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June 12, 2018

Board of Directors
Prevail, Inc. of Hamilton County
1100 South 9th Street
Noblesville, IN 46060

We have reviewed the report prepared by Prevail, Inc. of Hamilton County and opined upon by Donovan CPAs, Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Prevail, Inc. of Hamilton County as of June 30, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Donovan CPAs prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

Together with Independent Auditors' Report

For the Years Ended June 30, 2017 and 2016



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Donovan CPAs

Independent Auditors' Report

The Board of Directors
Prevail, Inc. of Hamilton County

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Prevail, Inc. of Hamilton County and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Prevail, Inc. of Hamilton County and Affiliate as of June 30, 2017 and 2016, and the changes in the consolidated net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules of financial position and activities and change in net assets on pages 14 through 17 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 January 23, 2018 on our consideration of Prevail, Inc. of Hamilton County and Affiliate'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 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 consolidated entity's internal control over financial reporting and compliance.

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The signature is written in a cursive style with a large, prominent initial "D".

Indianapolis, Indiana
January 23, 2018

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 233,296	\$ 224,591
Grants receivable	218,854	269,577
Prepaid expenses and other assets	<u>30,592</u>	<u>32,787</u>
<i>Total current assets</i>	<u>482,742</u>	<u>526,955</u>
PROPERTY AND EQUIPMENT		
Leasehold improvements	10,248	9,446
Equipment	109,790	109,790
Furniture and fixtures	18,527	18,527
Less: accumulated depreciation	<u>(102,426)</u>	<u>(89,319)</u>
<i>Property and equipment, net</i>	<u>36,139</u>	<u>48,444</u>
LONG-TERM INVESTMENTS		
Central Indiana Community Foundation endowment	77,306	73,720
Prevail Foundation endowment	<u>2,545,152</u>	<u>2,352,870</u>
<i>Total long-term investments</i>	<u>2,622,458</u>	<u>2,426,590</u>
TOTAL ASSETS	<u><u>\$ 3,141,339</u></u>	<u><u>\$ 3,001,989</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 13,766	\$ 20,925
Compensated absences	13,568	14,702
Deferred income	<u>17,692</u>	<u>19,250</u>
<i>Total current liabilities</i>	<u>45,026</u>	<u>54,877</u>
NET ASSETS		
Unrestricted:		
Board-designated	2,545,152	2,352,870
Undesignated	376,397	355,935
Temporarily restricted	103,579	167,122
Permanently restricted	<u>71,185</u>	<u>71,185</u>
<i>Total net assets</i>	<u>3,096,313</u>	<u>2,947,112</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,141,339</u></u>	<u><u>\$ 3,001,989</u></u>

See independent auditors' report and accompanying notes to the consolidated financial statements

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>				<u>2016</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT								
Grants:								
Government	\$ 419,869	\$ -	\$ -	\$ 419,869	\$ 342,180	\$ -	\$ -	\$ 342,180
Foundation	79,351	-	-	79,351	113,250	120,000	-	233,250
Contract service revenue	143,985	90,000	-	233,985	148,030	90,000	-	238,030
Contributions	117,517	3,011	-	120,528	109,122	6,853	-	115,975
Special events income, net of expenses	155,524	-	-	155,524	141,867	-	-	141,867
Interest and dividends	49,597	-	-	49,597	51,601	-	-	51,601
Gain (loss) on investments	276,661	7,386	-	284,047	(145,321)	(2,904)	-	(148,225)
Net assets released from restrictions	163,940	(163,940)	-	-	142,027	(142,027)	-	-
<i>Total revenue and support</i>	<u>1,406,444</u>	<u>(63,543)</u>	<u>-</u>	<u>1,342,901</u>	<u>902,756</u>	<u>71,922</u>	<u>-</u>	<u>974,678</u>
EXPENSES								
Program services	928,274	-	-	928,274	831,289	-	-	831,289
Management and general	166,018	-	-	166,018	180,753	-	-	180,753
Fundraising and public relations	99,408	-	-	99,408	108,331	-	-	108,331
<i>Total expenses</i>	<u>1,193,700</u>	<u>-</u>	<u>-</u>	<u>1,193,700</u>	<u>1,120,373</u>	<u>-</u>	<u>-</u>	<u>1,120,373</u>
CHANGE IN NET ASSETS	212,744	(63,543)	-	149,201	(217,616)	71,922	-	(145,695)
NET ASSETS, BEGINNING OF YEAR	<u>2,708,805</u>	<u>167,122</u>	<u>71,185</u>	<u>2,947,112</u>	<u>2,926,421</u>	<u>95,200</u>	<u>71,185</u>	<u>3,092,807</u>
NET ASSETS, END OF YEAR	<u>\$ 2,921,549</u>	<u>\$ 103,579</u>	<u>\$ 71,185</u>	<u>\$ 3,096,313</u>	<u>\$ 2,708,805</u>	<u>\$ 167,122</u>	<u>\$ 71,185</u>	<u>\$ 2,947,112</u>

