:		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>

SEXUAL ASSAULT CENTER
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 1,727,805	\$ 67,599	\$ 153,798	\$ 221,397	\$ 1,949,202
Benefits and taxes	346,483	6,708	24,380	31,088	377,571
Total Salaries and Related Expenses	2,074,288	74,307	178,178	252,485	2,326,773
Donated services	129,503	-	-	-	129,503
Occupancy	101,727	2,037	3,095	5,132	106,859
Temporary and professional services	75,340	9,820	14,174	23,994	99,334
Special event expense	-	-	85,679	85,679	85,679
Equipment and IT consulting	78,098	1,796	4,160	5,956	84,054
Supplies	25,914	7,094	30,318	37,412	63,326
Professional development	38,560	15,330	1,329	16,659	55,219
Travel	36,569	172	966	1,138	37,707
Capital campaign	-	-	35,564	35,564	35,564
Advertising and marketing	6,221	1,904	16,991	18,895	25,116
Insurance	16,268	476	853	1,329	17,597
Telephone	16,225	358	661	1,019	17,244
Licenses and fees	2,850	1,270	3,060	4,330	7,180
Miscellaneous	1,133	2,633	323	2,956	4,089
Total Expenses Before Depreciation	2,602,696	117,197	375,351	492,548	3,095,244
Depreciation	71,927	3,808	10,434	14,242	86,169
Total Expenses	<u>\$ 2,674,623</u>	<u>\$ 121,005</u>	<u>\$ 385,785</u>	<u>\$ 506,790</u>	<u>\$ 3,181,413</u>

SEXUAL ASSAULT CENTER
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Supporting Services			Total Supporting Services	Total Expenses
	Program Services	Management and General	Fundraising		
Salaries	\$ 1,462,976	\$ 44,247	\$ 138,980	\$ 183,227	\$ 1,646,203
Benefits and taxes	281,804	21,421	28,321	49,742	331,546
Total Salaries and Related Expenses	1,744,780	65,668	167,301	232,969	1,977,749
Temporary and professional services	94,878	11,207	17,480	28,687	123,565
Occupancy	80,189	3,512	5,553	9,065	89,254
Special event expense	-	-	81,077	81,077	81,077
Travel	70,643	1,874	654	2,528	73,171
Equipment and IT consulting	64,096	-	5,175	5,175	69,271
Donated services	63,109	-	-	-	63,109
Supplies	51,603	-	1,225	1,225	52,828
Advertising and marketing	28,351	1,730	5,738	7,468	35,819
Professional development	21,672	9,695	2,367	12,062	33,734
Insurance	13,660	8,984	1,260	10,244	23,904
Telephone	12,050	390	864	1,254	13,304
Licenses and fees	2,462	2,042	4,576	6,618	9,080
Capital campaign	-	-	3,932	3,932	3,932
Miscellaneous	315	750	630	1,380	1,695
Total Expenses Before Depreciation	2,247,808	105,852	297,832	403,684	2,651,492
Depreciation	79,217	8,440	2,144	10,584	89,801
Total Expenses	<u>\$ 2,327,025</u>	<u>\$ 114,292</u>	<u>\$ 299,976</u>	<u>\$ 414,268</u>	<u>\$ 2,741,293</u>

SEXUAL ASSAULT CENTER

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 1—Nature of activities and significant accounting policies

General – Sexual Assault Center (the “Center”) was founded by volunteers in 1978 as a Tennessee nonprofit corporation. The Center is the only organization in Middle Tennessee dedicated exclusively to serving victims of sexual assault. The Center offers specialized services for rape victims, child sexual abuse victims, adult survivors and non-offending parents. These services include individual, group and family therapy, a 24-hour crisis line, medical accompaniments, assessments and court preparation groups, and an education outreach program to teach children, parents, and teachers. Funding for the Center’s services is provided principally by contracts with the Tennessee Department of Finance and Administration, as well as from United Way and individual and corporate donations.

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Financial statement presentation follows the recommendations of accounting and financial reporting standards prescribed for not-for-profit organizations. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Unrestricted Net Assets –

Undesignated – Net assets that are not subject to donor-imposed stipulations or designated by the Center’s board.

