



Boston Area Rape Crisis Center, Inc.

Financial Statements

For the Years Ended June 30, 2019 and 2018



*A Certified Women-Owned Business Enterprise in the Commonwealth of
Massachusetts and New York State*

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BOSTON AREA RAPE CRISIS CENTER, INC.

Financial Statements

For the Years Ended June 30, 2019 and 2018

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Independent Auditors' Report

To the Board of Directors
Boston Area Rape Crisis Center, Inc.
Cambridge, Massachusetts

We have audited the accompanying financial statements of Boston Area Rape Crisis Center, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2019 and 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.

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. 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.

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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 Boston Area Rape Crisis Center, Inc. as of June 30, 2019, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2019, on our consideration of Boston Area Rape Crisis Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 the Organization's internal control over financial reporting and compliance.

Other Matters

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Boston Area Rape Crisis Center, Inc.'s taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2019 as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

DavisKelly, LLC

Boston, Massachusetts
October 15, 2019

BOSTON AREA RAPE CRISIS CENTER, INC.

Statement of Financial Position

As of June 30, 2019

(with comparative totals as of June 30, 2018)

	<u>2019</u>	<u>2018</u>
<i>Assets</i>		
Cash and cash equivalents	\$ 1,103,396	\$ 695,181
Restricted cash	-	45,000
Certificates of deposit	-	215,163
Funds held for others	11,957	5,650
Accounts receivable	788,815	443,948
Prepaid expenses	106,027	52,008
Property and equipment, net	66,113	56,380
<i>Total assets</i>	\$ <u>2,076,308</u>	\$ <u>1,513,330</u>
<i>Liabilities and Net Assets</i>		
Accounts payable	\$ 28,548	\$ 62,690
Accrued expenses	335,415	254,797
Funds held for others	11,957	5,650
<i>Total Liabilities</i>	<u>375,920</u>	<u>323,137</u>
<i>Net assets:</i>		
Without donor restrictions		
Operating	1,519,003	1,028,190
Board designated	18,216	30,245
Property and equipment	66,113	56,380
<i>Total without donor restrictions</i>	1,603,332	1,114,815
With donor restrictions	97,056	75,378
<i>Total net assets</i>	<u>1,700,388</u>	<u>1,190,193</u>
<i>Total liabilities and net assets</i>	\$ <u>2,076,308</u>	\$ <u>1,513,330</u>

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

BOSTON AREA RAPE CRISIS CENTER, INC.

Statement of Activities

For the Year Ended June 30, 2019

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Operating Revenues and Support:</i>			
Grants and contributions	\$ 500,716	\$ 211,358	\$ 712,074
Program service fees and contracts	3,558,952	-	3,558,952
Special events revenue:	1,054,045	-	1,054,045
Less: direct expenses	(214,533)	-	(214,533)
<i>Total special events, net</i>	839,512	-	839,512
Donated goods and services	538,776		538,776
Other income	179,700		179,700
Net assets released from restrictions	189,680	(189,680)	-
<i>Total operating revenues and other support</i>	5,807,336	21,678	5,829,014
<i>Operating Expenses:</i>			
Program services	3,396,219	-	3,396,219
Management and general	954,090	-	954,090
Development	968,510	-	968,510
<i>Total operating expenses</i>	5,318,819	-	5,318,819
<i>Change in net assets</i>	488,517	21,678	510,195
<i>Net assets, beginning</i>	1,114,815	75,378	1,190,193
<i>Net assets, ending</i>	\$ 1,603,332	\$ 97,056	\$ 1,700,388

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

BOSTON AREA RAPE CRISIS CENTER, INC.

Statement of Activities

For the Year Ended June 30, 2018

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Operating Revenues and Support:</i>			
Grants and contributions	\$ 378,145	\$ 122,108	\$ 500,253
Program service fees and contracts	2,458,775	-	2,458,775
Special events revenue:	946,892	-	946,892
Less: direct expenses	(205,258)	-	(205,258)
<i>Total special events, net</i>	741,634	-	741,634
Donated goods and services	947,790		947,790
Other income	70,211		70,211
Net assets released from restrictions	126,550	(126,550)	-
<i>Total operating revenues and other support</i>	4,723,105	(4,442)	4,718,663
<i>Operating Expenses:</i>			
Program services	3,271,449	-	3,271,449
Management and general	602,535	-	602,535
Development	788,172	-	788,172
<i>Total operating expenses</i>	4,662,156	-	4,662,156
<i>Change in net assets</i>	60,949	(4,442)	56,507
<i>Net assets, beginning</i>	1,053,866	79,820	1,133,686
<i>Net assets, ending</i>	\$ 1,114,815	\$ 75,378	\$ 1,190,193

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

BOSTON AREA RAPE CRISIS CENTER, INC.

