

RAPE AND SEXUAL ABUSE CENTER

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA**

June 30, 2007 and 2006

RECEIVED OCT 29 2007

RAPE AND SEXUAL ABUSE CENTER

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Rape and Sexual Abuse Center
Nashville, Tennessee

We have audited the accompanying statements of financial position of Rape and Sexual Abuse Center (the "Center") (a nonprofit organization) as of June 30, 2007 and 2006 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. 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 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 Rape and Sexual Abuse Center as of June 30, 2007 and 2006, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Rape and Sexual Abuse Center taken as a whole. The accompanying schedule of expenditures of federal and state 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.

Fraser, Dean & Howard, PLLC

September 12, 2007

RAPE AND SEXUAL ABUSE CENTER
STATEMENTS OF FINANCIAL POSITION
June 30, 2007 and 2006

Assets		
	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 340,918	\$ 271,310
Investments (includes permanently restricted net assets of \$729,697 for 2007 and 2006)	919,980	854,454
Grants receivable	63,007	111,006
Pledges receivable, net	238,796	230,579
Counseling fees receivable	6,130	3,880
Other	29,847	10,785
Land, building and equipment, net	<u>681,381</u>	<u>703,276</u>
Total assets	<u><u>\$2,280,059</u></u>	<u><u>\$2,185,290</u></u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	<u>\$ 9,889</u>	<u>\$ 13,995</u>
Total liabilities	<u>9,889</u>	<u>13,995</u>
Net assets:		
Unrestricted:		
Undesignated	527,938	432,662
Property and equipment	681,381	703,276
Board designated	<u>35,727</u>	<u>35,727</u>
Total unrestricted	<u>1,245,046</u>	<u>1,171,665</u>
Temporarily restricted	<u>295,427</u>	<u>269,933</u>
Permanently restricted	<u>729,697</u>	<u>729,697</u>
Total net assets	<u>2,270,170</u>	<u>2,171,295</u>
Total liabilities and net assets	<u><u>\$2,280,059</u></u>	<u><u>\$2,185,290</u></u>

See accompanying notes.

RAPE AND SEXUAL ABUSE CENTER
STATEMENT OF ACTIVITIES
For the year ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and other support:				
Grants	\$ 369,328	\$ -	\$ -	\$ 369,328
Individual and corporate gifts	406,209	7,500	-	413,709
United Way	37,319	236,404	-	273,723
Special events	149,137	26,720	-	175,857
Counseling fees	141,602	-	-	141,602
Donated services and materials	49,935	-	-	49,935
Investment income	128,267	-	-	128,267
Other	73,193	-	-	73,193
Net assets released from restrictions	245,130	(245,130)	-	-
 Total revenue and other support	 <u>1,600,120</u>	 <u>25,494</u>	 <u>-</u>	 <u>1,625,614</u>
Expenses:				
Program services	1,190,357	-	-	1,190,357
Supporting services:				
Management and general	109,854	-	-	109,854
Fundraising	226,528	-	-	226,528
 Total expenses	 <u>1,526,739</u>	 <u>-</u>	 <u>-</u>	 <u>1,526,739</u>
 Change in net assets	 73,381	 25,494	 -	 98,875
 Net assets, beginning of year	 <u>1,171,665</u>	 <u>269,933</u>	 <u>729,697</u>	 <u>2,171,295</u>
 Net assets, end of year	 <u><u>\$ 1,245,046</u></u>	 <u><u>\$ 295,427</u></u>	 <u><u>\$ 729,697</u></u>	 <u><u>\$ 2,270,170</u></u>

See accompanying notes.

RAPE AND SEXUAL ABUSE CENTER
STATEMENT OF ACTIVITIES
For the year ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and other support:				
Grants	\$ 527,865	\$ -	\$ -	\$ 527,865
Individual and corporate gifts	350,292	25,495	(8,500)	367,287
United Way	40,330	218,271	-	258,601
Special events	117,342	24,000	-	141,342
Counseling fees	182,154	-	-	182,154
Donated services and materials	45,341	-	-	45,341
Investment income	66,190	-	-	66,190
Other	98,451	-	-	98,451
Net assets released from restrictions	221,696	(221,696)	-	-
Total revenue and other support	<u>1,649,661</u>	<u>46,070</u>	<u>(8,500)</u>	<u>1,687,231</u>
Expenses:				
Program services	1,280,445	-	-	1,280,445
Supporting services:				
Management and general	104,413	-	-	104,413
Fundraising	223,693	-	-	223,693
Total expenses	<u>1,608,551</u>	<u>-</u>	<u>-</u>	<u>1,608,551</u>
Change in net assets	41,110	46,070	(8,500)	78,680
Net assets, beginning of year	<u>1,130,555</u>	<u>223,863</u>	<u>738,197</u>	<u>2,092,615</u>
Net assets, end of year	<u>\$ 1,171,665</u>	<u>\$ 269,933</u>	<u>\$ 729,697</u>	<u>\$ 2,171,295</u>

See accompanying notes.