Board Designated – Net assets designated by the Center’s board for particular purposes, presently designated by the board for funds held in reserve for future use.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that are to be maintained permanently by the Center.

Cash and Cash Equivalents – Cash and cash equivalents include demand deposits with banks and time deposits with original maturities when purchased of three months or less.

Pledges Receivable – Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Temporarily restricted contributions whose restrictions are met in the same year as received are reported as unrestricted contributions.

The Center uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years’ experience and management’s analysis of specific pledges made.

SEXUAL ASSAULT CENTER

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 1—Nature of activities and significant accounting policies (continued)

Land, Building, and Equipment – Land, building, and equipment are stated at acquisition costs, or estimated fair market value if donated, less accumulated depreciation. Expenditures for ordinary maintenance and repairs are charged to expense. Renewals and betterments that materially extend the life of the asset are capitalized. Depreciation is computed on the straight-line method over estimated useful lives of the assets, which range from 3 to 40 years.

Donated Services – The Center’s policy is to record support and expenses for contributed services that require specialized skills and would be purchased if not provided by the donor at the fair value of services received. The Center records the value of services donated by graduate student interns, who see clients and assist with therapy and the crisis telephone line, based on the average wage rate of clinical therapists. The value of services donated by certain other individuals who are required to have specialized training before they may help answer the crisis telephone line and assist with medical accompaniment is based on the minimum wage rate in effect. Donated services of \$129,503 and \$63,109 have been included in both revenue and expenses in the statements of activities and statements of functional expenses for the years ended June 30, 2018 and 2017, respectively.

Program and Supporting Services – Functional Allocation

The following program and supporting services are included in the accompanying financial statements:

Program Services – Include activities carried out to fulfill the Center’s mission, resulting in services provided to victims of sexual assaults and their families. This includes counseling and therapeutic services through counseling, therapy, education and advocacy. Program services also include the support provided to victims by volunteers through responding to crisis hotline calls, assisting in medical accompaniments and general marketing, and an education program that teaches children, parents, and teachers how to recognize and reduce the risks of sexual abuse.

Supporting Services –

Management and General – Relates to the overall direction of the Center. These expenses are not identifiable with a particular program or with fundraising, but are indispensable to the conduct of those activities and are essential to the Center. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, information systems and technology, and other administrative activities.

Fundraising – Includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

Advertising – Advertising costs are expensed as incurred.

Investments – Investments are reported at fair value as reported by the respective funds using quoted market prices. Net realized and unrealized gains and losses are reflected in the statements of activities.

Fair Values – The Center has an established process for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently-sourced market data, including interest rate yield curves, option volatilities, and third party information. There have been no changes in methodologies used at June 30, 2018 and 2017.

SEXUAL ASSAULT CENTER

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 1—Nature of activities and significant accounting policies (continued)

Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Accounting principles generally accepted in the United States of America have a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels are explained as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Endowment Funds – The not-for-profit topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) clarifies that a nonprofit organization should classify the portion of a donor-restricted endowment fund that is not permanently restricted by the donor or by law as temporarily restricted net assets (time restricted) until it is appropriated for expenditure and donor-imposed purpose restrictions, if any, are met. When the purpose restrictions, if any, on the portion of donor-restricted endowment funds are met and the appropriation has occurred, temporarily restricted net assets are reclassified to unrestricted net assets. It also requires additional disclosures applicable to all nonprofit organizations, even if the organization is not yet subject to a version of the *Uniform Prudent Management of Institutional Funds Act* (“UPMIFA”). Those disclosures provide: a) a description of the organization's policies for making appropriations for expenditures from endowment funds (i.e., the organization's endowment spending policies), b) a description of the organization's investment policies for endowment funds, c) a description of the organization's endowment by net asset class at the end of the period in total and by type of endowment fund, d) a reconciliation of the beginning and ending balances of endowment funds in total and by net asset class, and e) a description of the organization's interpretation of the law(s) underlying the net asset classification of donor-restricted endowment funds.