Statements of Cash Flows

For the Year Ended June 30, 2019

(with comparative totals for the year ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 514,284	\$ 56,507
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,872	20,538
Changes in:		
Accounts receivable	(344,867)	101,657
Prepaid expenses	(54,019)	(43,611)
Deposit		(108)
Accounts payable	(38,231)	2,566
Accrued expenses	80,618	54,316
<i>Net cash provided by operating activities</i>	<u>176,657</u>	<u>191,865</u>
<i>Cash flow from investing activities:</i>		
Purchase of property and equipment	<u>(28,605)</u>	<u>(34,944)</u>
<i>Net cash used in investing activities</i>	<u>(28,605)</u>	<u>(34,944)</u>
<i>Net change in cash and cash equivalents</i>	148,052	156,921
<i>Cash and cash equivalents, beginning</i>	<u>955,344</u>	<u>538,260</u>
<i>Cash and cash equivalents, ending</i>	<u><u>1,103,396</u></u>	<u><u>955,344</u></u>

BOSTON AREA RAPE CRISIS CENTER, INC.

Statement of Functional Expense

For the Year Ended June 30, 2019

	<u>Client Services</u>	<u>Community Engagement and Prevention</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Development</u>	<u>Total</u>
Salaries and related expenses						
Salaries	\$ 967,958	\$ 794,638	\$ 1,762,596	\$ 422,911	\$ 561,789	\$ 2,747,296
Payroll taxes	82,471	67,704	150,175	36,033	47,865	234,073
Fringe benefits	91,050	74,747	165,796	39,781	52,844	258,423
Donated services	433,224	80,892	514,116	24,660	-	538,776
Contracted services	38,864	170,314	209,178	146,728	88,227	444,133
Total salaries and related expenses	<u>1,613,567</u>	<u>1,188,295</u>	<u>2,801,861</u>	<u>670,113</u>	<u>750,725</u>	<u>4,222,701</u>
Program expenses						
Volunteer	37,632	56,231	93,863	7,357	1,491	102,711
Counseling and supervision	1,566	1,714	3,280	-	194	3,474
Communications	6,753	5,544	12,297	2,951	3,919	19,167
Program supplies	100	205	305	20	-	325
Total program expenses	<u>46,051</u>	<u>63,694</u>	<u>109,745</u>	<u>10,328</u>	<u>5,604</u>	<u>125,677</u>
Occupancy expenses						
Rent	89,625	73,577	163,201	39,158	52,017	254,376
Depreciation	-	-	-	18,872	-	18,872
Security	-	-	-	480	-	480
Total occupancy expenses	<u>89,625</u>	<u>73,577</u>	<u>163,201</u>	<u>58,510</u>	<u>52,017</u>	<u>273,728</u>
Other expenses						
Consultants	350	23,945	24,295	90,344	34,764	149,403
Office expenses	74,705	61,329	136,034	32,639	43,358	212,031
Trainings and conferences	21,248	17,443	38,691	9,283	12,332	60,307
Minor equipment and maintenance	24,222	19,885	44,107	10,583	14,058	68,748
Printing and postage	12,814	10,519	23,333	5,598	7,437	36,368
Telephone and internet	-	8,650	8,650	32,403	1,009	42,062
Accounting	-	-	-	24,158	-	24,158
Credit and processing	-	-	-	-	33,750	33,750
Insurance	5,769	4,736	10,505	2,520	3,348	16,373
Miscellaneous	21,499	14,298	35,797	7,609	10,108	53,515
Total other expenses	<u>160,607</u>	<u>160,805</u>	<u>321,412</u>	<u>215,139</u>	<u>160,164</u>	<u>696,715</u>
Total expenses	<u>\$ 1,909,850</u>	<u>\$ 1,486,370</u>	<u>\$ 3,396,219</u>	<u>\$ 954,090</u>	<u>\$ 968,510</u>	<u>\$ 5,318,819</u>

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

BOSTON AREA RAPE CRISIS CENTER, INC.