See independent auditors' report and accompanying notes to the consolidated financial statements

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2017 and 2016

	2017				2016			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Public Relations</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Public Relations</u>	<u>Total</u>
FUNCTIONAL EXPENSES								
Salaries and benefits	\$ 729,636	\$ 120,529	\$ 59,660	\$ 909,825	\$ 657,732	\$ 130,710	\$ 63,590	\$ 852,032
Legal and accounting	13,154	1,594	1,109	15,857	13,091	4,150	1,864	19,105
Operating expense and supplies	57,565	7,901	4,565	70,031	56,426	9,016	5,038	70,480
Training and registration	11,374	2,819	1,499	15,692	10,332	2,272	533	13,137
Membership/dues	1,053	226	346	1,625	949	268	179	1,396
Fundraising/public awareness	149	887	21,005	22,041	1,169	181	19,004	20,354
Insurance	15,247	1,867	1,303	18,417	7,258	1,123	667	9,048
Recognition	-	264	1,796	2,060	75	-	1,647	1,722
Facility rent	52,196	11,606	4,802	68,604	44,141	13,272	10,962	68,375
Telephone/pager	11,451	1,385	1,308	14,144	7,169	2,064	3,069	12,302
Travel	5,860	422	706	6,988	6,058	1,431	527	8,016
Professional services	19,957	15,062	290	35,309	17,017	15,076	418	32,511
Depreciation	10,632	1,456	1,019	13,107	9,872	1,190	833	11,895
<i>Total functional expenses</i>	<u>\$ 928,274</u>	<u>\$ 166,018</u>	<u>\$ 99,408</u>	<u>\$ 1,193,700</u>	<u>\$ 831,289</u>	<u>\$ 180,753</u>	<u>\$ 108,331</u>	<u>\$ 1,120,373</u>

See independent auditors' report and accompanying notes to the consolidated financial statements

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 149,201	\$ (145,695)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	13,107	11,895
(Gain) loss on investments	(284,047)	148,225
Changes in certain assets and liabilities:		
Grants receivable	50,723	(145,272)
Prepaid expenses and other assets	2,195	(22,887)
Accounts payable	(7,159)	19,626
Compensated absences	(1,134)	216
Deferred income	(1,558)	16,500
	<u>(78,672)</u>	<u>(117,392)</u>
<i>Net cash used in operating activities</i>		
	<u>(78,672)</u>	<u>(117,392)</u>
INVESTING ACTIVITIES		
Distribution received from restricted endowment	3,800	3,844
Purchases of investments	(306,015)	(1,489,789)
Sales of investments	390,394	1,587,398
Purchases of property and equipment	(802)	(8,323)
	<u>87,377</u>	<u>93,130</u>
<i>Net cash provided by investing activities</i>		
	<u>87,377</u>	<u>93,130</u>
NET CHANGE IN CASH	8,705	(24,262)
CASH, BEGINNING OF YEAR	<u>224,591</u>	<u>248,853</u>
CASH, END OF YEAR	<u>\$ 233,296</u>	<u>\$ 224,591</u>

