

**RAPE AND SEXUAL ABUSE CENTER**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY DATA**

**June 30, 2004 and 2003**

**RAPE AND SEXUAL ABUSE CENTER**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Rape and Sexual Abuse Center

We have audited the accompanying statements of financial position of the Rape and Sexual Abuse Center (the "Center") as of June 30, 2004 and 2003, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Center's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rape and Sexual Abuse Center as of June 30, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 20, 2004, on our consideration of the Rape and Sexual Abuse Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the Rape and Sexual Abuse Center taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Frasier, Dean + Howard, PLLC*

August 20, 2004, except Note 11  
for which the date is August 29, 2004

**RAPE AND SEXUAL ABUSE CENTER  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2004 and 2003**

**Assets**

	<b>2004</b>	<b>2003</b>
Cash and cash equivalents	\$ 248,689	\$ 316,074
Investments	798,824	730,645
Grants receivable	42,922	35,181
Pledges receivable, net	239,297	268,218
Counseling fees receivable	15,673	10,799
Other	9,811	13,906
Land, building and equipment, net	741,007	739,931
Total assets	<b>\$2,096,223</b>	<b>\$2,114,754</b>

**Liabilities and Net Assets**

Accounts payable and accrued expenses	\$ 22,699	\$ 22,408
Total liabilities	22,699	22,408
Net assets:		
Unrestricted:		
Undesignated	310,824	268,855
Property and equipment	741,007	739,931
Board designated	35,727	35,727
Total unrestricted	1,087,558	1,044,513
Temporarily restricted	247,769	309,636
Permanently restricted	738,197	738,197
Total net assets	2,073,524	2,092,346
Total liabilities and net assets	<b>\$2,096,223</b>	<b>\$2,114,754</b>

See accompanying notes.

**RAPE AND SEXUAL ABUSE CENTER**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and other support:				
Grants	\$ 372,648	\$ -	\$ -	\$ 372,648
Individual and corporate gifts	277,797	22,000	-	299,797
United Way	11,715	213,938	-	225,653
Special events	138,286	15,750	-	154,036
Counseling fees	176,850	-	-	176,850
Donated services and materials	57,011	-	-	57,011
Investment income	91,715	-	-	91,715
Other	15,930	-	-	15,930
Net assets released from restrictions	<u>313,555</u>	<u>(313,555)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>1,455,507</u>	<u>(61,867)</u>	<u>-</u>	<u>1,393,640</u>
Expenses:				
Program services	1,077,771	-	-	1,077,771
Supporting services:				
Management and general	112,750	-	-	112,750
Fundraising	<u>221,941</u>	<u>-</u>	<u>-</u>	<u>221,941</u>
Total expenses	<u>1,412,462</u>	<u>-</u>	<u>-</u>	<u>1,412,462</u>
Change in net assets	43,045	(61,867)	-	(18,822)
Net assets, beginning of year	<u>1,044,513</u>	<u>309,636</u>	<u>738,197</u>	<u>2,092,346</u>
Net assets, end of year	<u>\$1,087,558</u>	<u>\$ 247,769</u>	<u>\$ 738,197</u>	<u>\$2,073,524</u>

See accompanying notes.

**RAPE AND SEXUAL ABUSE CENTER**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and other support:				
Grants	\$ 374,301	\$ -	\$ -	\$ 374,301
Individual and corporate gifts	328,231	45,000	-	373,231
United Way	21,755	260,984	-	282,739
Special events	178,076	12,000	-	190,076
Counseling fees	169,159	-	-	169,159
Donated services and materials	52,709	-	-	52,709
Investment income	49,648	-	-	49,648
Other	16,047	-	-	16,047
Net assets released from restrictions	<u>314,005</u>	<u>(305,426)</u>	<u>(8,579)</u>	<u>-</u>
Total revenue and other support	<u>1,503,931</u>	<u>12,558</u>	<u>(8,579)</u>	<u>1,507,910</u>
Expenses:				
Program services	1,060,667	-	-	1,060,667
Supporting services:				
Management and general	165,478	-	-	165,478
Fundraising	<u>243,237</u>	<u>-</u>	<u>-</u>	<u>243,237</u>
Total expenses	<u>1,469,382</u>	<u>-</u>	<u>-</u>	<u>1,469,382</u>
Change in net assets	34,549	12,558	(8,579)	38,528
Net assets, beginning of year	<u>1,009,964</u>	<u>297,078</u>	<u>746,776</u>	<u>2,053,818</u>
Net assets, end of year	<u>\$1,044,513</u>	<u>\$ 309,636</u>	<u>\$ 738,197</u>	<u>\$2,092,346</u>