Statement of Functional Expense

For the Year Ended June 30, 2018

	<i>Client Services</i>	<i>Community Engagement and Prevention</i>	<i>Total Program Services</i>	<i>Management and General</i>	<i>Development</i>	<i>Total</i>
Salaries and related expenses						
Salaries	\$ 841,100	\$ 634,632	\$ 1,475,732	\$ 301,095	\$ 479,153	\$ 2,255,980
Payroll taxes	70,644	53,303	123,947	25,289	40,244	189,480
Fringe benefits	81,791	61,714	143,505	29,280	46,595	219,379
Donated services	563,670	348,282	911,952	35,838	-	947,790
Contracted services	-	7,763	7,763	52,677	20,450	80,890
Total salaries and related expenses	1,557,205	1,105,694	2,662,899	444,179	586,442	3,693,519
Program expenses						
Volunteer	44,485	54,232	98,717	2,610	434	101,761
Counseling and supervision	13,953	1,747	15,700	1,262	-	16,962
Communications	1,551	3,361	4,912	2,905	10,472	18,290
Program supplies	3,075	724	3,799	48	386	4,233
Total program expenses	63,064	60,064	123,128	6,825	11,292	141,246
Occupancy expenses						
Rent	76,198	57,493	133,691	27,277	43,408	204,377
Depreciation	-	-	-	20,538	-	20,538
Security	-	-	-	655	-	655
Total occupancy expenses	76,198	57,493	133,691	48,470	43,408	225,570
Other expenses						
Consultants	90,134	68,008	158,142	32,266	51,347	241,755
Office expenses	57,317	43,248	100,565	20,518	32,652	153,735
Trainings and conferences	11,567	8,728	20,295	4,141	6,589	31,025
Minor equipment and maintenance	9,563	7,216	16,779	3,424	5,448	25,651
Printing and postage	591	13,155	13,746	586	27,270	41,602
Telephone and internet	14,671	11,069	25,740	5,252	8,357	39,349
Accounting	-	-	-	32,000	-	32,000
Credit and processing	-	25	25	49	10,029	10,103
Insurance	4,632	3,494	8,126	1,658	2,638	12,422
Legal	-	-	-	1,470	-	1,470
Miscellaneous	4,738	3,575	8,313	1,698	2,699	12,709
Total other expenses	193,213	158,518	351,731	103,062	147,029	601,821
Total expenses	\$ 1,889,680	\$ 1,381,769	\$ 3,271,449	\$ 602,536	\$ 788,171	\$ 4,662,156

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

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2019 and 2018

Note 1 - The Nature of Operations

Founded in 1973, the Boston Area Rape Crisis Center's (BARCC) mission is to end sexual violence through healing and social change.

BARCC fulfills its mission by:

- Providing free, comprehensive rape crisis services in English and Spanish (and other languages upon request) to survivors of sexual violence, their families, friends, and partners;
- Being at the forefront of developing innovative, effective and comprehensive survivor services that are responsive to community needs.
- Implementing prevention strategies that are informed by research and our work with survivors, tailored to meet the specific needs of different communities, and designed to reduce victimization and perpetration.
- Engaging our community through a vibrant and nationally recognized volunteer program where we train and supervise over 140 volunteers.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. These standards require the Organization to report information regarding its financial position and activities according to the following net asset classifications.

Net assets without donor restrictions – Net assets available that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management and Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with maturity of three months or less when purchased, to be cash equivalents.

Funds Held for Others

Funds held for others represent funds held by the Organization on behalf of another organization.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are presented net of the allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based on its past experience and accounts receivable are charged off when deemed uncollectible. No allowance was deemed necessary at June 30, 2019 and 2018.

Revenue Recognition

Program service fees and contract revenue are recorded as services are provided. Unrestricted grants and contributions are recorded as revenue when received or unconditionally pledged. Special events revenue is recognized in the year the event occurs. All other revenue is recorded when earned.

Contributions and Grants

The Organization follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Accounting for Contributions Received and Contributions Made*. This financial accounting standard requires that contributions be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions or net assets without donor restrictions depending on the nature of the restriction until restriction conditions are satisfied, at which time net assets with donor restrictions are reclassified to net assets without donor restrictions.