See independent auditors' report and accompanying notes to the consolidated financial statements

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Prevail, Inc. of Hamilton County is an Indiana not-for-profit corporation serving victims of crime and abuse in Hamilton County, Indiana in a confidential, supportive, non-judgmental environment. Its mission is to educate and engage the community to prevent crime and abuse while helping restore the lives of those who have been affected. Prevail, Inc. of Hamilton County maintains a controlling interest in Prevail Foundation, Inc., which is organized exclusively for the benefit of, to perform the functions of, or to carry out the purposes of Prevail Inc. of Hamilton County.

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of Prevail, Inc. of Hamilton County and its affiliate, Prevail Foundation, Inc., collectively referred to as “Prevail”. All significant intercompany transactions and balances have been eliminated in consolidation.

Financial Statement Presentation – Prevail reports its financial position and activities according to three classes of assets as follows:

- Unrestricted net assets, which represent assets that the Board of Directors has discretionary control to use in carrying on the operations of the organization in accordance with its articles of incorporation and by-laws.
- Temporarily restricted net assets, which represent assets restricted by the donor, grantor, or other outside party for a specific purpose or until the passage of time.
- Permanently restricted net assets, which represent assets that are subject to restriction by gift instruments requiring that the principal be invested in perpetuity and only the income be expended, or assets donated with the provision that they not be sold.

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Functional Expenses – The costs of providing Prevail’s various programs and activities have been summarized on a functional basis in the consolidated statements of activities and change in net assets. Accordingly, certain costs have been allocated among program services, management and general, and fundraising and public relations in accordance with the benefits received.

Cash and Cash Equivalents – Cash and cash equivalents consist of cash held in bank accounts and short-term, highly liquid investments with original maturities of three months or less.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the consolidated statements of activities and change in net assets.

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Property and Equipment – Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives are as follows:

Leasehold improvements	7 years
Equipment	3 to 10 years
Furniture and fixtures	7 years

Revenue Recognition – A portion of Prevail’s revenue is the product of cost reimbursement grants. Accordingly, Prevail recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Revenue under fee for service arrangements is recognized at the time the service delivery requirements are met.

Contributions – Contributions received are measured at their fair values and are reported as an increase in net assets. Prevail reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. 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 consolidated statements of activities and change in net assets as net assets released from restrictions.

Contributed Services – Prevail receives donated services in carrying out its exempt function. No amounts have been reflected in the financial statements for these services since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Taxes on Income – Prevail, Inc. of Hamilton County and Prevail Foundation, Inc. have received determinations from the U.S. Treasury Department stating that they qualify under the provisions of Section 501(c)(3) of the Internal Revenue Code as tax-exempt organizations; however, these organizations would be subject to tax on income unrelated to their tax-exempt purposes. For the years ended June 30, 2017 and 2016, no accounting for federal and state income taxes was required to be included in the accompanying consolidated financial statements.

Professional accounting standards require Prevail to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. Prevail has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2013 are open to audit for both federal and state purposes.

Subsequent Events – Prevail evaluated subsequent events through January 23, 2018, the date these consolidated financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 2 - GRANTS RECEIVABLE

Grants receivable are primarily related to grant reimbursements due from state and local governmental agencies. Prevail believes that all claims are within the terms of the grant agreements. As such, no allowance for doubtful accounts has been made.

NOTE 3 - LEASES

Prevail leases its office facility and certain office equipment under operating leases. Rent expense under these leases was \$68,604 and \$68,375 for the years ended June 30, 2017 and 2016, respectively. None of the lease terms extend beyond one year from the reporting date.

