

**Relief After Violent Encounter, Inc.
(dba SafeCenter)
St. Johns, Michigan**

FINANCIAL STATEMENTS

September 30, 2015

Relief After Violent Encounter, Inc.
(dba SafeCenter)

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Principals

Dale J. Abraham, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA



3511 Coolidge Road
Suite 100
East Lansing, MI 48823
(517) 351-6836
FAX: (517) 351-6837

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Relief After Violent Encounter, Inc. (dba SafeCenter)
St. Johns, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Relief After Violent Encounter, Inc. (dba SafeCenter) (the Agency), which comprise the statement of financial position as of September 30, 2015, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Relief After Violent Encounter, Inc. (dba SafeCenter) as of September 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of revenues and expenses are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is also 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information 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 information 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 February 12, 2016, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part on an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

February 12, 2016

Relief After Violent Encounter, Inc.
(dba SafeCenter)

STATEMENT OF FINANCIAL POSITION

September 30, 2015

ASSETS	
Current assets	
Cash	\$ 98,988
Pledges receivable	2,400
Due from State of Michigan	88,751
Due from others	<u>60,825</u>
Total current assets	250,964
Fixed assets	
Land	33,614
Buildings	373,147
Equipment	129,752
Less: accumulated depreciation	<u>(141,658)</u>
Total fixed assets, net	394,855
Other assets	
Security deposit	<u>125</u>
TOTAL ASSETS	<u><u>\$ 645,944</u></u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current liabilities	
Accounts payable	\$ 5,170
Accrued wages	12,730
Other accrued liabilities	6,103
Accrued vacation	8,547
Current portion of long-term liabilities	4,820
Security deposits payable	<u>601</u>
Total current liabilities	37,971
Noncurrent liabilities	
Noncurrent portion of long-term liabilities	<u>350,967</u>
TOTAL LIABILITIES	388,938
NET ASSETS	
Unrestricted	<u>257,006</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 645,944</u></u>

See accompanying notes to financial statements.

Relief After Violent Encounter, Inc.
(dba SafeCenter)

STATEMENT OF ACTIVITIES

Year Ended September 30, 2015

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Grants			
Department of Health and Human Services	\$ 612,247	\$ -	\$ 612,247
Department of Education	7,015	-	7,015
Other grants	59,151	-	59,151
Local			
United Way	-	32,271	32,271
Other	8,706	-	8,706
Other			
Donations	47,370	-	47,370
In-kind support	16,925	-	16,925
Interest	164	-	164
Miscellaneous	10,942	-	10,942
Net assets released from restrictions	32,271	(32,271)	-0-
TOTAL SUPPORT AND REVENUE	794,791	-0-	794,791
EXPENSES			
Program services	693,115	-	693,115
Supporting services			
Management and general	58,052	-	58,052
Fundraising	15,964	-	15,964
TOTAL EXPENSES	767,131	-0-	767,131
CHANGE IN NET ASSETS	27,660	-0-	27,660
Net assets, beginning of year	229,346	-	229,346
Net assets, end of year	\$ 257,006	\$ -0-	\$ 257,006

See accompanying notes to financial statements.

Relief After Violent Encounter, Inc.
(dba SafeCenter)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2015

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 343,549	\$ 38,203	\$ 8,021	\$ 389,773
Payroll taxes and other fringe benefits	69,665	5,931	740	76,336
Total salaries and related expenses	413,214	44,134	8,761	466,109
Rent	4,720	-	-	4,720
Mortgage interest	13,183	1,146	-	14,329
Utilities	12,391	498	-	12,889
Telephone	4,907	191	-	5,098
Maintenance	2,559	203	-	2,762
Postage	820	199	200	1,219
Printing and publishing	774	189	1,013	1,976
Supplies	9,450	1,375	2,108	12,933
Mileage reimbursement	6,153	909	-	7,062
Specific assistance	184,665	-	-	184,665
Conferences and training	568	1,695	-	2,263
Food	988	-	2,932	3,920
Insurance	9,552	3,425	-	12,977
Professional fees	7,550	1,814	-	9,364
Miscellaneous	5,625	898	950	7,473
Total expenses before depreciation	677,119	56,676	15,964	749,759
Depreciation	15,996	1,376	-	17,372
TOTAL EXPENSES	\$ 693,115	\$ 58,052	\$ 15,964	\$ 767,131

See accompanying notes to financial statements.