RAPE AND SEXUAL ABUSE CENTER
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$ 98,875	\$ 78,680
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,071	25,383
Realized and unrealized gain on investments	(85,343)	(51,909)
Decrease (increase) in receivable from grantor agencies	47,999	(99,652)
(Increase) in unconditional promises to give	(8,217)	(15,215)
(Increase) in counseling fees receivable	(2,250)	18,895
(Increase) decrease in other assets	(19,062)	(2,494)
(Decrease) in accounts payable and accrued expenses	<u>(4,106)</u>	<u>(17,207)</u>
Net cash provided (used) by operating activities	<u>50,967</u>	<u>(63,519)</u>
Cash flows from investing activities:		
Purchases of investments	(207,534)	(586,924)
Proceeds from sale of investments	227,351	630,122
Purchase of property and equipment	<u>(1,176)</u>	<u>(7,815)</u>
Net cash provided by investing activities	<u>18,641</u>	<u>35,383</u>
Net increase (decrease) in cash and cash equivalents	69,608	(28,136)
Cash and cash equivalents, beginning of year	<u>271,310</u>	<u>299,446</u>
Cash and cash equivalents, end of year	<u>\$ 340,918</u>	<u>\$ 271,310</u>

See accompanying notes.

RAPE AND SEXUAL ABUSE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2007

	Program Services	Supporting Services		Total Supporting Services	Total All Services
	Total Program Services	Management and General	Fundraising		
Salaries	\$ 762,716	\$ 49,812	\$ 117,008	\$ 166,820	\$ 929,536
Employee benefits	90,716	5,925	13,917	19,842	110,558
Payroll taxes	57,330	3,744	8,795	12,539	69,869
 Total salaries and related expenses	 910,762	 59,481	 139,720	 199,201	 1,109,963
 Professional and contract services	 51,538	 17,361	 9,588	 26,949	 78,487
Communication	45,862	4,865	15,516	20,381	66,243
Special event expenses	50	-	53,209	53,209	53,259
Donated materials and services	49,934	-	-	-	49,934
Supplies	37,281	3,005	880	3,885	41,166
Occupancy	25,050	8,235	-	8,235	33,285
Equipment rental and maintenance	26,417	4,158	2,280	6,438	32,855
Insurance	10,687	2,712	-	2,712	13,399
Professional development	10,969	1,392	724	2,116	13,085
Publications, dues, licenses and fees	2,858	2,232	3,002	5,234	8,092
Miscellaneous	1,646	645	1,609	2,254	3,900
 Total expenses before depreciation	 1,173,054	 104,086	 226,528	 330,614	 1,503,668
 Depreciation	 17,303	 5,768	 -	 5,768	 23,071
 Total expenses	 <u>\$1,190,357</u>	 <u>\$ 109,854</u>	 <u>\$ 226,528</u>	 <u>\$ 336,382</u>	 <u>\$1,526,739</u>

See accompanying notes.

RAPE AND SEXUAL ABUSE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2006

	Program Services	Supporting Services		Total Supporting Services	Total All Services
	Total Program Services	Management and General	Fundraising		
Salaries	\$ 738,006	\$ 73,927	\$ 125,958	\$ 199,885	\$ 937,891
Employee benefits	90,171	9,032	15,390	24,422	114,593
Payroll taxes	56,503	5,660	9,643	15,303	71,806
 Total salaries and related expenses	 884,680	 88,619	 150,991	 239,610	 1,124,290
Professional and contract services	97,580	8,779	6,474	15,253	112,833
Communication	67,856	555	16,726	17,281	85,137
Supplies	65,162	967	1,949	2,916	68,078
Donated materials and services	45,341	-	-	-	45,341
Special event expenses	-	20	33,804	33,824	33,824
Equipment rental and maintenance	32,165	-	1,027	1,027	33,192
Occupancy	29,189	16	-	16	29,205
Professional development	14,448	1,493	1,334	2,827	17,275
Insurance	13,113	-	289	289	13,402
Publications, dues, licenses and fees	3,051	3,000	1,775	4,775	7,826
Miscellaneous	2,477	964	824	1,788	4,265
Bad debts	-	-	8,500	8,500	8,500
 Total expenses before depreciation	 1,255,062	 104,413	 223,693	 328,106	 1,583,168
Depreciation	25,383	-	-	-	25,383
 Total expenses	 <u>\$1,280,445</u>	 <u>\$ 104,413</u>	 <u>\$ 223,693</u>	 <u>\$ 328,106</u>	 <u>\$1,608,551</u>

See accompanying notes.

