

**RAPE, ABUSE & INCEST NATIONAL NETWORK
(RAINN)**

AUDITED FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2015 AND 2014

Rape, Abuse & Incest National Network (RAINN)

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Independent Auditor's Report

To the Board of Directors of
Rape, Abuse & Incest National Network (RAINN)
Washington, DC

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We have audited the accompanying financial statements of **Rape, Abuse & Incest National Network (RAINN)** (a nonprofit organization), which comprise the Statements of Financial Position as of May 31, 2015 and 2014, and the related Statements of Activities and Changes in Net Assets, Functional Expenses and Cash Flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

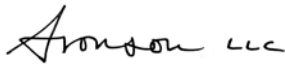
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

Independent Auditor's Report (Continued)

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 **Rape, Abuse & Incest National Network (RAINN)** as of May 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Rockville, Maryland
October 26, 2015

Rape, Abuse & Incest National Network (RAINN)

Statements of Financial Position

<i>May 31,</i>	2015	2014
Assets		
Cash and cash equivalents	\$ 2,989,589	\$ 2,739,369
Investments	33,746	-
Pledges receivable	87,761	75,704
Contracts and grants receivable	212,354	90,933
Prepaid expenses	81,748	56,039
Property and equipment, net	761,122	403,824
Total assets	\$ 4,166,320	\$ 3,365,869
Liabilities and Net Assets		
Note payable	\$ 130,622	\$ 159,478
Accounts payable and accrued expenses	451,514	297,618
Deferred rent	646,704	453,123
Deferred revenue	31,667	-
Total liabilities	1,260,507	910,219
Net assets		
Unrestricted	2,830,813	2,451,275
Temporarily restricted	75,000	4,375
Total net assets	2,905,813	2,455,650
Total liabilities and net assets	\$ 4,166,320	\$ 3,365,869

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Rape, Abuse & Incest National Network (RAINN)

Statements of Activities and Changes in Net Assets

<i>Years Ended May 31,</i>	2015	2014
Revenues and support		
Service fees	\$ 3,393,372	\$ 2,599,729
Contributions	1,192,521	1,141,340
Federal grants	417,270	-
Contributed services	1,165,657	666,489
Special events, net	158,169	160,162
Merchandise sales	3,853	2,393
Investment income	8,363	6,535
Net assets released from restrictions	4,375	-
Total revenues and support	6,343,580	4,576,648
Expenses		
Programs	5,608,574	3,762,488
Management and general	120,623	50,336
Fundraising	234,845	267,410
Total expenses	5,964,042	4,080,234
Change in unrestricted net assets	379,538	496,414
Changes in temporarily restricted net assets		
Contributions	75,000	-
Net assets released from restrictions	(4,375)	-
Change in temporarily restricted net assets	70,625	-
Total change in net assets	450,163	496,414
Net assets, beginning of year	2,455,650	1,959,236
Net assets, end of year	\$ 2,905,813	\$ 2,455,650

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Rape, Abuse & Incest National Network (RAINN)

Statement of Functional Expenses

<i>Year Ended May 31, 2015</i>	Communications	Victim Services	Policy	Total Programs	Management and general	Fund- raising	Total
Accounting	\$ 3,298	\$ 18,187	\$ 1,360	\$ 22,845	\$ 298	\$ 1,338	\$ 24,481
Bank credit card and other charges	449	2,478	185	3,112	16	16,207	19,335
Communications and outreach	302,343	56,146	8,418	366,907	-	183	367,090
Conferences	3,635	4,429	625	8,689	-	-	8,689
Contractors and consultants	87,721	137,421	49,942	275,084	21,404	21,404	317,892
Depreciation	1,966	10,839	810	13,615	178	797	14,590
Employee benefits	14,454	77,656	5,960	98,070	1,310	5,863	105,243
Equipment	1,426	31,936	-	33,362	-	-	33,362
Interest	961	5,298	396	6,655	87	390	7,132
Internet hosting	130,232	325,358	193	455,783	-	8,018	463,801
Legal	-	237,862	394,999	632,861	-	-	632,861
Liability insurance	2,046	11,286	843	14,175	186	830	15,191
Merchandise production	-	-	-	-	-	3,059	3,059
Occupancy expense	31,780	182,918	13,104	227,802	2,881	12,892	243,575
Postage	50,960	100	-	51,060	-	1,537	52,597
Printing	62,254	1,045	-	63,299	-	1,322	64,621
Public education	526,397	16,440	-	542,837	-	1,751	544,588
Salaries	349,498	1,871,639	144,046	2,365,183	86,374	141,979	2,593,536
Software	17,452	63,298	-	80,750	-	-	80,750
State registration fees	-	-	-	-	413	5,293	5,706
Supplies	10,743	14,686	-	25,429	410	392	26,231
Taxes - payroll	28,531	152,789	11,759	193,079	7,051	11,590	211,720
Telephone	83	83,073	-	83,156	-	-	83,156
Travel	9,178	32,769	2,874	44,821	15	-	44,836
Total	\$ 1,635,407	\$ 3,337,653	\$ 635,514	\$ 5,608,574	\$ 120,623	\$ 234,845	\$ 5,964,042

