



Boston Area Rape Crisis Center, Inc.

Financial Statements in Accordance With

Government Auditing Standards and Uniform Guidance

Year Ended June 30, 2018

A Certified Women-Owned Business Enterprise in the Commonwealth of Massachusetts

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Member – American Institute of Certified Public Accountants

BOSTON AREA RAPE CRISIS CENTER, INC.

Financial Statements

June 30, 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, 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. 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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The prior years financial statements have been audited by another firm whose opinion dated December 4, 2017 expressed an unmodified opinion on those financial statements, and our report dated October 15, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2018 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018, 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.

DavisKelly, LLC

Boston, Massachusetts
October 15, 2018

BOSTON AREA RAPE CRISIS CENTER, INC.

Statements of Financial Position

For the Year Ended June 30, 2018

(with comparative totals as of June 30, 2017)

	<u>2018</u>	<u>2017</u>
<i>Assets</i>		
Cash and cash equivalents	\$ 695,181	\$ 538,260
Restricted cash	45,000	45,000
Certificates of deposit	215,163	215,055
Funds held for others	5,650	13,000
Accounts receivable	443,948	545,605
Prepaid expenses	52,008	8,397
Property and equipment, net	<u>56,380</u>	<u>41,974</u>
<i>Total assets</i>	<u>\$ 1,513,330</u>	<u>\$ 1,407,291</u>
<i>Liabilities and Net Assets</i>		
<i>Current liabilities:</i>		
Accounts payable	\$ 62,690	\$ 60,124
Accrued expenses	254,797	200,481
Funds held for others	<u>5,650</u>	<u>13,000</u>
<i>Total Liabilities</i>	<u>323,137</u>	<u>273,605</u>
<i>Net assets:</i>		
Unrestricted:		
Operating	1,028,190	976,702
Board designated	30,245	35,190
Property and equipment	<u>56,380</u>	<u>41,974</u>
<i>Total unrestricted</i>	1,114,815	1,053,866
Temporarily restricted net assets	<u>75,378</u>	<u>79,820</u>
<i>Total net assets</i>	<u>1,190,193</u>	<u>1,133,686</u>
<i>Total liabilities and net assets</i>	<u>\$ 1,513,330</u>	<u>\$ 1,407,291</u>

BOSTON AREA RAPE CRISIS CENTER, INC.

Statement of Activities

For the Year Ended June 30, 2018

(with summarized comparative totals for the year ended June 30, 2017)

	<i>Unrestricted</i>	<i>Temporarily restricted</i>	<i>2018 Total</i>	<i>2017 Total</i>
<i>Operating Revenues and Support:</i>				
Grants and contributions	\$ 378,145	\$ 122,108	\$ 500,253	\$ 546,087
Program service fees and contracts	2,458,775	-	2,458,775	2,124,346
Special events revenue:	946,892	-	946,892	722,524
Less: direct expenses	(205,258)	-	(205,258)	(200,566)
Total special events, net	741,634	-	741,634	521,958
Donated goods and services	947,790	-	947,790	653,664
Other income	70,211	-	70,211	44,620
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	3,890,675
<i>Operating Expenses:</i>				
Program services	3,271,449	-	3,271,449	2,670,290
Management and general	602,535	-	602,535	578,863
Development	788,172	-	788,172	643,861
<i>Total operating expenses</i>	4,662,156	-	4,662,156	3,893,014
<i>Non-Operating Revenues:</i>				
Capital grants and contributions	-	-	-	35,000
<i>Change in net assets</i>	60,949	(4,442)	56,507	32,661
<i>Net assets, beginning</i>	1,053,866	79,820	1,133,686	1,101,025
<i>Net assets, ending</i>	\$ 1,114,815	\$ 75,378	\$ 1,190,193	\$ 1,133,686

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

BOSTON AREA RAPE CRISIS CENTER, INC.