See accompanying notes.

**RAPE AND SEXUAL ABUSE CENTER**  
**STATEMENTS OF CASH FLOWS**  
**For the years ended June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Change in net assets	\$ (18,822)	\$ 38,528
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	28,909	45,075
Allowance for uncollectible pledges and bad debt expense	6,711	29,850
Realized and unrealized gain on investments	(65,595)	(22,168)
Increase in receivable from grantor agencies	(7,741)	(4,883)
Decrease in unconditional promises to give	22,210	20,339
Increase in counseling fees receivable	(4,874)	(10,799)
Decrease in other assets	4,095	6,065
Increase in accounts payable and accrued expenses	291	8,656
Net cash provided (used) by operating activities	<u>(34,816)</u>	<u>110,663</u>
Cash flows from investing activities:		
Purchases of investments	(274,788)	(303,604)
Proceeds from sale of investments	272,204	288,735
Purchase of property and equipment	<u>(29,985)</u>	<u>(7,744)</u>
Net cash used in investing activities	<u>(32,569)</u>	<u>(22,613)</u>
Cash flows from financing activities:		
Proceeds from pledges restricted for endowment	<u>-</u>	<u>3,800</u>
Net cash provided by financing activities	<u>-</u>	<u>3,800</u>
Net increase (decrease) in cash and cash equivalents	(67,385)	91,850
Cash and cash equivalents, beginning of year	<u>316,074</u>	<u>224,224</u>
Cash and cash equivalents, end of year	<u>\$ 248,689</u>	<u>\$ 316,074</u>

See accompanying notes.

**RAPE AND SEXUAL ABUSE CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2004

	Program Services	Supporting Services		Total Supporting Services	Total All Services
	Total Program Services	Management and General	Fundraising		
Salaries	\$ 666,533	\$ 69,010	\$ 114,856	\$ 183,866	\$ 850,399
Employee benefits	78,970	8,176	13,608	21,784	100,754
Payroll taxes	54,447	5,637	9,382	15,019	69,466
 Total salaries and related expenses	 799,950	 82,823	 137,846	 220,669	 1,020,619
 Professional development	 16,362	 2,245	 1,968	 4,213	 20,575
Professional and contract services	33,559	7,298	5,564	12,862	46,421
Supplies	24,505	1,229	1,848	3,077	27,582
Miscellaneous	1,027	869	805	1,674	2,701
Communication	41,769	1,610	20,430	22,040	63,809
Occupancy	39,150	2,131	1,806	3,937	43,087
Special event expenses	-	-	43,964	43,964	43,964
Insurance	13,858	908	842	1,750	15,608
Equipment rental and maintenance	23,102	2,143	1,438	3,581	26,683
Publications, dues, licenses and fees	1,947	4,700	2,134	6,834	8,781
Donated materials and services	57,011	-	-	-	57,011
Bad debts	6,711	-	-	-	6,711
 Total expenses before depreciation	 1,058,951	 105,956	 218,645	 324,601	 1,383,552
 Depreciation	 18,820	 6,794	 3,296	 10,090	 28,910
 Total expenses	 <u>\$1,077,771</u>	 <u>\$ 112,750</u>	 <u>\$ 221,941</u>	 <u>\$ 334,691</u>	 <u>\$1,412,462</u>

See accompanying notes.