The accompanying Notes to Financial Statements are an integral part of these financial statements

Rape, Abuse & Incest National Network (RAINN)

Statement of Functional Expenses

<i>Year Ended May 31, 2014</i>	Communications	Victim Services	Policy	Total Programs	Management and general	Fund-raising	Total
Accounting	\$ 3,957	\$ 24,012	\$ 1,828	\$ 29,797	\$ 299	\$ 1,944	\$ 32,040
Bank credit card and other charges	415	1,784	192	2,391	636	16,067	19,094
Communications and outreach	3,319	36,962	11,189	51,470	-	24,739	76,209
Conferences	307	3,242	-	3,549	-	14	3,563
Contractors and consultants	86,425	115,981	54,372	256,778	20,390	20,390	297,558
Depreciation	2,268	9,753	1,048	13,069	171	1,114	14,354
Employee benefits	21,259	99,735	9,823	130,817	1,415	10,442	142,674
Equipment	334	29,928	-	30,262	-	-	30,262
Interest	1,351	5,807	626	7,784	102	663	8,549
Internet hosting	7,200	133,421	305	140,926	-	3,158	144,084
Legal	-	37,291	450,000	487,291	-	-	487,291
Liability insurance	403	10,416	186	11,005	30	198	11,233
Merchandise production	-	-	-	-	-	6,530	6,530
Occupancy expense	34,115	158,889	15,761	208,765	2,577	16,757	228,099
Postage	30,978	53	-	31,031	-	1,128	32,159
Printing	27,915	871	368	29,154	89	1,915	31,158
Public education	321,853	8,390	-	330,243	-	84	330,327
Salaries	292,726	1,258,645	135,250	1,686,621	22,104	143,785	1,852,510
Software	17,680	29,017	-	46,697	-	-	46,697
State registration fees	-	-	-	-	257	5,671	5,928
Supplies	699	9,593	146	10,438	424	115	10,977
Taxes - payroll	24,387	104,858	11,268	140,513	1,842	11,979	154,334
Telephone	316	84,461	-	84,777	-	594	85,371
Travel	3,847	23,708	1,555	29,110	-	123	29,233
Total	\$ 881,754	\$ 2,186,817	\$ 693,917	\$ 3,762,488	\$ 50,336	\$ 267,410	\$ 4,080,234

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Rape, Abuse & Incest National Network (RAINN)

Statements of Cash Flows

<i>Years Ended May 31,</i>	2015	2014
Cash flows from operating activities		
Change in net assets	\$ 450,163	\$ 496,414
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	42,682	44,140
Unrealized and realized gain on investments	(1,679)	-
Donated investments	(32,067)	-
(Increase) decrease in		
Pledges receivable	(12,057)	(6,739)
Contracts and grants receivable	(121,421)	256,203
Prepaid expenses	(25,709)	2,615
Increase (decrease) in		
Accounts payable and accrued expenses	153,896	38,853
Deferred rent	193,581	58,246
Deferred revenue	31,667	-
Net cash provided by operating activities	679,056	889,732
Cash flows used by investing activities		
Purchase of property and equipment	(399,980)	-
Cash flows used by financing activities		
Payment on notes payable	(28,856)	(27,482)
Net change in cash and cash equivalents	250,220	862,250
Cash and cash equivalents, beginning of year	2,739,369	1,877,119
Cash and cash equivalents, end of year	\$ 2,989,589	\$ 2,739,369
Supplemental cash flow information		
Payment of interest	\$ 7,132	\$ 8,549
Supplemental non-cash investing and financing activities		
Donated investments	\$ 32,067	\$ -

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Rape, Abuse & Incest National Network (RAINN)

Notes to Financial Statements

1. Organization and significant accounting policies

Organization: Rape, Abuse & Incest National Network (RAINN) was organized for the charitable and educational purposes of establishing and maintaining the National Sexual Assault Hotline, National Sexual Assault Online Hotline and other services for victims; educating the public about sexual assault; and improving the criminal justice response to sexual violence. As a Voluntary Health and Welfare organization, RAINN provides direct services for victims of sexual assault. RAINN is located and operates in Washington, D.C.

Basis of accounting: RAINN's financial statements have been prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Basis of presentation: Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions and reported as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations as to time or purpose of use. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted net assets on the Statement of Activities and Changes in Net Assets.

Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently. There were no permanently restricted net assets as of May 31, 2015 and 2014.

Cash and cash equivalents: RAINN considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. RAINN maintains cash balances that may exceed federally insured limits. Management does not believe that this results in a significant credit risk.

Investments: Investments are stated at fair value based on published market values and consist of common stock.

Pledge receivable: RAINN records pledges in the period which they are promised. Management believes the balance to be fully collectible within one year; therefore no allowance for uncollectible pledges has been recorded.

Contracts and grants receivable: Contracts and grants receivable are recorded when expenses are incurred or services are provided for federal programs. This balance is deemed fully collectible and therefore no allowance for doubtful accounts is deemed necessary.

Rape, Abuse & Incest National Network (RAINN)

Notes to Financial Statements

Property and equipment: Property and equipment are recorded at the original cost and are depreciated on a straight-line basis over estimated lives of three to five years with a capitalization policy of \$5,000. Leasehold improvements to property are recorded at cost and are amortized over the lesser of the remaining useful life or the term of the lease.

Deferred rent: RAINN recognizes the minimum non-contingent rents required under operating leases as rent expense on a straight-line basis over the life of the lease, with differences between amounts recognized as expense and the amounts actually paid recorded as deferred rent on the accompanying Statements of Financial Position.

Revenue recognition:

Service fees – RAINN has a fixed fee contract with the Department of Defense (DOD) for providing hotline services. Revenue is recognized ratably monthly as service is provided. Amounts received in advance of performance are recorded as deferred revenue.

Contributions – RAINN recognizes all unconditional contributions received as income in the period in which the commitment is made. Contributions are reported as unrestricted, temporarily restricted or permanently restricted depending on the absence or existence of donor stipulations that limit the use of the contributions.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Federal grants – Revenue from federal grants is recognized as expenditures are incurred. Amounts received in advance are deferred advances, and expenditures incurred on a reimbursement basis are recorded as grants receivable. Management believes all balances to be fully collectible, therefore no allowance for uncollectible accounts has been recorded.

Contributed services – RAINN receives contributed legal assistance, media, web hosting, and security assessment for web services. These contributions are reported at their estimated fair value. These contributed services were expensed and included on the Statements of Functional Expenses.

Rape, Abuse & Incest National Network (RAINN)

Notes to Financial Statements

Special events – Revenues from event tickets are reported in the fiscal year in which the event is held. All proceeds from ticket sales for special events received prior to year-end, but relating to events held subsequent to the statement of financial position date, are recorded as deferred revenue. Amounts reflected as temporarily restricted ticket revenues and sales represent contributions received at annual fundraising events with donor-imposed restrictions. Special event revenue is reported net of event expenses. Direct event expenses are reported in the fiscal year in which the event is held.

Sales of merchandise – RAINN sells shirts, key-chains, and other small merchandise items which include its logo or program message. Revenues from merchandise are recognized at the time of sale.

Functional expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated amongst the programs and supporting services benefited.

Cash flow classification of donated financial assets: Cash receipts from the sale of donated securities with no donor-imposed restrictions are included in the operating section of the Statement of Cash Flows, while cash receipts from the sale of donated securities with donor-imposed long-term restrictions are classified as financing activities. Otherwise, receipts from the sale of donated financial assets are classified as cash flows from investing activities.

Tax status: RAINN is exempt from federal income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying statements.

RAINN evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of May 31, 2015 and 2014, there are no accruals for uncertain tax positions. If applicable, RAINN records interest and penalties as a component of income tax expense. Tax years from 2012 through the current year remain open for examination by tax authorities.

Rape, Abuse & Incest National Network (RAINN)

Notes to Financial Statements

Use of accounting 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events: Management has evaluated subsequent events for disclosure in these financial statements through October 26, 2015, which was the date the financial statements were available to be issued.

2. Program descriptions

Communications: RAINN educates the public about sexual assault and conducts programs to prevent assaults and to reach at-risk populations.

Victim Services: RAINN operates the National Sexual Assault Hotline (800-656-HOPE), and the National Sexual Assault Online Hotline (a secure web-based support hotline at online.RAINN.org). RAINN also operates the DOD Safe Helpline, five interrelated services for members of the US military affected by sexual assault, through a contract from the Department of Defense. All services are provided free of charge to victims of sexual assault. RAINN also provides training, consulting and certification services for companies, organizations and government agencies addressing sexual assault prevention and response.

Policy: RAINN analyzes, develops, and promotes policy changes to bring rapists to justice, help victims, and reduce the incidence of sexual violence.