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Contributed Goods and Services

Volunteers and other organizations contribute services to the Organization in support of various aspects of its programs. Over one hundred volunteers provide a significant portion of the direct service in the Clinical Services and Community Engagement and Prevention Service programs. These services are reflected in the accompanying financial statements based upon the estimated value assigned by the volunteers, agencies or management. The Organization received \$538,776 and \$921,966 of volunteer services for the years ended June 30, 2019 and 2018, respectively. The Organization received \$-0- and \$25,824 of donated rent for the year ended June 30, 2019 and 2018, respectively.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization's management to make estimates and assumptions. These affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Income Tax Status

The Organization is exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). US GAAP requires the Organization to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization has analyzed the tax positions taken and has concluded that as of June 30, 2019 there are no significant uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is also exempt from Massachusetts state taxes.

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Leasehold Improvements, Furniture and Equipment

Leasehold improvements, furniture and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Leasehold improvements are amortized over the lease term or life of the leasehold whichever is shorter, on a straight-line basis. The estimated useful lives for purposes of computing depreciation are as follows:

Furniture	3 - 5 years
Equipment	3 - 5 years
Leasehold improvements	The shorter of estimated useful life or the remaining years of lease

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Professional fees, salary, payroll taxes and benefits are allocated depending on time and effort. Depreciation is allocated across the useful life of the assets. Rent is allocated in accordance with square footage used by full time equivalents.

Note 3 - Net Assets

Net Assets Without Donor Restrictions

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its unrestricted net assets into the following categories:

Operating net assets – funds available to carry on the operations of the Organization.

Board designated net assets – funds set aside by the Board of Directors to be used for new program development and infrastructure projects.

Property and equipment net assets – funds relating to the Organization's property and equipment.

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2019 and 2018

Note 3 - Net Assets (continued)

Net Assets With Donor Restrictions

Temporarily restricted net assets include donor restricted funds designated for a specific purpose. These amounts are recorded as temporarily restricted net assets until they are expended for their designated purposes or the time restrictions expire. For the years ended June 30, 2019 and 2018, the amounts of temporarily restricted net assets are \$97,056 and \$75,378, respectively.

Note 4 - Leasehold Improvements, Equipment and Furniture

Leasehold improvements, equipment and furniture consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Office equipment	\$ 83,479	\$ 83,479
Furniture	25,176	25,176
Leasehold improvements	<u>148,739</u>	<u>120,134</u>
	257,394	228,789
Less accumulated depreciation	<u>(191,281)</u>	<u>(172,409)</u>
Fixed assets, net	<u>\$ 66,113</u>	<u>\$ 56,380</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$18,872 and \$20,538, respectively.

Note 4 - Concentration of Credit Risk

The Organization maintains its cash balances and certificate of deposit in a Massachusetts bank. The Federal Deposit Insurance Corporation (FDIC) insures balances up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Organization has not experienced any losses in the account. The Organization believes it is not exposed to any significant credit risk on its operating cash balance and certificate of deposit. The Organizations has a cash balance of \$621,131 and \$315,875 which exceed the FDIC insurance balance.

Note 5 - Related Party Transaction

During fiscal year 2019 and 2018, architectural drawings and services for office renovations were provided by the brother-in-law of the Executive Director for fees totaling \$8,925 and \$19,188, respectively. The related party transaction is disclosed and approved in accordance with the Organization's conflict of interest policy.

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2019 and 2018

Note 6 - Leases

The Organization has a five-year lease agreement for office space in Cambridge, Massachusetts through July 31, 2021, with monthly payments ranging from \$15,677 in 2016 to \$17,812 in 2022.

On January 29, 2018 the Organization entered into another five-year lease agreement for office space in Waltham, Massachusetts with monthly payments ranging from \$3,197 in 2018 to \$3,886 in 2023. BARCC also leases office space in Boston at an annual rent of \$900. Rent expense for the office space was \$254,376 and \$204,377 for the years ended June 30, 2019 and 2018, respectively.

Remaining future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020 \$	247,539
2021	257,180
2022	64,041
2023	28,100
\$	<u>596,860</u>

The Organization leased office equipment under an operating lease which was extended through June 2022 and requires monthly payments of \$350. These expenses are included in minor equipment and maintenance in the accompanying statements of functional expenses.