Statements of Cash Flow

For the Year Ended June 30, 2018

(with comparative totals for the year ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 56,507	\$ 32,661
Adjustments to reconcile change in net assets to net cash provided (used in) by operating activities:		
Depreciation	20,538	18,047
Capital grants and contributions	-	(35,000)
Changes in:		
Accounts receivable	101,657	(167,814)
Prepaid expenses	(43,611)	6,784
Deposit	(108)	-
Accounts payable	2,566	(45,685)
Accrued expenses	54,316	41,312
<i>Net cash provided by (used in) operating activities</i>	<u>191,865</u>	<u>(149,695)</u>
<i>Cash flow from investing activities:</i>		
Purchase of property and equipment	(34,944)	(19,188)
Purchase of certificate of deposit	-	(215,055)
Restricted cash	-	(35,000)
Proceeds from maturity of certificate of deposit	-	214,948
<i>Net cash used in investing activities</i>	<u>(34,944)</u>	<u>(54,295)</u>
<i>Cash flow from financing activities:</i>		
Capital grants and contributions	-	35,000
<i>Net cash provided by financing activities</i>	<u>-</u>	<u>35,000</u>
<i>Net change in cash and cash equivalents</i>	156,921	(168,990)
<i>Cash and cash equivalents, beginning</i>	<u>538,260</u>	<u>707,250</u>
<i>Cash and cash equivalents, ending</i>	<u>\$ 695,181</u>	<u>\$ 538,260</u>

BOSTON AREA RAPE CRISIS CENTER, INC.

Statement of Financial Position

For the Year Ended June 30, 2018

(with summarized comparative totals for the year ended June 30, 2017)

	<i>Client Services</i>	<i>Community Engagement and Prevention</i>	<i>Total Program Services</i>	<i>Management and General</i>	<i>Development</i>	<i>2018 Total</i>	<i>2017 Total</i>
<i>Salaries and related expenses</i>							
Salaries	\$ 841,100	\$ 634,632	\$ 1,475,732	\$ 301,095	\$ 479,153	\$ 2,255,980	\$ 1,886,349
Payroll taxes	70,644	53,303	123,946	25,289	40,244	189,479	163,056
Fringe benefits	81,792	61,714	143,506	29,280	46,595	219,380	208,296
Donated services	563,670	348,282	911,952	35,838	-	947,790	627,840
Contracted services	-	7,763	7,763	52,677	20,450	80,890	136,080
<i>Total salaries and related expenses</i>	1,557,205	1,105,694	2,662,899	444,178	586,442	3,693,519	3,021,621
<i>Program expenses</i>							
Volunteer	44,485	54,232	98,717	2,610	434	101,761	74,412
Counseling and supervision	13,953	1,747	15,700	1,262	-	16,962	33,551
Communications	1,551	3,361	4,912	2,905	10,472	18,289	24,855
Program supplies	3,075	724	3,799	48	386	4,233	11,301
<i>Total program expenses</i>	63,064	60,064	123,128	6,825	11,292	141,245	144,119
<i>Occupancy expenses</i>							
Rent	76,198	57,493	133,692	27,277	43,408	204,377	164,346
Donated rent	-	-	-	-	-	-	25,824
Depreciation	-	-	-	20,538	-	20,538	18,047
Security	-	-	-	655	-	655	740
<i>Total occupancy expenses</i>	76,198	57,493	133,692	48,470	43,408	225,570	208,957
<i>Other expenses</i>							
Consultants	90,134	68,008	158,142	32,266	51,347	241,755	143,748
Office expenses	57,317	43,247	100,565	20,518	32,652	153,735	112,849
Trainings and conferences	11,567	8,728	20,295	4,141	6,589	31,025	53,865
Minor equipment and maintenance	9,563	7,216	16,779	3,424	5,448	25,651	39,804
Printing and postage	591	13,155	13,746	586	27,270	41,602	36,795
Telephone and internet	14,671	11,069	25,740	5,252	8,357	39,349	35,789
Accounting	-	-	-	32,000	-	32,000	33,200
Credit and processing	-	25	25	49	10,029	10,103	30,600
Insurance	4,631	3,494	8,126	1,658	2,638	12,422	13,583
Legal	-	-	-	1,472	-	1,472	9,349
Miscellaneous	4,738	3,575	8,313	1,696	2,699	12,708	8,735
<i>Total other expenses</i>	193,212	158,518	351,730	103,061	147,030	601,822	518,317
<i>Total expenses</i>	\$ 1,889,680	\$ 1,381,769	\$ 3,271,449	\$ 602,535	\$ 788,172	\$ 4,662,156	\$ 3,893,014

