

**RAPE CRISIS INTERVENTION SERVICE
OF CARROLL COUNTY, INC.**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

**RAPE CRISIS INTERVENTION SERVICE
OF CARROLL COUNTY, INC.**

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INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

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Board of Directors and Management
Rape Crisis Intervention Service of Carroll County, Inc.
Westminster, Maryland

Opinion

We have audited the accompanying financial statements of Rape Crisis Intervention Service of Carroll County, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Rape Crisis Intervention Service of Carroll County, Inc. as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rape Crisis Intervention Service of Carroll County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of Rape Crisis Intervention Service of Carroll County, Inc. for the year ended June 30, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on December 7, 2021.

Responsibility of Management 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.

Responsibility of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Rape Crisis Intervention Service of Carroll County, Inc.'s ability to continue as a going concern for one year after the date the financial statements were issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Rape Crisis Intervention Service of Carroll County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rape Crisis Intervention Service of Carroll County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PKS & Company, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Salisbury, Maryland
February 15, 2023

FINANCIAL STATEMENTS

**RAPE CRISIS INTERVENTION SERVICE
OF CARROLL COUNTY, INC.**

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 658,217
Grants receivable	76,540
Total current assets	<u>734,757</u>

**FIXED ASSETS, NET OF
ACCUMULATED DEPRECIATION**

34,787

OTHER ASSETS

Investments	<u>388,410</u>
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Total assets \$ 1,157,954

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 59,681
Accrued expenses	33,833
Total liabilities	<u>93,514</u>

NET ASSETS

Without donor restrictions	<u>1,064,440</u>
Total net assets	<u>1,064,440</u>

Total liabilities and net assets \$ 1,157,954

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

**RAPE CRISIS INTERVENTION SERVICE
OF CARROLL COUNTY, INC.**

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

REVENUES AND OTHER SUPPORT	
Grants	\$ 472,892
Contributions	34,420
Fundraising - net of direct expenses	34,343
Interest and dividends	56,092
Unrealized loss on investments	(177,991)
Total	<u>419,756</u>
EXPENSES	
Program services	346,885
Management and general	106,669
Fundraising	19,014
Total	<u>472,568</u>
Change in net assets	(52,812)
NET ASSETS, BEGINNING OF YEAR	<u>1,117,252</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,064,440</u></u>

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

**RAPE CRISIS INTERVENTION SERVICE
OF CARROLL COUNTY, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 158,963	\$ 25,201	\$ 9,693	\$ 193,857
Payroll taxes and benefits	16,817	2,666	1,025	20,508
Payroll services	1,302	206	80	1,588
Advertising	105			105
Contractual services	28,191	57,236		85,427
Professional fees	9,425	1,494	575	11,494
Counselor training	126			126
Board of Directors training	601			601
Communications	2,266	359	139	2,764
Office space	7,380	1,170	450	9,000
Technical and consultant fees	660			660
Travel	303			303
Office expenses	62,092	9,844	3,786	75,722
Supplies and materials	3,213	509	196	3,918
Insurance	37,290	5,912	2,273	45,475
Computer website	845			845
Employee and volunteer recognition	1,225			1,225
Professional memberships	3,009			3,009
Depreciation	13,072	2,072	797	15,941
Total	\$ 346,885	\$ 106,669	\$ 19,014	\$ 472,568

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

**RAPE CRISIS INTERVENTION SERVICE
OF CARROLL COUNTY, INC.**

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (52,812)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	15,941
Unrealized loss on investment	177,991
(Increase) decrease in assets:	
Grants receivable	(19,820)
Prepaid expenses	5,023
Increase (decrease) in liabilities:	
Accounts payable	56,078
Accrued expenses	11,684
Net cash provided by operating activities	<u>194,085</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	(14,250)
Purchase of investments	(55,104)
Net cash used by investing activities	<u>(69,354)</u>

Net increase in cash 124,731

CASH, BEGINNING OF YEAR	<u>533,486</u>
CASH, END OF YEAR	<u>\$ 658,217</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**RAPE CRISIS INTERVENTION SERVICE
OF CARROLL COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NATURE OF ACTIVITIES

Rape Crisis Intervention Services of Carroll County, Inc. (the “Organization”) is a nonprofit tax-exempt organization established in 1986 whose purpose is to provide assistance to victims of rape and sexual abuse in dealing with the trauma to which they have been subjected. The Organization also provides education and information to the public concerning rape and sexual abuse. The Organization is supported primarily through county grants, state grants, donor contributions and the United Way.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of Rape Crisis Intervention Service of Carroll County, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), which 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 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 the Organization’s management and the 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, where by the donor has stipulated the funds be maintained in perpetuity.

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. Rape Crisis Intervention Services of Carroll County, Inc. has elected to treat all contributions in which the restrictions are met in the current year as unrestricted contributions.

**RAPE CRISIS INTERVENTION SERVICE
OF CARROLL COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated materials, services and facilities

Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated values at date of receipt. No amounts have been recognized in the Statement of Activities for donated services since no objective basis is available to measure the value of such services; however, the Organization received approximately 5,626 hours of work from its hotline volunteers, and approximately 341 volunteer hours from the board of trustees during the year ended June 30, 2022. Donated facilities are reflected as contributions and office space expense in the accompanying financial statements at the estimated value.

Use of estimates

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

Cash and cash equivalent

Investments with an original maturity of three months or less are considered cash equivalent.

Accounts receivable

Accounts receivable are primarily from grants and contracts. As of June 30, 2022, management believes the receivables balance of \$76,540 is fully collectible and no allowance for doubtful accounts is provided. There was no bad debt expense as of June 30, 2022.

Investment

The organization utilizes FASB ASC 320-05 as its method of accounting for investments. Under FASB ASC 320-05, investments with readily determinable fair value are recorded at fair value.