Income Taxes – The Center is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income tax has been made.

The Center accounts for income taxes in accordance with income tax accounting guidance in FASB ASC Topic 740, *Income Taxes*. The guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Center does not believe there were any uncertain tax positions at June 30, 2018 and 2017. Additionally, the Center has not recognized any tax-related interest and penalties in the accompanying financial statements.

SEXUAL ASSAULT CENTER
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 1—Nature of activities and significant accounting policies (continued)

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. Estimates also affect the reported amounts of revenue and other support and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements – In August 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The standard changes presentation and disclosure requirements of not-for-profit entities. The primary changes are a decrease in the number of net asset classes from three to two, reporting of underwater amounts of donor-restricted endowment funds in net assets with donor restrictions, requiring disclosure of qualitative information on how the not-for-profit entity manages its liquid available resources and liquidity risks, and requiring reporting of expense by function and nature, as well as enhanced endowment disclosures. This standard is effective for all fiscal years beginning after December 31, 2017. The Center has elected not to early adopt ASU 2016-14.

Note 2—Grants receivable

Grants receivable consist of the following at June 30:

	2018	2017
Tennessee Department of Finance & Administration	\$ 304,934	\$ 131,658
Other	5,228	4,438
	<u>\$ 310,162</u>	<u>\$ 136,096</u>

Grants receivable are reviewed periodically as to their collectability. Based on collection experience and management’s review, no allowance for doubtful accounts is considered necessary at June 30, 2018 and 2017.

Note 3—Pledges receivable

Pledges receivable consist of the following at June 30:

	2018	2017
Contributions receivable	\$ 785,933	\$ 73,750
United Way allocations and designations	181,500	200,000
	<u>967,433</u>	<u>273,750</u>
Less discount to net present value (2.63% at June 30, 2018)	<u>(30,442)</u>	<u>-</u>
Pledges receivable	<u>\$ 936,991</u>	<u>\$ 273,750</u>
Receivable in less than one year	<u>\$ 659,000</u>	<u>\$ 256,000</u>
Receivable in one to five years	<u>\$ 277,991</u>	<u>\$ 17,750</u>

Management believes that pledges receivable are fully collectible; therefore, no allowance for uncollectible pledges is considered necessary at June 30, 2018 and 2017.

SEXUAL ASSAULT CENTER
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 4—Investments

Investments and their fair value measurement consist of the following at June 30:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	
	2018	2017
Individual Common Stocks:		
Consumer discretionary	\$ 248,691	\$ 226,894
Information technology	163,881	166,139
Healthcare	141,580	133,003
Industrials	107,814	115,093
Financials	86,591	80,345
Delivery services	76,887	79,222
Retail services	101,988	58,080
Energy	44,928	43,971
Materials	42,485	39,810
Management services	27,720	27,705
Telecommunications services	86,016	22,296
Total Individual Common Stocks	<u>1,128,581</u>	<u>992,558</u>
Government and Corporate Bonds:		
Financial	99,822	117,463
Industrial	73,766	76,355
Utilities	24,797	-
Healthcare	49,937	-
Total Government and Corporate Bonds	<u>248,322</u>	<u>193,818</u>
Mutual Funds:		
High yield	19,004	19,690
Total Mutual Funds	<u>19,004</u>	<u>19,690</u>
Interest bearing cash – pending investment	19,306	130,506
Other investments	47,780	22,064
Total Investments at Fair Value	<u>\$ 1,462,993</u>	<u>\$ 1,358,636</u>

SEXUAL ASSAULT CENTER
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 4—Investments (continued)

Investment income consists of the following for the years ended June 30:

	2018	2017
Interest and dividends	\$ 22,564	\$ 18,711
Unrealized and realized gain on investments	148,753	124,928
	<u>\$ 171,317</u>	<u>\$ 143,639</u>

Note 5—Land, building, and equipment

Land, building, and equipment consist of the following at June 30:

	2018	2017
Land	\$ 552,618	\$ 552,618
Building	1,959,280	1,959,280
Building improvements	1,871,179	391,487
Furniture and equipment	294,805	297,245
Artwork	12,905	12,905
Construction in progress	-	96,862
	<u>4,690,787</u>	<u>3,310,397</u>
Less accumulated depreciation	<u>(792,319)</u>	<u>(793,899)</u>
	<u>\$ 3,898,468</u>	<u>\$ 2,516,498</u>

Fully depreciated assets amounted to \$62,682 and \$128,088 at June 30, 2018 and 2017, respectively.