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2018 and 2017

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 accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

The financial statements presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, Financial Statements of Not-for-Profit Organizations. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets - consist of assets, public support and program revenues that are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets - include funds with donor-imposed restrictions which permit the donee Organization to expend the assets as specified and are satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, contracts and investment income earned on restricted funds.

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2018 and 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Permanently Restricted Net Assets - include resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently but permit the Organization to expend part or all of the income derived from the donated assets.

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.

Restricted Cash

Restricted cash consists of amounts restricted by the donor for the acquisition of property and equipment.

Certificate of Deposit

At June 30, 2018 and 2017, the Organization had a certificate of deposit with a maturity of three months and maturing on September 29, 2018 and 2017, respectively. Management reinvests the certificate of deposit upon maturity. Subsequent to year end, the certificate of deposit was renewed for an additional three months.

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, 2018 and 2017.

Revenue Recognition

Restricted grants and contributions are recorded as temporarily restricted revenues and net assets when received or unconditionally pledged. Transfers are made to unrestricted net assets as donor restrictions have been satisfied.

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.

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2018 and 2017

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 to them by the volunteers, agencies or by management. The Organization received \$947,790 and \$627,840 of volunteer services for the years ended June 30, 2018 and 2017, respectively. The Organization received \$-0- and \$25,824 of donated rent for the year ended June 30, 2018 and 2017, respectively.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their expenditure classification, while other expenses are allocated based upon management's estimate of the percentage attributable to each program.

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 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). The Organization is also exempt from Massachusetts state taxes. Accordingly, no provision for income taxes is provided for the accompanying financial statements at June 30, 2018 and 2017.

Statements of Activities

Transactions deemed by management to be ongoing, major or central to the provision of program services are reported as operating revenues and support and operating expenses in the accompanying statements of activities. Non-operating revenues include capital grants and contributions activity.

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2018 and 2017

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

Office equipment with a cost of \$19,665 at June 30, 2018 and 2017 which has been fully depreciated has been acquired with funds received from the Commonwealth of Massachusetts. The Commonwealth of Massachusetts retains a reversionary interest in these assets.

Note 3 - Net Assets

Unrestricted Net Assets

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 – represent funds available to carry on the operations of the Organization.

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

Property and equipment net assets – represent and account for the activities relating to the Organization's property and equipment.

Temporarily Restricted Net Assets

Temporarily restricted net assets include donor restricted funds designated for a specific purpose or for future periods. 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, 2018 and 2017, the amounts of temporarily restricted net assets are \$75,378 and \$79,820, respectively.

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2018 and 2017

Note 4 - Leasehold Improvements, Equipment and Furniture

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

	<u>2018</u>	<u>2017</u>
Office equipment	\$ 83,479	\$ 83,479
Furniture	25,176	25,176
Leasehold improvements	120,134	85,190
	<u>228,789</u>	<u>193,845</u>
Less accumulated depreciation	(172,409)	(151,871)
Fixed assets, net	<u>\$ 56,380</u>	<u>\$ 41,974</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$20,538 and \$18,047, respectively.

Note 5 - 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, including certain operating expenses, for the office space was \$204,377 and \$164,346 for the years ended June 30, 2018 and 2017, respectively. The lease provided for free rent for a portion of the space for the initial three months. The effect of recording rent straight-line over the term of the lease is not material to the accompanying the financial statements.

Remaining future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 237,961
2020	247,539
2021	257,180
2022	64,041
2023	28,100
	<u>\$ 834,821</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.

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2018 and 2017

Note 5 - Leases (Continued)

Future minimum payments under this lease agreement are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 4,200
2020	4,200
2021	4,200
2022	4,200
	<u>\$ 16,800</u>

Note 6 - 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.