**RAPE AND SEXUAL ABUSE CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2003

	Program Services	Supporting Services		Total Supporting Services	Total All Services
	Total Program Services	Management and General	Fundraising		
Salaries	\$ 645,140	\$ 72,468	\$ 107,414	\$ 179,882	\$ 825,022
Employee benefits	67,272	7,557	11,200	18,757	86,029
Payroll taxes	49,588	5,570	8,257	13,827	63,415
 Total salaries and related expenses	 762,000	 85,595	 126,871	 212,466	 974,466
 Professional development	 6,648	 3,051	 494	 3,545	 10,193
Professional and contract services	37,086	9,555	4,230	13,785	50,871
Supplies	39,225	2,186	2,603	4,789	44,014
Miscellaneous	3,425	4,203	8,309	12,512	15,937
Communication	43,602	1,997	16,666	18,663	62,265
Occupancy	46,114	2,429	1,769	4,198	50,312
Building repairs	3,516	190	145	335	3,851
Capital expenditures	4,011	5,623	150	5,773	9,784
Travel	5,194	213	735	948	6,142
Special event expenses	-	-	71,926	71,926	71,926
Insurance	5,065	4,958	327	5,285	10,350
Equipment rental and maintenance	17,643	1,773	2,843	4,616	22,259
Publications, dues, licenses and fees	3,441	4,295	1,642	5,937	9,378
Donated materials and services	52,709	-	-	-	52,709
Bad debts	10,848	18,002	1,000	19,002	29,850
 Total expenses before depreciation	 1,040,527	 144,070	 239,710	 383,780	 1,424,307
 Depreciation	 20,140	 21,408	 3,527	 24,935	 45,075
 Total expenses	 <u>\$1,060,667</u>	 <u>\$ 165,478</u>	 <u>\$ 243,237</u>	 <u>\$ 408,715</u>	 <u>\$1,469,382</u>

See accompanying notes.

**RAPE AND SEXUAL ABUSE CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004 and 2003**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**General**

The Rape and Sexual Abuse Center (the "Center") was founded by volunteers in 1978 as a Tennessee not-for-profit 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 abuse victims, adult survivors and non-offending parents. These services include individual, group and family therapy, a 24-hour crisis line, hospital 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 Department of Human Services and from United Way, 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 the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements for Not-for-Profit Organizations*. Accordingly, net assets of the Center, and changes therein are classified 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 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 statement 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.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**RAPE AND SEXUAL ABUSE CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2004 and 2003**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Unconditional Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other 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.

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

**Donated Goods and 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 hospital accompaniment is based on the minimum wage rate in effect. Donated services of \$57,011 and \$52,709 have been included in both revenue and expenses in the statement of activities for the years ended June 30, 2004 and 2003, respectively.

**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.

**Property and Equipment**

Property and equipment are stated at acquisition costs, or estimated fair market value if donated, less accumulated depreciation. Depreciation is computed on the straight-line method over estimated useful lives of five years for furniture and equipment and forty years for the building.

**Cash and Cash Equivalents**

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

**RAPE AND SEXUAL ABUSE CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2004 and 2003**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Investments**

Investments are carried at fair value (generally at quoted market prices). Net realized and unrealized gains and losses are reflected in the Statement of Activities.

**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 hospital 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.

**NOTE 2 – INVESTMENTS**

Investments consist of the following as of June 30, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Investments at Market:		
Money market funds – pending investment	\$ 18,194	\$ 14,973
Government and corporate bonds	62,062	91,414
Mutual funds	<u>718,568</u>	<u>624,258</u>
Marketable securities – at market	<u>\$798,824</u>	<u>\$730,645</u>

**RAPE AND SEXUAL ABUSE CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2004 and 2003**

**NOTE 2 – INVESTMENTS (Continued)**

	<u>2004</u>	<u>2003</u>
Components of investment income:		
Interest and dividends	\$ 26,120	\$ 27,480
Unrealized gains (losses) on investments	<u>65,595</u>	<u>22,168</u>
	<u>\$ 91,715</u>	<u>\$ 49,648</u>