Note 6—Financing arrangements

During 2018, the Center entered into an agreement with a contractor to renovate its existing facility (see Note 13). The costs of the renovation project were expected to be approximately \$1,250,000. In order to finance this construction, in September 2017, the Center entered into an agreement with a financial institution for a revolving line of credit with a maximum availability of \$1,250,000. This arrangement requires monthly interest payments (3.25%) through September 2020, when all outstanding principal and interest is due. This financing arrangement requires the Center's capital campaign pledge receipts as collateral and contains certain covenants. At June 30, 2018, amounts outstanding under this arrangement were \$174,463.

Also during 2018, the Center entered into an agreement with a financial institution for a separate revolving line of credit with a maximum availability \$150,000. Interest is payable monthly at the institution's prime rate of interest plus 1.00%, resulting in an initial rate of 5.25%. This arrangement is collateralized with certain assets of the Center. The arrangement matures in August 2020, at which time all amounts outstanding an all accrued interest will be due. At June 30, 2018, there were no amounts outstanding under this arrangement.

SEXUAL ASSAULT CENTER
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 7—Restrictions on net assets

Temporarily Restricted Net Assets – Temporarily restricted net assets are available for the following purposes or periods at June 30:

	<u>2018</u>	<u>2017</u>
Pledges receivable	\$ 755,491	\$ 73,750
Investment income	283,296	178,939
United Way funding – for following year	181,500	200,000
Contributions for building purchase capital campaign – for building repairs and maintenance	143,758	143,758
Fundraising event – for following year	2,750	5,000
Contributions for building renovation capital campaign	-	63,215
Memorial Foundation – for following year	-	50,000
	<u>\$ 1,366,795</u>	<u>\$ 714,662</u>

Permanently Restricted Net Assets – Building and equipment funds for the Center’s prior location were solicited under the condition that pledges in excess of the cost of the building and equipment acquired would be used to establish a permanently restricted endowment fund.

In addition to the above, the Center solicited funds for its current building with the stipulation that any excess funds would be placed in a permanent endowment fund, the interest from which will be utilized to help fund operating costs of the building.

Permanently restricted net assets consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Endowment fund investments	<u>\$ 1,179,697</u>	<u>\$ 1,179,697</u>

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of directors as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The UPMIFA was enacted in Tennessee effective July 1, 2007. The Center has interpreted the UPMIFA as requiring that the Center classify as permanently restricted net assets a) the original value of donor-restricted gifts to the permanent endowment, b) the original value of subsequent donor-restricted gifts to the permanent endowment, and c) accumulations (interest, dividends, capital gain/loss) to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are approved for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Center and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Center
- The investment policies of the Center

SEXUAL ASSAULT CENTER
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 7—Restrictions on net assets (continued)

Endowment net asset composition by type of fund as of June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 283,296	\$ 1,179,697	\$ 1,462,993

Changes in endowment net assets for the year ended June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 178,939	\$ 1,179,697	\$ 1,358,636
Unrealized and realized gain on investments	-	148,753	-	148,753
Interest and dividends	-	22,564	-	22,564
Expenditures	-	(66,960)	-	(66,960)
Endowment net assets, end of year	\$ -	\$ 283,296	\$ 1,179,697	\$ 1,462,993

Endowment net asset composition by type of fund as of June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 178,939	\$ 1,179,697	\$ 1,358,636

Changes in endowment net assets for the year ended June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 100,536	\$ 1,179,697	\$ 1,280,233
Unrealized and realized gain on investments	-	124,928	-	124,928
Interest and dividends	-	18,711	-	18,711
Expenditures	-	(65,236)	-	(65,236)
Endowment net assets, end of year	\$ -	\$ 178,939	\$ 1,179,697	\$ 1,358,636

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to provide a real total return, net of investment management fees that is consistent with spending policy requirements. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Center's investment policy is to maintain 40% to 70% in equity securities, 20% to 40% in bonds or alternative investments, and 5% to 15% in cash and cash equivalents.