Relief After Violent Encounter, Inc.
(dba SafeCenter)

STATEMENT OF CASH FLOWS

Year Ended September 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 27,660
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	17,372
(Increase) decrease in:	
Pledges receivable	1,125
Due from State of Michigan	(12,308)
Due from others	(3,576)
Increase (decrease) in:	
Accounts payable	1,647
Accrued wages	4,142
Accrued vacation	3,295
Other accrued liabilities	(3,417)
Security deposits payable	<u>(1,530)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	34,410
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(14,629)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on mortgage	<u>(4,631)</u>
NET INCREASE IN CASH DURING YEAR	15,150
Cash, beginning of year	<u>83,838</u>
Cash, end of year	<u>\$ 98,988</u>
Supplemental disclosure of cash flow information	
Cash paid during the year for interest	<u>\$ 14,329</u>

See accompanying notes to financial statements.

Relief After Violent Encounter, Inc.
(dba SafeCenter)

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Relief After Violent Encounter, Inc. (dba SafeCenter) (the Agency) was organized in 1984 as a private, nonprofit corporation to provide emergency shelter, support, programs, advocacy, counseling, and crisis intervention for women, men and children experiencing domestic violence and sexual assault in Clinton and Shiawassee Counties. Relief After Violent Encounter, Inc. provides education on the extent and nature of domestic violence and sexual assault to community groups, agencies, and concerned citizens.

Relief After Violent Encounter, Inc. operates under an appointed Board of Directors and an Executive Director. The majority of the Agency's revenue is from Federal and State grants and from several local funding sources. The Agency also receives other revenue from public contributions and fundraising.

The accounting policies of the Agency conform to U.S. generally accepted accounting principles (GAAP) as applicable to nonprofit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing nonprofit accounting and financial reporting principles.

The following is a summary of the significant accounting policies of the Agency:

Basis of Presentation - In accordance with GAAP, the Agency is required to report information regarding its financial position and activities according to three (3) classes of net assets (unrestricted, temporarily restricted, and permanently restricted) based upon the existence or absence of donor-imposed restrictions.

GAAP also require contributions received to be recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The Agency has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

Basis of Accounting - Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statements of the Agency are accounted for using the accrual basis of accounting in accordance with GAAP.

Cash - Cash includes checking accounts, a savings account, and currency on hand.

As a recipient of Emergency Food and Shelter National Board Program Funds, the Agency has deposited cash received from this funding source in a bank account that is held separately from the other funds. The balance of that account as of September 30, 2015, was \$1,500.

Due from State of Michigan - Due from State of Michigan consists of amounts due for reimbursement of grant expenses.

Due from Others - Due from others consists mainly of amounts due from local organizations which represent reimbursement for grant expenses that had not been received as of year-end.

Fixed Assets - Equipment acquired by the Agency is stated at cost, if purchased, or at fair value, if donated, with items capitalized at a unit cost of \$500 or greater and a life expectancy of one year or more. Depreciation is provided using the straight-line method over the useful lives of the respective assets, which range from 3 to 40 years. The costs of normal maintenance that do not add to the value of assets or materially extend the asset lives are not capitalized.

Equipment purchased with grant funds are recorded as an expense to meet grant reporting requirements. These fixed assets are considered to be owned by the grant funding source and, accordingly, are not reported as fixed assets in the financial statements.

Relief After Violent Encounter, Inc.
(dba SafeCenter)

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accrued Vacation - In accordance with the personnel policies of the Agency, individual employees have vested rights upon termination of employment to receive payment for unused vacation under formulas and conditions specified in the policies. This liability, including the related payroll taxes, is recorded in the financial statements as of September 30, 2015.

Income Taxes - Relief After Violent Encounter, Inc. is a nonprofit corporation and has been granted exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Agency is not classified as a private foundation.