**NOTE 3 – GRANTS RECEIVABLE**

Grants receivable consist of the following as of June 30, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Tennessee Department of Human Services	\$ 30,600	\$ 27,270
Tennessee Department of Finance and Administration	468	-
Tennessee Department of Health	<u>11,854</u>	<u>7,911</u>
	<u>\$ 42,922</u>	<u>\$ 35,181</u>

**NOTE 4 – PLEDGES RECEIVABLE**

Pledges receivable consist of the following at June 30, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Endowment fund pledges	\$ 8,500	\$ 8,500
United Way allocations and designations	216,187	263,484
Other	<u>14,610</u>	<u>7,083</u>
Subtotal	239,297	279,067
Less allowance for uncollectible pledges	<u>-</u>	<u>(10,849)</u>
Net pledges receivable	<u>\$ 239,297</u>	<u>\$ 268,218</u>
Receivable in less than one year	<u>\$ 239,297</u>	<u>\$ 268,218</u>

Management believes that pledges receivable are fully collectible; therefore, no allowance for uncollectible pledges is considered necessary at June 30, 2004.

**RAPE AND SEXUAL ABUSE CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2004 and 2003**

**NOTE 5 – LAND, BUILDING AND EQUIPMENT**

Property and equipment consist of the following as of June 30, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Land	\$ 226,867	\$ 226,867
Building	565,492	565,492
Building improvements	23,833	-
Furniture and equipment	<u>210,116</u>	<u>204,544</u>
	1,026,308	996,903
Less: accumulated depreciation	<u>(285,301)</u>	<u>(256,972)</u>
	<u>\$ 741,007</u>	<u>\$ 739,931</u>

Fully depreciated assets amounted to approximately \$153,544 at June 30, 2004 and \$123,953 at June 30, 2003.

**NOTE 6 – LINE OF CREDIT**

The Center has established a \$50,000 line of credit, which matures June 10, 2005. Interest is charged on the outstanding principal balance at the bank's prime lending rate plus 2% (6.25% as of June 30, 2004) on outstanding balances. As of June 30, 2004, the Center had not borrowed any amount under this line.

**NOTE 7 – RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2004</u>	<u>2003</u>
United Way funding – for following year	\$ 216,187	\$ 252,636
Other contributions for future periods	15,832	35,000
Junior League Volunteer Placement Program	-	10,000
Fundraising event – for following year	<u>15,750</u>	<u>12,000</u>
	<u>\$ 247,769</u>	<u>\$ 309,636</u>

**RAPE AND SUXUAL ABUSE CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2004 and 2003**

**NOTE 7 – RESTRICTIONS ON NET ASSETS (Continued)**

Permanently restricted net assets

Building and equipment funds 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.

Permanently restricted net assets consists of the following at June 30, 2004 and 2003:

	<b>2004</b>	<b>2003</b>
Investments	\$ 729,697	\$ 729,697
Pledges receivable	8,500	8,500
	<b>\$ 738,197</b>	<b>\$ 738,197</b>

Endowment contributions are discreetly invested by the Center. Income earned from endowment funds is for use in the unrestricted operations of the Center and recorded as unrestricted investment income, subject to the following policy.

Net appreciation (realized and unrealized) of discreetly invested endowment net assets in excess of originally contributed endowment net assets is reported as increases in unrestricted net assets. Realized and unrealized losses related to discreetly invested endowment net assets are first applied to reduce accumulated appreciation to the face value of originally contributed endowment net assets, and then to unrestricted net assets.

Losses relating to uncollectible accounts receivable, restricted to endowment, are borne by endowment net assets.

Unrestricted designated net assets

Certain unrestricted net assets totaling \$35,727 at June 30, 2004 and 2003 have been designated by the Center's Board for funds held in reserve for future use.