The Center's policy is to annually withdraw 5% of the average year-end value of the portfolio for the previous three fiscal years for operations. However, if the amount of funds in the investment account is less than the permanently restricted net asset balance, no amount is withdrawn for operations.

SEXUAL ASSAULT CENTER

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 8—Concentrations of credit risk

The Center receives a substantial amount of its support from grants, state agencies and the United Way. Grant and United Way revenue comprised approximately 27% and 45% of total revenue and other support during fiscal years 2018 and 2017, respectively. A significant reduction in the level of this support, if this were to occur, could have an adverse impact on the Center's programs and services.

The Center also receives a significant amount of its support from contributions. During the years ended June 30, 2018 and 2017, contributions from one and two donors, respectively, represent approximately 17% and 28%, respectively, of contributions from individuals, corporations, and capital campaign donors. Similarly, pledges receivable from three and one donors, respectively, represent approximately 79% and 18% respectively, of pledges receivable at June 30, 2018 and 2017.

During 2018 and 2017, the Center maintained deposit accounts with financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC"). The Center may, at times, maintain bank accounts whose balances exceed federally insured limits. However, the Center has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

At June 30, 2018 and 2017, investments were managed by one brokerage and investment company with an account balance totaling \$1,462,993 and \$1,358,636, respectively. Investments in the account are invested in various stocks, bonds and mutual funds. Investments are not insured by FDIC or any other government agency and are subject to investment risk, including loss of principal. Investments are insured by the Securities and Investor Protection Corporation, which covers investor losses, in some cases, attributable to bankruptcy or fraudulent practices of brokerage firms.

Note 9—Commitments and contingencies

The Center has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for potential reimbursements to the grantor.

The Center has received commitments for additional grant funding as follows:

Years Ending June 30,

2019	\$ 1,565,932
2020	1,227,577
	<hr/>
	\$ 2,793,509

Note 10—Employee benefit plan

The Center maintains a 401(k) retirement plan. Under the terms of the plan, the Center may provide a matching contribution up to a maximum of 3% of each eligible employee's annual compensation (including bonuses, commissions, and overtime). Employees are eligible to participate in the plan after one year of service and become fully vested after five years. Employer contributions for the years ended June 30, 2018 and 2017, totaled \$18,031 and \$33,796, respectively.

SEXUAL ASSAULT CENTER

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 11—Community Foundation of Middle Tennessee

The Community Foundation of Middle Tennessee (the “Foundation”) maintains investments on behalf of the Center. The Foundation has ultimate authority and control over the investments; accordingly the net assets of the Center do not include these investments. The Center does anticipate receiving periodic investment earnings on its pro-rata share of the Foundation’s assets. The balance of the endowment fund held for the benefit of the Center totals \$22,809 and \$21,286 at June 30, 2018 and 2017, respectively.

Note 12—Lease contracts

During 2016, the Center entered into a new lease for office space in Clarksville, Tennessee with a start date of October 1, 2015 and a lease term of five years. During 2017, the Center leased the adjacent space as well to allow for expanded services in that location. Rent expense under these arrangements totaled approximately \$23,000 for the years ended June 30, 2018 and 2017. Future minimum lease commitments are as follows:

Years Ending June 30,

2019	\$	23,400
2020		23,400
2021		5,850
	\$	<u>52,650</u>

Note 13—Capital campaign

During 2017, the Center began a capital campaign in order to renovate its existing facility to include a clinic devoted exclusively to providing sexual assault forensic exams to survivors over the age of 14. The costs of design, construction, furnishings, medical equipment, securing, and operating 24 hours a day indicated a need for the Center to raise \$2,500,000. As of June 30, 2017, contributions received and pledges receivable totaled \$103,187. During 2018, additional contributions and pledges have been received, bringing the total raised under the campaign to approximately \$2,390,000.