Contributed Materials, Equipment, and Services - The Agency will record various types of in-kind contributions that have a fair value of \$500 or more in accordance with GAAP. GAAP require recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The value of donated services is recorded as contributions in the period the services are rendered. The amounts reflected in the financial statements as in-kind contributions will be offset by like amounts included in expenses. The Agency received \$16,925 in contributed materials, equipment, or services during the fiscal year ended September 30, 2015, meeting the recognition criteria.

Contributions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Governmental Grants - Governmental grants which are for particular operating purposes are not considered to be contributions and are recognized as revenue when expenses are incurred under the appropriate activity type (i.e., unrestricted).

Allocated Costs - Certain costs of the Agency have been allocated to program service and supporting service activities. Salaries and related expenses have been allocated to program service activities based upon actual time percentages for each employee. Most other costs are either charged directly or are allocated to program service and supporting service activities based on management's estimation of actual activity.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Comparative Data - Comparative data for the prior year has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

Subsequent Events - In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through February 12, 2016, the date the financial statements were available to be issued.

Relief After Violent Encounter, Inc.
(dba SafeCenter)

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE B: CONCENTRATION OF CREDIT RISK

The Agency is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments, which potentially subject the Agency to concentration of credit risk, consist principally of cash in the bank. The Agency places its cash with high-credit-quality financial institutions. Although such cash balances may exceed the federally insured limits at certain times during the year, they are, in the opinion of management, subject to minimal risk.

NOTE C: DUE FROM STATE OF MICHIGAN

The following is a summary of the amounts due from the State of Michigan at September 30, 2015:

Department of Health and Human Services	\$	86,720
Michigan Department of Education		<u>2,031</u>
		<u>\$ 88,751</u>

NOTE D: PLEDGES RECEIVABLE

The following is a summary of unconditional pledges to give at September 30, 2015:

Amounts due in:		
Less than one year		<u>\$ 2,400</u>

NOTE E: FIXED ASSETS

The cost of equipment utilized by the Agency's operations, which is owned by grant funding sources, at September 30, 2015, totals \$55,069. As discussed in Note A, these fixed assets are not recorded in the financial statements.

The following is a summary of the changes in fixed assets for the year ended September 30, 2015:

	<u>Balance</u> <u>Oct. 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Sep. 30, 2015</u>
Land	\$ 33,614	\$ -	\$ -	\$ 33,614
Fixed assets being depreciated				
Building	371,631	1,516	-	373,147
Equipment	<u>116,639</u>	<u>13,113</u>	<u>-</u>	<u>129,752</u>
Subtotal	488,270	14,629	-0-	502,899

Relief After Violent Encounter, Inc.
(dba SafeCenter)

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE E: FIXED ASSETS - CONTINUED

	Balance Oct. 1, 2014	Additions	Deletions	Balance Sep. 30, 2015
Less accumulated depreciation for:				
Buildings	\$ (33,875)	\$ (10,502)	\$ -	\$ (44,377)
Equipment	(90,411)	(6,870)	-	(97,281)
Subtotal	(124,286)	(17,372)	-0-	(141,658)
Net fixed assets being depreciated	363,984	(2,743)	-0-	361,241
Net fixed assets	<u>\$ 397,598</u>	<u>\$ (2,743)</u>	<u>\$ -0-</u>	<u>\$ 394,855</u>

NOTE F: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) for the year ended September 30, 2015.

	Balance Oct. 1, 2014	Additions	Deletions	Balance Sep. 30, 2015	Amounts Due Within One Year
Mortgage Note	<u>\$ 360,418</u>	<u>\$ -</u>	<u>\$ (4,631)</u>	<u>\$ 355,787</u>	<u>\$ 4,820</u>

On April 14, 2012, Relief After Violent Encounter, Inc. entered into a \$375,000 mortgage note. The acquired property is pledged as collateral. The terms of the note provide for monthly installments of approximately \$1,580 including interest of 4.00% through July 2050.