RAPE AND SEXUAL ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

General

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, Office of Criminal Justice, from United Way and from 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, 2007 and 2006

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 to give. 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 \$49,934 and \$45,341 have been included in both revenue and expenses in the statements of activities for the years ended June 30, 2007 and 2006, 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, 2007 and 2006

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:

	<u>2007</u>	<u>2006</u>
Investments at market:		
Money market funds – pending investment	\$ 27,390	\$ 13,554
Government and corporate bonds	382,527	393,336
Mutual funds	246,090	208,243
Individual common stocks	<u>263,973</u>	<u>239,321</u>
Marketable securities – at market	<u>\$ 919,980</u>	<u>\$ 854,454</u>

RAPE AND SEXUAL ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

NOTE 2 – INVESTMENTS (Continued)

	<u>2007</u>	<u>2006</u>
Components of investment income:		
Interest and dividends	\$ 9,306	\$ 10,377
Unrealized gains (losses) on investments	<u>118,961</u>	<u>55,813</u>
	<u>\$ 128,267</u>	<u>\$ 66,190</u>

NOTE 3 – GRANTS RECEIVABLE

Grants receivable consist of the following as of June 30:

	<u>2007</u>	<u>2006</u>
Tennessee Department of Human Services	\$ 51,709	\$ 64,451
Tennessee Department of Education	11,298	22,302
Tennessee Department of Health	<u>-</u>	<u>24,253</u>
	<u>\$ 63,007</u>	<u>\$ 111,006</u>

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	<u>2007</u>	<u>2006</u>
United Way allocations and designations	\$ 238,796	\$ 220,579
Other	<u>-</u>	<u>10,000</u>
Subtotal	238,796	230,579
Less allowance for uncollectible pledges	<u>-</u>	<u>-</u>
Net pledges receivable	<u>\$ 238,796</u>	<u>\$ 230,579</u>
Receivable in less than one year	<u>\$ 238,796</u>	<u>\$ 230,579</u>

Management believes that pledges receivable are fully collectible; therefore, no allowance for uncollectible pledges is considered necessary at June 30, 2007.

RAPE AND SEXUAL ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

NOTE 5 – LAND, BUILDING AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<u>2007</u>	<u>2006</u>
Land	\$ 226,867	\$ 226,867
Building	565,492	565,492
Building improvements	23,961	23,961
Furniture and equipment	<u>227,052</u>	<u>225,876</u>
	1,043,372	1,042,196
Less: accumulated depreciation	<u>(361,991)</u>	<u>(338,920)</u>
	<u>\$ 681,381</u>	<u>\$ 703,276</u>

Fully depreciated assets amounted to approximately \$199,070 at June 30, 2007 and \$192,376 at June 30, 2006.

NOTE 6 – LINE OF CREDIT

The Center has established a \$50,000 line of credit, which matures June 10, 2008. Interest is charged on the outstanding principal balance at the bank's prime lending rate plus 2% (10.25% as of June 30, 2007) on outstanding balances. As of June 30, 2007, 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>2007</u>	<u>2006</u>
United Way funding – for following year	\$ 238,712	\$ 220,438
Other contributions for future periods	29,995	25,495
Fundraising event – for following year	<u>26,720</u>	<u>24,000</u>
	<u>\$ 295,427</u>	<u>\$ 269,933</u>

RAPE AND SEXUAL ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

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:

	<u>2007</u>	<u>2006</u>
Investments	<u>\$ 729,697</u>	<u>\$ 729,697</u>
	<u>\$ 729,697</u>	<u>\$ 729,697</u>

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, 2007 and 2006 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 approximately \$300. Rent expense for the years ended June 30, 2007 and 2006 under this lease and a previous lease totaled \$3,695 and \$750, respectively. As of October 1, 2005, the Center moved its Clarksville office to a new location in which they have a lease receivable annually at the discretion of the parties involved. For fiscal year 2008, the expected expense is \$6,356.

RAPE AND SEXUAL ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

NOTE 9 – 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 40% and 47% of total revenue during 2007 and 2006, 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 \$166,592 at June 30, 2007 and \$99,484 at June 30, 2006.

At June 30, 2007, investments were managed by two brokerage and investment companies with account balances totaling \$919,980. 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 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, 2007 and 2006 totaled \$16,348 and \$16,590, 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 commitments for additional grant funding through June 30, 2009 of approximately \$310,000 per year.

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.

RAPE AND SEXUAL ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

NOTE 12 – COMMUNITY FOUNDATION OF MIDDLE TENNESSEE (Continued)

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 \$14,964 at June 30, 2007.

NOTE 13 – SUBSEQUENT EVENT

In August 2007, the Center entered into a contract to purchase new office space. The Center has deposited \$25,000 into an escrow account and has 90 days to cancel the contract.