Future minimum payments under this lease agreement are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020 \$	4,200
2021	4,200
2022	4,200
\$	<u>12,600</u>

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2019 and 2018

Note 7 - Line of Credit

The Organization has a line of credit with a financial institution for \$500,000. Borrowings under the agreement are due on demand and interest is payable monthly at the bank's base lending rate of 4.25% and 3.5% (plus 1%) at June 30, 2019 and 2018, respectively. The line is secured by all business assets of the Organization and is renewed annually. There were no outstanding borrowings under the line as of the year ended June 30, 2019 and 2018.

Note 8 – Revenue and Receivable Concentrations

A significant portion of the Organization's program service fees and contract revenue is earned from the Commonwealth of Massachusetts. Concentrations of revenues and support and accounts receivable are as follows as of and for the years ended June 30:

	Percentage of Operating Revenues and Support		Percentage of Accounts Receivables	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Commonwealth of Massachusetts				
Department of Public Health	28%	20%	17%	23%
Office for Victim Assistance	59%	24%	72%	50%

Payments to the Organization are subject to audit by respective funding agencies. In the opinion of management, the results of such audits will not have a material effect on the financial statements as of June 30, 2019 and 2018 or on its changes in net assets for the years then ended.

Note 9 - Excess/ (Deficit) of Revenue from the Commonwealth of Massachusetts

The Commonwealth of Massachusetts Not-For-Profit Provider Surplus Revenue Retention Policy pursuant to 808 CMR 1.19(3) of Pricing, Reporting and Auditing for Social Programs allows a provider to retain, for future use, a portion of annual net surplus. This net surplus, from the revenues and expenses associated with services provider to Purchasing Agencies, which are subject to 808 CMR 1.00, may not exceed 5% of said provider's revenue annually. Furthermore, the cumulative amount of the provider's net surplus may not exceed 20% of the provider's prior year's revenue from purchasing agencies.

The Commonwealth of Massachusetts Not-For-Profit Provider Surplus Revenue Retention Policy pursuant to 808 CMR 1.19(3) of Pricing, Reporting and Auditing for Social Programs allows a provider to retain, for future use, a portion of annual net surplus. This net surplus, from the revenues and expenses associated with services provider to Purchasing Agencies, which are subject to 808 CMR 1.00, may not exceed 5% of said provider's revenue annually. Furthermore, the cumulative amount of the provider's net

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2019 and 2018

Note 9 - Excess/ (Deficit) of Revenue from the Commonwealth of Massachusetts (continued)

surplus may not exceed 20% of the provider's prior year's revenue from purchasing agencies. A current year surplus, which exceeds the 20% amount, may be reinvested in program services as stipulated by the purchasing agencies, recouped or used by the Commonwealth to reduce the price of future contracts.

- Beginning accumulated surplus revenue retention for the year ended June 30, 2018 was \$952,538.
- There were no funds expended from the SRR fund pool during June 30, 2019.
- Surplus revenue retention calculated for the year ended June 30, 2019 was (\$807,859).
- The accumulated SRR balance is \$752,538 which is less than the limit of the 5% and the 20% on a cumulative basis.

Note 10 – Reclassification

Certain amounts in the fiscal year 2018 financial statements have been reclassified in order to conform to the current year's presentation. The reclassification has no effect on the previously reported net assets.

Note 11 – Availability and Liquidity

The following represents financial assets at June 30, 2019

Financial assets at year end:

Cash and cash equivalents	\$ 1,103,396
Accounts receivable	788,815
Total financial assets	<u>1,892,211</u>
Less	
Net assets with donor restrictions	<u>(97,056)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,795,155</u>

Based on the analysis of revenue cycles, BARCC maintains a minimum operation reserve of 90 days. The reserve consists of cash equivalents and accounts receivable.

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2019 and 2018

Note 12 - Pension Plan

The Organization has a defined contribution pension plan covering all eligible employees. All full-time employees are eligible to participate. There were no employer contributions to the plan for the years ended June 30, 2019 and 2018.

Note 13 – Recent Pronouncements

ASU 2016-14

In August 2016, the FASB issued ASU 2016-14, “Presentation of Financial Statements for Not-for-Profit Entities”, effective for fiscal years beginning after December 15, 2017. Among other provisions, ASU 2016-14 reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and eliminates the requirement to prepare a reconciliation in the statements of cash flows when applying the direct method.