Remaining payments for the note are as follows:

Year Ending September 30,	Mortgage Note	
	Principal	Interest
2016	\$ 4,820	\$ 14,140
2017	5,016	13,944
2018	5,221	13,739
2019	5,433	13,527
2020	5,655	13,305
2021-2025	31,923	62,877
2026-2030	38,978	55,822
2031-2035	47,592	47,208
2036-2040	58,110	36,690
2041-2045	70,952	23,848
2046-2050	82,087	8,181
	<u>\$ 355,787</u>	<u>\$ 303,281</u>

Relief After Violent Encounter, Inc.
(dba SafeCenter)

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE G: RELIANCE ON FUNDING SOURCES

Relief After Violent Encounter, Inc. receives a substantial amount of its support from Federal and State grant revenues. A significant reduction in the level of this support, if it were to occur, would have an effect on the Agency's programs and activities.

NOTE H: CONTINGENT LIABILITIES

Relief After Violent Encounter, Inc. participates in Federal and State assisted grant programs that are subject to compliance audits. The programs and the periodic program compliance audits of many of the programs have not yet been conducted, completed, or resolved. Accordingly the Agency's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Agency expects such amounts, if any, to be immaterial.

SUPPLEMENTARY INFORMATION

Relief After Violent Encounter, Inc.
(dba SafeCenter)

SCHEDULE OF REVENUE AND EXPENSES

VICTIMS OF CRIME ACT

Year Ended September 30, 2015

	Grant No. 20150110-00
REVENUE	
Grant revenue	\$ 119,625
Local match	<u>29,906</u>
TOTAL REVENUE	<u>\$ 149,531</u>
EXPENSES	
Salaries and wages	\$ 106,909
Payroll taxes and other fringe benefits	23,953
Volunteer	14,244
Travel	1,661
Supplies and materials	1,564
Other expenses	<u>1,200</u>
TOTAL EXPENSES	<u>\$ 149,531</u>

Relief After Violent Encounter, Inc.
(dba SafeCenter)

SCHEDULE OF REVENUE AND EXPENSES
EMERGENCY FOOD AND SHELTER PROGRAM
Year Ended September 30, 2015

Clinton County

REVENUE	<u>\$ 42,621</u>
EXPENSES	
Mass shelter	\$ 33,896
Mass shelter (Off-Site Lodging)	<u>8,725</u>
	<u>\$ 42,621</u>

Shiawassee County

REVENUE	<u>\$ 16,530</u>
EXPENSES	
Mass shelter	<u>\$ 16,530</u>

Relief After Violent Encounter, Inc.
(dba SafeCenter)

SCHEDULE OF REVENUES AND EXPENSES

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Year Ended September 30, 2015

	Grant No. DV-11- 19001 DV	Grant No. TSH-11- 19001 TSH	Grant No. SA-15- 19001 SA	Grant No. STOP-11- 19001 STOP	Total
REVENUE	\$ 194,261	\$ 196,000	\$ 49,582	\$ 52,779	\$ 492,622
EXPENSES					
Salaries and wages	\$ 153,890	\$ 26,811	\$ 38,064	\$ 38,986	\$ 257,751
Fringe benefits	26,955	6,275	7,137	8,093	48,460
Occupancy	6,260	2,622	1,779	2,548	13,209
Communication	2,264	1,125	955	1,660	6,004
Supplies	1,661	710	711	1,201	4,283
Local transportation	1,178	1,856	916	241	4,191
Assistance to individuals	-	155,446	20	50	155,516
Miscellaneous	2,053	1,155	-	-	3,208
TOTAL EXPENSES	\$ 194,261	\$ 196,000	\$ 49,582	\$ 52,779	\$ 492,622