Note 7 - Related Party Transaction

During fiscal year 2018 and 2017, 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.

Note 8 - 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, 2018 and 2017, 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, 2018 and 2017, respectively.

Note 9 - Fair Value Measurements

Financial Accounting Standards Board Statement ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under FASB Statement ASC 820 are described below:

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2018 and 2017

Note 9 - Fair Value Measurements (Continued)

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increase in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of investments appearing on the statement of financial position has the following valuation approaches as defined by Fair Value Measurements hierarchy:

- Assets utilizing Level 1 inputs include money funds, mutual funds, and fixed income, which amounted to \$215,163 and \$215,055, respectively as of June 30, 2018 and 2017. There are no liabilities utilizing Level 1 inputs.
- There are no assets and liabilities utilizing Level 2 inputs.
- There are no assets and liabilities utilizing Level 3 inputs.

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2018 and 2017

Note 10 - Funding 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:

	% of Operating Revenues and Support		% of Accounts Receivables	
	2018	2017	2018	2017
Commonwealth of Massachusetts				
Department of Public Health	20%	22%	23%	14%
Office for Victim Assistance	24%	18%	50%	55%

Payments to the Organization are subject to audit by respective funding agencies. In the opinion of management, the results of such audits, in any, will not have a material effect on the financial statements as of June 30, 2018 and 2017 or on its changes in net assets for the years then ended.

Note 11 - 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.

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, 2017 was \$952,538.
- ❑ There were no funds expended from the SRR fund pool during June 30, 2018.
- ❑ Surplus revenue retention calculated for the year ended June 30, 2018 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 12 – Reclassification

Certain amounts in the fiscal year 2017 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.

Boston Area Rape Crisis Center, Inc.

Notes to Financial Statements

For the years ended June 30, 2018 and 2017

Note 13 - 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, 2018 and 2017.

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, 2018 to October 15, 2018 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, 2018. 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.

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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, 2018.

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, 2018



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, 2018, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2018.

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.

DavisKelly, LLC

Boston, Massachusetts

October 15, 2018

Boston Area Rape Crisis Center, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

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:

	Contract Number	CFDA Number		
Crime Victim Assistance	VOCA2018BARC00000000	16.575	\$	1,140,227

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

Boston Area Rape Crisis Center, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

<i>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</i>	<i>Federal CFDA No.</i>	<i>Pass Through Entity Identifying Number</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	16.017	INTF3401M03181228063	\$ 75,000
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	INTF3030M04500824042	4,380
Passed through the Commonwealth of Massachusetts, Department of Corrections:			
Violence Against Women Formula Grants	16.588	1000M1MBARCCADVOCATE	64,468
Passed through the Commonwealth of Massachusetts, Executive Office of Public Safety and Security			
Violence Against Women Formula Grants	16.588	EPS SCEPS3001VAWA17BARCC	25,637
	16.588	EPS SCEPS3001VAWA18BARCC	14,167
			<u>39,804</u>
Passed through Northeastern University:			
Crime Victim Assistance/Discretionary Grants	16.582	VF-GX-KO11	14,374
Passed through the Commonwealth of Massachusetts, Office for Victim Assistance:			
Crime Victim Assistance	16.575	VOCA2018BARC00000000	1,140,227
Direct Program:			
U.S. Department of Justice			
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	16.529	2017-FW-AX-K005	166,602
Total U.S. Department of Justice			<u>1,504,855</u>
U. S. Department of Health and Human Services:			
Passed through the Commonwealth of Massachusetts, Department of Public Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	INTF3401M03181228063	35,000
Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF)	93.758	INTF3401M03181228063 INTF3401M04500824085	25,000 14,000
			<u>39,000</u>
Total U.S. Department of Health and Human Services			<u>74,000</u>
Total Expenditures of Federal Awards			<u>\$ 1,578,855</u>

Boston Area Rape Crisis Center, Inc.

Notes to Schedule of Expenditures of Federal Awards

June 30, 2018

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, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.