ASU 2014-09

(Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to Organization’s on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

Note 14 - Subsequent Events

ASC 855-10, “Subsequent events” defines further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued. In accordance with ASC 855-10, the Organization management has evaluated events subsequent to June 30, 2019 to October 15, 2019 which is the date the financial statements were available to be issued. There were no material events noted during this period that would impact the results reflected in this report.



***Independent Auditors' Report on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by the Uniform Guidance***

Board of Directors
Boston Area Rape Crisis Center, Inc.
Cambridge, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited Boston Area Rape Crisis Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Boston Area Rape Crisis Center, Inc.'s major Federal programs for the year ended June 30, 2019. Boston Area Rape Crisis Center, Inc.'s major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the 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 Boston Area Rape Crisis Center, Inc.'s major Federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Boston Area Rape

Crisis Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major Federal program. However, our audit does not provide a legal determination of Boston Area Rape Crisis Center, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Boston Area Rape Crisis Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Boston Area Rape Crisis Center, Inc. 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 Boston Area Rape Crisis Center, Inc.'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 the major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boston Area Rape Crisis Center, Inc.'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.

Purpose of this Report

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

DavisKelly, LLC

Boston, Massachusetts
October 15, 2019

Draft



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

Board of Directors
Boston Area Rape Crisis Center, Inc.
Cambridge, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Boston Area Rape Crisis Center, Inc., which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered of Boston Area Rape Crisis Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boston Area Rape Crisis Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Boston Area Rape Crisis Center, Inc.'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 Boston Area Rape Crisis Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Boston Area Rape Crisis Center, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boston Area Rape Crisis Center, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Davis Kelly, LLC

Boston, Massachusetts
October 15, 2019

Boston Area Rape Crisis Center, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

<i>Federal Grantor Passed Through Program Name</i>	<i>Contract No.</i>	<i>CFDA No.</i>	<i>Federal Expenditures</i>
U.S. Department of Justice			
Passed through the Commonwealth of Massachusetts			
Department of Public Health			
Sexual Assault Services Formula Program	INTF3401M03181228063	16.017	\$ 75,000
National Institute of Justice Research, Evaluation and Development of Project Grants	INTF303M04500824042	16.560	3,500
Department of Corrections			
Violence Against Women Formula Grant	100M1MBARCCADVOCATE	16.588	71,703
Executive Office of Public Safety and Security	EPS SCEPS3001VAWA19BARCC	16.588	28,333
Executive Office of Public Safety and Security	EPS SCEPS3001VAWA19BARCC	16.588	22,403
Office for Victim Assistance			
Crime Victim Assistance	VOCA2019BARC00000	16.575	* 2,093,356
Education, Training, and Enhanced Service to End Violence Against and Abuse of Women with Disabilities		16.529	142,320
Outreach and Services to Underserved Population		16.889	43,331
Passed through the Commonwealth of Massachusetts			
Department of Public Health			
Injury Prevention and Control Research and State and Community Based Programs	INTF3401M3181228063	93.136	66,240
Preventative Health and Health Service Block Grant Funded Solely with the Prevention and Health Funds	INTF301M3181228063	93.758	7,178
Preventative Health and Health Service Block Grant Funded Solely with the Prevention and Health Funds	INTF3401M04500824085	93.991	17,882
Suffolk County Office Support Services		93.758	4,000
Total Expenditures of Federal Awards			<u>\$ 2,575,246</u>

* Major Programs

Boston Area Rape Crisis Center, Inc.

Notes to Schedule of Expenditures of Federal Awards

June 30, 2019

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Boston Area Rape Crisis Center, Inc. under programs of federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Boston Area Rape Crisis Center, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Boston Area Rape Crisis Center, Inc.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

Section I — Summary of Auditors Results

Financial Statements

Type of auditors report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)?

_____ yes X none reported

Type of auditors report issued on compliance for major programs:

Unqualified

Any audit findings that are required to be disclosed in accordance with 2 CFR section 200.516(a)

_____ yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

**U. S. Department of Health and Human Services:
Passed through the Commonwealth of Massachusetts,**

Department of Public Health:

Crime Victim Assistance

Contract Number
VOCA2019BARC00000000

CFDA Number
16.575

\$ 2,093,356

Amount

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

Prior year audit findings

_____ yes X no