**NOTE 8 – OPERATING LEASES**

The Center leases a facility in Clarksville, Tennessee at a current monthly rental of \$750 expiring on October 31, 2006. Rent expense for the years ended June 30, 2004 and 2003 under this lease and a previous lease totaled \$12,925 and 18,525, respectively. Future minimum rentals under this operating lease agreement are as follows:

**RAPE AND SEXUAL ABUSE CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2004 and 2003**

**NOTE 8 – OPERATING LEASES (Continued)**

Year Ending <u>June 30,</u>	
2005	\$ 9,000
2006	9,000
2007	3,000

**NOTE 9 – CONCENTRATIONS OF CREDIT RISK**

The Center receives a substantial amount of its support from grants from state agencies and the United Way. Grant and United Way revenue comprised 43% and 44% of total revenue during 2004 and 2003, 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 maintains deposit accounts with financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. Excess uninsured balances of the Center amounted to \$48,689 at June 30, 2004 and \$216,074 at June 30, 2003.

At June 30, 2004, investments were managed by a brokerage and investment company with an account balance of \$798,824. Investments in the account are invested in various 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 (SIPC), which covers investor losses, in some cases, attributable to bankruptcy or fraudulent practices of brokerage firms.

**NOTE 10 – EMPLOYEE BENEFIT PLAN**

The Center maintains a 401(k) retirement plan. Under the terms of the plan, the Center is required to contribute 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, 2004 and 2003 totaled \$13,284 and \$12,827, respectively.

**NOTE 11 – 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 notice of a potential claim from a parent of a client concerning information provided to a court of law relating to the client's case. The Center maintains insurance for such



**RAPE AND SEXUAL ABUSE CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2004 and 2003**

**NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)**

exposures and the matter has been turned over to the Center's insurance company. Management believes the ultimate resolution of the claim will not have a significant effect on the Center's financial condition.

**NOTE 12 – 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 \$10,771 at June 30, 2004.

**SUPPLEMENTARY DATA**

**RAPE AND SEXUAL ABUSE CENTER**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the year ended June 30, 2004

<b>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR</b>	<b>CFDA No.</b>	<b>Pass through Grantor's Number</b>	<b>Balance Receivable June 30, 2003</b>	<b>Cash Receipts</b>	<b>Expenditures</b>	<b>Other</b>	<b>Balance Receivable June 30, 2004</b>
<b><u>FEDERAL AWARDS</u></b>							
<b><u>U. S. Department of Health &amp; Human Services</u></b>							
<b>Program</b>							
Passed through the TN Department of Human Services							
Crime Victim Services	16.575	Z-00-094013-00	\$ 27,270	\$ 27,270	\$ -	\$ -	\$ -
Crime Victim Services	16.575	Z-00-099368-01	-	254,439	285,039	-	30,600
Total CFDA Program 16.575			<u>27,270</u>	<u>281,709</u>	<u>285,039</u>	<u>-</u>	<u>30,600</u>
Passed through TN Department of Finance & Administration							
Stop Violence Against Women	N/A	Z-00-001400-01	-	19,017	19,485	-	468
Total Stop Violence Against Women			<u>-</u>	<u>19,017</u>	<u>19,485</u>	<u>-</u>	<u>468</u>
Passed through TN Department of Health							
Preventive Health & Health Services Block Grant for Rape Prevention Services	93.991	GR-01-13106-00	7,911	7,911	-	-	-
Preventive Health & Health Services Block Grant for Rape Prevention Services	93.991	GR-04-15668-00	-	41,891	53,745	-	11,854
Total CFDA Program 93.991			<u>7,911</u>	<u>49,802</u>	<u>53,745</u>	<u>-</u>	<u>11,854</u>
Total Federal Financial Assistance			<u>\$ 35,181</u>	<u>\$ 350,528</u>	<u>\$ 358,269</u>	<u>\$ -</u>	<u>\$ 42,922</u>

Note: The schedule of expenditures of federal and state awards has been prepared on the accrual basis of accounting.



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CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Board of Directors  
Rape and Sexual Abuse Center

We have audited the financial statements of the Rape and Sexual Abuse Center as of and for the year ended June 30, 2004, and have issued our report thereon dated August 20, 2004. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Rape and Sexual Abuse Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Rape and Sexual Abuse Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the finance committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Fraser, Dean + Howard, PLLC*

August 20, 2004