NOTE 4 - LONG-TERM INVESTMENTS

Investments are summarized as follows as of June 30:

	<u>2017</u>	<u>2016</u>
Central Indiana Community Foundation:		
Pooled account	\$ <u>77,306</u>	\$ <u>73,720</u>
Board-designated endowment:		
Cash and cash equivalents	117,492	82,192
Mutual fund equity accounts:		
U.S. stock funds	584,606	518,331
International stock funds	970,318	852,399
Mutual fund fixed income accounts:		
U.S. government and corporate fixed income	660,055	692,325
Mutual fund alternative asset accounts:		
Hedge funds	119,926	128,798
Real estate and infrastructure	<u>92,755</u>	<u>78,825</u>
	<u>2,545,152</u>	<u>2,352,870</u>
<i>Total long-term investments</i>	\$ <u>2,622,458</u>	\$ <u>2,426,590</u>

Central Indiana Community Foundation (CICF) assets represent funds held by the Legacy Fund. The assets are pooled with other investments of the Legacy Fund. Prevail is allocated a proportionate share of income and expense from the investments. Under terms of the agreement, CICF has been granted variance authority over the fund assets and earnings.

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 5 - RESTRICTIONS ON NET ASSETS

In accordance with professional accounting standards, Prevail has recognized its beneficial interest in assets held by the Legacy Fund of Central Indiana Community Foundation (CICF). Contributions made to CICF on Prevail's behalf are permanently restricted endowment funds that cannot be accessed by Prevail.

CICF invests these permanently restricted contributions in a pooled account. Distributions from the fund are available to support the general operations of Prevail. Undistributed earnings are classified as temporarily restricted until they have been appropriated for expenditure. During fiscal years 2017 and 2016, distributions of \$3,800 and \$3,844, respectively, were made to Prevail.

Temporarily restricted net assets for 2016 that were previously reported have been adjusted to reflect additional releases to unrestricted net assets.

Temporarily restricted net assets were available for the following periods or purposes as of June 30:

	<u>2017</u>	<u>2016</u>
Undistributed CICF earnings	\$ 6,121	\$ 2,535
Subsequent periods	90,000	90,000
Youth services	-	60,000
Other purpose restrictions	<u>7,458</u>	<u>14,587</u>
	<u>\$ 103,579</u>	<u>\$ 167,122</u>

Net assets were released from donor restrictions by the passage of time or by incurring expenses satisfying the purpose restriction. In 2017 and 2016, the following time and purpose restrictions were accomplished:

	<u>2017</u>	<u>2016</u>
CICF earnings appropriated for expenditure	\$ 3,800	\$ 3,844
Expiration of time restrictions	90,000	75,000
Youth services	60,000	60,000
Other purpose restrictions	<u>10,140</u>	<u>3,183</u>
	<u>\$ 163,940</u>	<u>\$ 142,027</u>

NOTE 6 - ENDOWMENTS

The donor-restricted endowment consists of a single fund established to benefit Prevail that is held and maintained by Central Indiana Community Foundation ("CICF"). In addition, the Board of Directors has set aside funds as an endowment maintained by Prevail Foundation, Inc., a controlled entity, to provide operating support. Net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 6 - ENDOWMENTS, Continued

Although not specifically required by the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), the Board of Directors has interpreted its responsibility to require the preservation of the fair value of the original donor-restricted gifts as of the gift dates. As a result, Prevail classifies as permanently restricted net assets the original value of gifts donated to establish the CICF endowment as well as the original value of any subsequent gifts. The remaining portion of the CICF endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until such amounts are appropriated for expenditure. The board-designated endowment is included in unrestricted net assets.

CICF follows a practice of appropriating 5% of the value of the fund at year end for distribution annually. Prevail has the option of accepting the distribution or retaining it in the fund. CICF has adopted investment and spending policies for the endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets.

The assets are invested in a manner that is intended to produce long-term growth of capital without undue exposure to risk.