Note 14—Subsequent events

The Center evaluated subsequent events through November 7, 2018, when these financial statements were available to be issued. The Center is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

COMPLIANCE SECTION

SEXUAL ASSAULT CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2018

FEDERAL GRANTOR / PASS-THROUGH GRANTOR Program / Cluster Name	CFDA No.	Pass-Through Grantor's Number	Expenditures	Balance Receivable June 30, 2018
<u>FEDERAL AWARDS</u>				
<u>U.S. Department of Justice</u>				
Passed through Tennessee Department of Finance & Administration:				
Crime Victim Assistance	16.575	VOCA No. 26642	\$ 830,119	\$ 192,086
Total for CFDA No. 16.575 +			<u>830,119</u>	<u>192,086</u>
Direct Intervention Services for Victims of Sexual Assault in Middle Tennessee	16.017	SASP No. 26601	221,993	54,455
Total for CFDA No. 16.017			<u>221,993</u>	<u>54,455</u>
STOP Violence Against Women's Violence	16.588	STOP No. 26688	159,148	33,163
STOP Violence Against Women's Violence	16.588	STOP No. 27569	118,191	25,230
Total for CFDA No. 16.588			<u>277,339</u>	<u>58,393</u>
OWV Arrest - Sexual Assault Response Project	16.590	Arrest No. 52886	39,259	-
Total for CFDA No. 16.590			<u>39,259</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through Centers for Disease Control and Prevention				
Passed through Tennessee Coalition to End Domestic and Sexual Violence:				
Preventative Health & Health Services - Crisis Hotline	93.991	N/A	16,154	5,228
Total for CFDA No. 93.991			<u>16,154</u>	<u>5,228</u>
Total Federal Awards			<u>\$ 1,384,864</u>	<u>\$ 310,162</u>

+ Denotes major program

SEXUAL ASSAULT CENTER

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2018

Note 1—Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) summarizes the expenditures of Sexual Assault Center under programs of the federal government for the year ended June 30, 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”).

Note 2—Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Grant revenues are recognized when the related program expenditures are incurred.

Sexual Assault Center expended indirect costs using a contracted method and did not elect to use the 10% de minimis cost rate allowed under the Uniform Guidance.

**Report of Independent Auditor 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***

The Board of Directors
Sexual Assault Center
Nashville, Tennessee

We have audited, 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, the financial statements of Sexual Assault Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 issued our report thereon dated November 7, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sexual Assault Center's internal control over financial reporting ("internal control") to determine 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 Sexual Assault Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Sexual Assault Center'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sexual Assault Center's financial statements are free of 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cheng Bekant LLP

Nashville, Tennessee
November 7, 2018

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

The Board of Directors
Sexual Assault Center
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited Sexual Assault Center's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sexual Assault Center's major federal programs for the year ended June 30, 2018. Sexual Assault Center's major federal programs are 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 each of Sexual Assault Center's major federal programs 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about Sexual Assault Center'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 each major federal program. However, our audit does not provide a legal determination of Sexual Assault Center's compliance.

Opinion on Each Major Federal Program

In our opinion, Sexual Assault Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of Sexual Assault Center 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 Sexual Assault Center'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 Sexual Assault Center'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.

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 on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Handwritten signature in blue ink that reads "Cheryl Bekant LLP".

Nashville, Tennessee
November 7, 2018

SEXUAL ASSAULT CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

Section I—Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on whether the financial statements of Sexual Assault Center were prepared in accordance with GAAP.
2. No significant deficiencies were disclosed during the audit of the financial statements or were reported in the 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*. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Sexual Assault Center, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit and/or are reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor’s report on compliance for the major federal award programs of Sexual Assault Center expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) reported in this Schedule.
7. The programs tested as major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
16.575	Crime Victim Assistance
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. Sexual Assault Center was not determined to be a low-risk auditee.

Section II—Financial Statement Findings

None.

Section III—Major Federal Award Programs Audit Findings and Questioned Costs

None.

SEXUAL ASSAULT CENTER
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2018

There were no prior findings reported.