3. Investments

The following is a summary of RAINN's investments as of May 31:

	2015	2014
Common stock	\$ 33,746	\$ -
Investment income and gains on investments consisted of the following for the years ended May 31:		
	2015	2014
Unrealized and realized gains	\$ 1,679	\$ -
Interest	6,684	6,535
Total investment income	\$ 8,363	\$ 6,535

Rape, Abuse & Incest National Network (RAINN)

Notes to Financial Statements

4. Fair value

RAINN values certain assets in accordance with a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the entity to develop its own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The fair value of RAINN's investments is as follows:

		Fair Value Measurements Using:		
May 31, 2015	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock	\$ 33,746	\$ 33,746	\$ -	\$ -
Total	\$ 33,746	\$ 33,746	\$ -	\$ -

5. Property and equipment

Property and equipment consist of the following at May 31:

	2015	2014
Furniture and equipment	\$ 137,216	\$ 89,158
Software	132,875	132,875
Leasehold improvements	657,346	363,301
Total property and equipment	927,437	585,334
Less: Accumulated depreciation and amortization	(166,315)	(181,510)
Total property and equipment, net	\$ 761,122	\$ 403,824

Depreciation and amortization expense for the years ended May 31, 2015 and 2014 was \$42,682 and \$44,140, respectively.

Rape, Abuse & Incest National Network (RAINN)

Notes to Financial Statements

6. Operating lease

RAINN is obligated, as lessee, under a non-cancelable operating lease for office space in Washington, D.C. The lease commenced on January 1, 2013 and will end on August 31, 2023 with fixed annual increases of 2.5% during the lease term.

During the fiscal year ended May 31, 2015, RAINN entered into an extension of their original operating lease for office space in Washington, D.C. The lease expansion commenced on January 1, 2015 and will end on May 31, 2026 with fixed annual increases of 2.5% during the lease term. This lease included a rent abatement beginning May, 2015 and ending December, 2015 with the first rent payment due January, 2016. A deferred rent liability is recorded for the difference between the pro-rata expense recognized and the total amounts paid under the lease and is recognized as a liability on the Statements of Financial Position.

The following is a schedule by years of future minimum rental payments required under the operating lease as of May 31, 2015:

Year Ending May 31	Total
2016	\$ 260,940
2017	333,606
2018	341,942
2019	350,473
2020	359,244
Thereafter	2,316,413
Total	\$ 3,962,618

Total expense under operating leases for the years ended May 31, 2015 and 2014 was \$234,697 and \$215,009, respectively.

7. Note payable

Since 1994, RAINN has been using the services of a company (A&I Publishing) that is wholly owned by the President of RAINN. These services were covered by operational agreements, on which payment was deferred due to limited cash available to RAINN. As a settlement for the past due amounts, RAINN entered into a note payable agreement for the estimated value of these services. This note in the amount of \$159,478 due in 2019 bears interest at 5%. The annual payment of principal and interest is \$36,830. In the event that RAINN ceases to receive services from this company, the remaining unpaid portion of this note is due immediately.

Rape, Abuse & Incest National Network (RAINN)

Notes to Financial Statements

The following schedule summarizes the future principal maturities due under the note payable agreement as of May 31, 2015:

Year Ending May 31	Amount
2016	30,299
2017	31,814
2018	33,405
2019	35,104
Total	\$ 130,622

Total interest expense on the note for the years ended May 31, 2015 and 2014 was \$7,132 and \$8,549, respectively.

- 8. Related party transactions** RAINN entered into a contracting agreement with A&I Publishing for their services to RAINN. A&I Publishing is wholly owned by the President of RAINN. During the years ended May 31, 2015 and 2014, RAINN incurred expenses of \$285,384 and \$271,860, respectively, under this agreement. In addition, RAINN reimbursed A&I Publishing approximately \$3,870 and \$1,866 for the years ended May 31, 2015 and 2014, respectively, for costs incurred by A&I Publishing on behalf of RAINN. The amount due to A&I Publishing as of May 31, 2015 and 2014 was \$58,223 and \$55,160, respectively, which is included in accounts payable and accrued expenses on the accompanying Statements of Financial Position.
- In addition, RAINN has a note payable agreement with A&I Publishing, which is described in Note 7.
- 9. Concentration of revenue** The contract with the Department of Defense comprises 49% and 56% of total revenue in fiscal years ended May 31, 2015 and 2014, respectively.
- 10. Temporarily restricted net assets** As of May 31, 2015 and 2014, temporarily restricted net assets of \$75,000 and \$4,375 were restricted for the Communications program, respectively. During the year ended May 31, 2015, \$4,375 was released from restrictions.
- 11. Collective bargaining agreements** Approximately 16% of the organization's employees are covered by collective bargaining agreements. None of the agreements are scheduled to expire in the next year.