Relief After Violent Encounter, Inc.
(dba SafeCenter)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Revenues	Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
Passed through the Michigan Department of Education Child and Adult Care Food Program FY 14/15	10.558	19SPX0003	\$ 7,015	\$ 7,015	\$ 7,015
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed through the Michigan Department of Health and Human Services Emergency Solutions Grant Program FY 14/15	14.231	DV-11-19001	19,776	19,776	19,776
U.S. DEPARTMENT OF JUSTICE					
Passed through Michigan Department of Health and Human Services Crime Victim Assistance FY 14/15	16.575	20150110-00	119,625	119,625	119,625
Violence Against Women Formula Grants FY 14/15	16.588	STOP-11-19001	<u>52,779</u>	<u>52,779</u>	<u>52,779</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			172,404	172,404	172,404
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through the Michigan Department of Health and Human Services Temporary Assistance for Needy Families ^(a) FY 14/15	93.558	SA-15-19001	49,582	49,582	49,582
FY 14/15		DV-11-19001	87,102	87,102	87,102
FY 14/15		TSH-11-19001	<u>196,000</u>	<u>196,000</u>	<u>196,000</u>
			332,684	332,684	332,684
Family Violence Prevention and Services/Grants for Battered Women's Shelters Grants to States and Indian Tribes FY 14/15	93.671	DV-11-19001	<u>38,415</u>	<u>38,415</u>	<u>38,415</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			371,099	371,099	371,099
U.S. DEPARTMENT OF HOMELAND SECURITY					
Passed through Shiawassee/Clinton Counties Emergency Food and Shelter National Board Program 28-4826-00-007 Shiawassee 28-4670-00-002 Clinton	97.024	N/A	16,530	16,530	16,530
		N/A	<u>42,621</u>	<u>42,621</u>	<u>42,621</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>59,151</u>	<u>59,151</u>	<u>59,151</u>
TOTAL FEDERAL AWARDS			<u>\$ 629,445</u>	<u>\$ 629,445</u>	<u>\$ 629,445</u>

Relief After Violent Encounter, Inc.
(dba SafeCenter)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2015

NOTE A: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Relief After Violent Encounter, Inc. (dba SafeCenter) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.

NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE

The following descriptions identified below as (a) - (b) represent the explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards.

- (a) Denotes programs tested as a "major program".
- (b) The following reconciles the grants revenue reported in the basic financial statements to the federal expenditures reported on the Schedule of Expenditures of Federal Awards:

Total grants revenue per basic financial statements	\$ 678,413
Less: Grants revenue reported in basic financial statements that are state funds	<u>(48,968)</u>
Expenditures of federal awards	<u>\$ 629,445</u>

Principals

Dale J. Abraham, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
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William I. Tucker IV, CPA



3511 Coolidge Road
Suite 100
East Lansing, MI 48823
(517) 351-6836
FAX: (517) 351-6837

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*

To the Board of Directors
Relief After Violent Encounter, Inc. (dba SafeCenter)
St. Johns, Michigan

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 Relief After Violent Encounter, Inc. (dba SafeCenter) (the Agency), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Relief After Violent Encounter, 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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 the Agency'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 the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

February 12, 2016

Principals

Dale J. Abraham, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA



3511 Coolidge Road
Suite 100
East Lansing, MI 48823
(517) 351-6836
FAX: (517) 351-6837

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Relief After Violent Encounter, Inc. (dba SafeCenter)
St. Johns, Michigan

Report on Compliance for Each Major Federal Program

We have audited Relief After Violent Encounter, Inc.'s (dba SafeCenter) (the Agency) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended September 30, 2015. The Agency's major federal programs are 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 requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, Relief After Violent Encounter, Inc. (dba SafeCenter) complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of Relief After Violent Encounter, Inc. (dba SafeCenter) 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 the Agency'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 each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the Agency'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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

February 12, 2016

Relief After Violent Encounter, Inc.
(dba SafeCenter)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ 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? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

Relief After Violent Encounter, Inc.
(dba SafeCenter)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended September 30, 2015

FINDINGS/NONCOMPLIANCE

Control Deficiencies and Material Weaknesses Related to Internal Controls Over the Financial Statements.

No prior audit findings.

Findings Related to Compliance with Requirements Applicable to the Financial Statements.

No prior audit findings.

Findings Related to Compliance with Requirements Applicable to Federal Awards and Internal Control Over Compliance in Accordance with OMB Circular A-133.

No prior audit findings.