It is the intent of Prevail to appropriate funds from the board-designated endowment based on Prevail’s cash flow needs, not to exceed 5% of the investment balance annually. Prevail Foundation has adopted investment and spending policies for the endowment assets that attempt to provide a predictable stream of funding while seeking preservation of capital of the endowment assets. The assets are invested in a manner that is intended to produce long-term growth of capital without undue exposure to risk.

From time to time, the fair value of assets associated with the donor-restricted endowment fund may fall below the level that the donor requires CICF to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets. The endowment assets reflected surpluses as of June 30, 2017 and 2016.

Endowment net assets by type of fund at June 30, 2017 and 2016 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
June 30, 2017:			
Donor-restricted endowment	\$ -	\$ 6,121	\$ 71,185
Board-designated endowment	<u>2,545,152</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,545,152</u>	<u>\$ 6,121</u>	<u>\$ 71,185</u>
June 30, 2016:			
Donor-restricted endowment	\$ -	\$ 2,535	\$ 71,185
Board-designated endowment	<u>2,352,870</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,352,870</u>	<u>\$ 2,535</u>	<u>\$ 71,185</u>

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 6 - ENDOWMENTS, Continued

Changes in endowment net assets for the years ended June 30, 2017 and 2016 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Balance at July 1, 2015	\$ 2,595,800	\$ 9,283	\$ 71,185
Interest and dividends	51,601	-	-
Loss on investments	(156,085)	(2,904)	-
Appropriation of net assets for expenditure	<u>(138,446)</u>	<u>(3,844)</u>	<u>-</u>
Balance at June 30, 2016	2,352,870	2,535	71,185
Interest and dividends	49,597	-	-
Gain on investments	265,901	7,386	-
Appropriation of net assets for expenditure	<u>(123,216)</u>	<u>(3,800)</u>	<u>-</u>
Balance at June 30, 2017	\$ <u>2,545,152</u>	\$ <u>6,121</u>	\$ <u>71,185</u>

NOTE 7 - FAIR VALUE MEASUREMENTS

Prevail's investments are reported at fair value in the accompanying consolidated statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Prevail 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.

Professional accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority. Prevail uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Prevail measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available.

The fair values of cash and mutual fund investments are based on quoted market prices (Level 1).

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 7 - FAIR VALUE MEASUREMENTS, Continued

Fair value of the assets held by CICF is estimated to be Prevail's proportionate share of the fair value of the underlying assets. Because the assets are under the control of CICF, which exercises variance power, and because the assets cannot be redeemed, there are no observable market transactions for similar assets. As such, the valuation technique used by Prevail is a Level 3 measure, shown as follows:

	<u>2017</u>	<u>2016</u>
Fair value at the beginning of the year	\$ 73,720	\$ 80,468
Investment gain (loss)	7,386	(2,904)
Amount distributed to Prevail	<u>(3,800)</u>	<u>(3,844)</u>
Fair value at the end of the year	\$ <u>77,306</u>	\$ <u>73,720</u>

NOTE 8 - RISKS AND UNCERTAINTIES

The majority of revenues relate directly or indirectly to programs sponsored by federal and state legislation. Changes in government sponsored programs may significantly affect Prevail. Federal funding and the Hamilton County Council provided 30% and 17%, respectively, of non-investment revenue to Prevail for the year ended June 30, 2017 (24% and 16% in 2016).

Prevail maintains the majority of its cash deposits in commercial banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation. Cash deposits are generally within the insurance limits.