Investment income includes dividends, interest, realized and unrealized gains and losses

**RAPE CRISIS INTERVENTION SERVICE
OF CARROLL COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed assets

Fixed assets are carried at cost less accumulated depreciation. Expenditures for maintenance, repairs and minor renewals are charged to current expense as incurred. Major renewals and betterments are capitalized.

When assets are sold or otherwise disposed of, the cost and the accumulated depreciation are removed from the accounts. Any resulting gain or loss is reflected in income for the period.

Depreciation is computed on a straight-line basis over the appropriate recovery period as follows:

	<u>Life</u>	<u>6/30/2022</u>
Office Equipment	5 years	\$ 80,261
Software	3 years	14,250
Less accumulated depreciation		<u>(59,724)</u>
Net Book Value		<u>\$ 34,787</u>

Donated assets that are capitalized are recorded at their estimated fair market value at the time of the gift.

Accrued vacation

Accrued vacation is the total balance of accrual amounts for vacation, sick, and paid time off. Vacation, sick, and paid time off are accrued on a monthly basis, and may be reduced on a bi-weekly basis (per pay-period) if used by an employee. Unused accrued balances are carried forward to the next year. Total accrued vacation as of June 30, 2022 was \$18,364.

Functional allocation of expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on a reasonable basis that is consistently applied. The Organization allocated salaries, payroll taxes and benefits, contractual services, payroll services, professional fees, communications, office space and expenses, supplies and materials, insurance, and depreciation expenses using estimates based on time and effort

**RAPE CRISIS INTERVENTION SERVICE
OF CARROLL COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for Federal income taxes in the accompanying financial statements. There was no unrelated business income for the years ended June 30, 2022.

Under the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*, tax positions initially need to be recognized in the financial statements when it is more likely than not the positions will be sustained upon examination by the taxing authorities. The Organization has determined that there are no uncertain tax positions that require recognition or disclosure in the financial statements.

Subsequent events

Management has evaluated subsequent events through February 15, 2023, which is the date the financial statements were approved and authorized to be issued.

CASH AND CASH EQUIVALENTS

The organization maintains deposit accounts at four local banks. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000. At June 30, 2022, the uninsurance balance totaled \$130,158.

**RAPE CRISIS INTERVENTION SERVICE
OF CARROLL COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification, 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB are described as follows:

Level 1—Fair value is based on unadjusted quoted prices in active markets that are accessible to the Organization for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2—Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the same term of the asset or liability through corroboration with observable market data. Level 2 inputs included quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3—Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

The asset 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.

Following is a description of the valuation methodology used for assets measured at fair value.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-ended mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The methods used above may produce a fair value calculation that is not indicative of net realizable or reflect future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**RAPE CRISIS INTERVENTION SERVICE
OF CARROLL COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

FAIR VALUE MEASUREMENTS (Continued)

All investments held by Rape Crisis Intervention Service of Carroll County, Inc. are mutual funds with Level 1 fair value measurements. The fair value of the mutual funds as of June 30, 2022 was \$388,410.

For the year ended June 30, 2022 there were no transfers in or out of Level 1, 2, or 3.

AVAILABILITY AND LIQUIDITY

The following represents Rape Crisis Intervention Service of Carroll County, Inc.'s financial assets at June 30, 2022:

Financial assets at year-end:		
Cash and investments	\$	1,046,627
Grants receivable		<u>76,540</u>
Total financial assets		1,123,167
Financial assets available to meet general expenditures over the next twelve months	\$	<u><u>1,123,167</u></u>

RETIREMENT PLAN

The Organization contributes to a SIMPLE IRA Plan for all its employees that earn \$5,000 or more per calendar year and have completed their new hire probation period. The Organization matches employee contributions up to 3% of compensation. All participants are fully vested upon eligibility. Pension expense for the year ended June 30, 2022 was \$1,851 and has been included in payroll taxes and benefits in the accompanying Statement of Functional Expenses.

**RAPE CRISIS INTERVENTION SERVICE
OF CARROLL COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NET ASSETS, WITHOUT DONOR RESTRICTIONS

The Organization's Board has designated the funds invested in Mutual Funds to be utilized in the event of a disabling budget cut that threatens the Organization's continued existence. As such, these funds can only be withdrawn in an emergency situation as decided by a majority vote of the Board of Trustees. Mutual Funds detailed in Fair Value Measurements.

Net assets with donor restrictions are composed of the following amounts for the years ended June 30, T. Rowe Price Mutal Funds with a fair value of \$388,410.

LEASED FACILITIES

The Organization leased office space in the prior year under a one-year cancelable lease agreement at its estimated fair market value of \$9,000, which was donated in full. No rent payments are required of the Organization, in consideration of the services provided to the community.

SPECIAL EVENTS

Special events revenue net of expenses, as shown on the statement of activities, are as follows:

	<u>Net Revenue (Loss)</u>
Survivor 5k	\$ 11,632
Walk A Mile	23,890
Other	<u>(1,179)</u>
	<u>\$ 34,343</u>

**RAPE CRISIS INTERVENTION SERVICE
OF CARROLL COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

ADOPTION OF NEW ACCOUNTING STANDARD

During the year, the Organization adopted Accounting Standards Update 2020-07, *Presentation and Disclosure by NFP Entities for Contributed Nonfinancial Assets*, which requires the Organization to change their Financial Statements presentation and disclosures of nonfinancial assets. There was no material impact on the Organization's financial statements upon adoption of the standard.

NEW ACCOUNTING STANDARD

FASB issued ASU 2016-02, *Leases*. Under the new guidance, a lessee would be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the balance sheet—the new ASC will require both types of leases to be recognized on the balance sheet. The new guidance on leases will take effect for the year ended June 30, 2023.