SUPPLEMENTARY INFORMATION

**PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

June 30, 2017

	<u>Prevail, Inc of Hamilton County</u>	<u>Prevail Foundation</u>	<u>Consolidated</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 233,296	\$ -	\$ 233,296
Grants receivable	218,854	-	218,854
Prepaid expenses and other assets	<u>30,592</u>	<u>-</u>	<u>30,592</u>
<i>Total current assets</i>	<u>482,742</u>	<u>-</u>	<u>482,742</u>
PROPERTY AND EQUIPMENT			
Leasehold improvements	10,248	-	10,248
Equipment	109,790	-	109,790
Furniture and fixtures	18,527	-	18,527
Less: accumulated depreciation	<u>(102,426)</u>	<u>-</u>	<u>(102,426)</u>
<i>Property and equipment, net</i>	<u>36,139</u>	<u>-</u>	<u>36,139</u>
LONG-TERM INVESTMENTS			
Central Indiana Community Foundation endowment	77,306	-	77,306
Prevail Foundation endowment	<u>-</u>	<u>2,545,152</u>	<u>2,545,152</u>
<i>Total long-term investments</i>	<u>77,306</u>	<u>2,545,152</u>	<u>2,622,458</u>
TOTAL ASSETS	<u><u>\$ 596,187</u></u>	<u><u>\$ 2,545,152</u></u>	<u><u>\$ 3,141,339</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 13,766	\$ -	\$ 13,766
Compensated absences	13,568	-	13,568
Deferred income	<u>17,692</u>	<u>-</u>	<u>17,692</u>
<i>Total current liabilities</i>	<u>45,026</u>	<u>-</u>	<u>45,026</u>
NET ASSETS			
Unrestricted:			
Board-designated	-	2,545,152	2,545,152
Undesignated	376,397	-	376,397
Temporarily restricted	103,579	-	103,579
Permanently restricted	<u>71,185</u>	<u>-</u>	<u>71,185</u>
<i>Total net assets</i>	<u>551,161</u>	<u>2,545,152</u>	<u>3,096,313</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 596,187</u></u>	<u><u>\$ 2,545,152</u></u>	<u><u>\$ 3,141,339</u></u>

See independent auditors' report

**PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

June 30, 2016

	<u>Prevail, Inc of Hamilton County</u>	<u>Prevail Foundation</u>	<u>Consolidated</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 224,591	\$ -	\$ 224,591
Grants receivable	269,577	-	269,577
Prepaid expenses and other assets	<u>32,787</u>	<u>-</u>	<u>32,787</u>
<i>Total current assets</i>	<u>526,955</u>	<u>-</u>	<u>526,955</u>
PROPERTY AND EQUIPMENT			
Leasehold improvements	9,446	-	9,446
Equipment	109,790	-	109,790
Furniture and fixtures	18,527	-	18,527
Less: accumulated depreciation	<u>(89,319)</u>	<u>-</u>	<u>(89,319)</u>
<i>Property and equipment, net</i>	<u>48,444</u>	<u>-</u>	<u>48,444</u>
LONG-TERM INVESTMENTS			
Central Indiana Community Foundation endowment	73,720	-	73,720
Prevail Foundation endowment	<u>-</u>	<u>2,352,870</u>	<u>2,352,870</u>
<i>Total long-term investments</i>	<u>73,720</u>	<u>2,352,870</u>	<u>2,426,590</u>
TOTAL ASSETS	<u><u>\$ 649,119</u></u>	<u><u>\$ 2,352,870</u></u>	<u><u>\$ 3,001,989</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 20,925	\$ -	\$ 20,925
Compensated absences	14,702	-	14,702
Deferred income	<u>19,250</u>	<u>-</u>	<u>19,250</u>
<i>Total current liabilities</i>	<u>54,877</u>	<u>-</u>	<u>54,877</u>
NET ASSETS			
Unrestricted:			
Board-designated	-	2,352,870	2,352,870
Undesignated	355,935	-	355,935
Temporarily restricted	167,122	-	167,122
Permanently restricted	<u>71,185</u>	<u>-</u>	<u>71,185</u>
<i>Total net assets</i>	<u>594,242</u>	<u>2,352,870</u>	<u>2,947,112</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 649,119</u></u>	<u><u>\$ 2,352,870</u></u>	<u><u>\$ 3,001,989</u></u>

See independent auditors' report

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended June 30, 2017

	<u>Prevail, Inc of Hamilton County</u>	<u>Prevail Foundation</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
REVENUE AND SUPPORT				
Grants:				
Government	\$ 419,869	\$ -	\$ -	\$ 419,869
Foundation	202,567	-	(123,216)	79,351
Contract service revenue	233,985	-	-	233,985
Contributions	120,528	-	-	120,528
Special events income, net of expenses	155,524	-	-	155,524
Interest and dividends	-	49,597	-	49,597
Gain on investments	3,500	280,547	-	284,047
	<u>1,135,973</u>	<u>330,144</u>	<u>(123,216)</u>	<u>1,342,901</u>
<i>Total revenue and support</i>				
EXPENSES				
Program services:				
Victim services	928,274	-	-	928,274
Community assistance grants	-	123,216	(123,216)	-
	<u>928,274</u>	<u>123,216</u>	<u>(123,216)</u>	<u>928,274</u>
<i>Total program services</i>				
Management and general	151,372	14,646	-	166,018
Fundraising and public relations	99,408	-	-	99,408
	<u>1,179,054</u>	<u>137,862</u>	<u>(123,216)</u>	<u>1,193,700</u>
<i>Total expenses</i>				
CHANGE IN NET ASSETS	(43,081)	192,282	-	149,201
NET ASSETS, BEGINNING OF YEAR	<u>594,242</u>	<u>2,352,870</u>	<u>-</u>	<u>2,947,112</u>
NET ASSETS, END OF YEAR	<u>\$ 551,161</u>	<u>\$ 2,545,152</u>	<u>\$ -</u>	<u>\$ 3,096,313</u>

See independent auditors' report

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended June 30, 2016

	<u>Prevail, Inc of Hamilton County</u>	<u>Prevail Foundation</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
REVENUE AND SUPPORT				
Grants:				
Government	\$ 342,180	\$ -	\$ -	\$ 342,180
Foundation	371,696	-	(138,446)	233,250
Contract service revenue	238,030	-	-	238,030
Contributions	115,975	-	-	115,975
Special events income, net of expenses	141,867	-	-	141,867
Interest and dividends	-	51,601	-	51,601
Loss on investments	(6,749)	(141,476)	-	(148,225)
	<u>1,202,999</u>	<u>(89,875)</u>	<u>(138,446)</u>	<u>974,678</u>
<i>Total revenue and support</i>				
EXPENSES				
Program services:				
Victim services	831,289	-	-	831,289
Community assistance grants	-	138,446	(138,446)	-
	<u>831,289</u>	<u>138,446</u>	<u>(138,446)</u>	<u>831,289</u>
<i>Total program services</i>				
Management and general	166,144	14,609	-	180,753
Fundraising and public relations	108,331	-	-	108,331
	<u>1,105,764</u>	<u>153,055</u>	<u>(138,446)</u>	<u>1,120,373</u>
<i>Total expenses</i>				
CHANGE IN NET ASSETS	97,235	(242,930)	-	(145,695)
NET ASSETS, BEGINNING OF YEAR	<u>497,007</u>	<u>2,595,800</u>	<u>-</u>	<u>3,092,807</u>
NET ASSETS, END OF YEAR	<u>\$ 594,242</u>	<u>\$ 2,352,870</u>	<u>\$ -</u>	<u>\$ 2,947,112</u>

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INDEPENDENT AUDITORS' 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

The Board of Directors
Prevail, Inc. of Hamilton County

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 consolidated financial statements of Prevail, Inc. of Hamilton County and Affiliate ("Prevail"), which comprise the consolidated statement of financial position as of June 30, 2017 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 23, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Prevail'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Prevail's internal control. Accordingly, we do not express an opinion on the effectiveness of Prevail'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 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Prevail's consolidated financial statements are free of 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 consolidated 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DONOVAN

A handwritten signature in black ink that reads "DONOVAN". The signature is written in a cursive style with a large, stylized 'D'.

Indianapolis, Indiana
January 23, 2018