

RAFT, INC.
KEARNEY, NEBRASKA
FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014



**DANA F. COLE
& COMPANY** LLP
CERTIFIED PUBLIC ACCOUNTANTS

RAFT, INC.
KEARNEY, NEBRASKA
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Cash Flows	6 - 7
NOTES TO FINANCIAL STATEMENTS	8 - 14



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
RAFT, Inc.
Kearney, Nebraska

We have audited the accompanying financial statements of RAFT, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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.

Auditors' 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.

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 RAFT, Inc., as of December 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.

Dana F Cole + Company, LLP

Kearney, Nebraska
July 12, 2016

RAFT, INC.
KEARNEY, NEBRASKA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

ASSETS	2015	2014
CURRENT ASSETS		
Petty cash	100	100
Cash in checking	23,533	33,755
Cash in escrow	27,844	18,941
Cash in savings	37,312	37,274
Restricted cash	5,633	8,471
Investments - Edward Jones	77,757	71,860
Grants receivable	5,024	6,447
Total current assets	<u>177,203</u>	<u>176,848</u>
FIXED ASSETS		
Building	248,103	246,308
Land	10,000	10,000
Furnishings and equipment	50,518	47,472
	<u>308,621</u>	<u>303,780</u>
Less accumulated depreciation	<u>223,733</u>	<u>211,854</u>
Total fixed assets	<u>84,888</u>	<u>91,926</u>
TOTAL ASSETS	<u>262,091</u>	<u>268,774</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll taxes payable	143	143
Escrow deposits	5,633	8,471
Total current liabilities	<u>5,776</u>	<u>8,614</u>
NET ASSETS		
Unrestricted net assets		
Operating	134,504	131,311
Invested in fixed assets	84,888	91,926
Total unrestricted net assets	<u>219,392</u>	<u>223,237</u>
Temporarily restricted net assets	36,923	36,923
Total net assets	<u>256,315</u>	<u>260,160</u>
TOTAL LIABILITIES AND NET ASSETS	<u>262,091</u>	<u>268,774</u>

See accompanying notes to financial statements.

RAFT, INC.
KEARNEY, NEBRASKA
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
RECEIPTS AND OTHER SUPPORT						
Supportive housing program (HUD)						
State grants	95,442		95,442	90,310		90,310
United Way allocation	19,540		19,540	17,024		17,024
Other grants and contributions	11,817		11,817	10,461		10,461
Contributions in-kind	3,162		3,162	1,257	50	1,307
Fundraising revenues	4,349		4,349	4,349		4,349
Laundry machine revenue				5,563		5,563
Residential program fee	8,871		8,871	476		476
Dividend income	4,519		4,519	5,420		5,420
Interest income	98		98	1,416		1,416
Unrealized gain (loss) on investment	(11,548)		(11,548)	226		226
Total receipts and other support	136,250		136,250	136,644	50	136,694
EXPENSES						
Supportive housing program expense						
Administration expense	5,353		5,353	4,319		4,319
Payroll	77,144		77,144	78,085		78,085
Conferences and meetings	69		69			
Advertising and outreach	2,181		2,181			
Travel	1,792		1,792	1,695		1,695
Utilities	13,819		13,819	14,016		14,016
Repairs and maintenance	6,414		6,414	7,018		7,018
Supplies	1,659		1,659	3,085		3,085
Furnishings and equipment	2,481		2,481	1,749		1,749
Professional fees	1,639		1,639	1,639		1,639

RAFT, INC.
KEARNEY, NEBRASKA
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
EXPENSES (Continued)						
Insurance	5,442		5,442	5,451		5,451
Fundraising				3,101		3,101
Depreciation	11,877		11,877	12,528		12,528
Residence assistance	6,041		6,041	4,951		4,951
Occupancy	3,326		3,326	3,070		3,070
Telephone	403		403	403		403
Miscellaneous and other fees	455		455	299		299
Total expenses	<u>140,095</u>		<u>140,095</u>	<u>141,409</u>		<u>141,409</u>
CHANGE IN NET ASSETS	(3,845)		(3,845)	(4,765)	50	(4,715)
NET ASSETS, beginning of year	<u>223,237</u>	<u>36,923</u>	<u>260,160</u>	<u>228,002</u>	<u>36,873</u>	<u>264,875</u>
NET ASSETS, end of year	<u>219,392</u>	<u>36,923</u>	<u>256,315</u>	<u>223,237</u>	<u>36,923</u>	<u>260,160</u>

See accompanying notes to financial statements.

RAFT, INC.
KEARNEY, NEBRASKA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>(3,845)</u>	<u>(4,715)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,877	12,528
HUD noncash transactions	(4,123)	(2,296)
Unrealized gain (loss) on investments	11,548	(142)
Increase in grants receivable	1,423	2,804
Decrease in accrued taxes		24
Total adjustments	<u>20,725</u>	<u>12,918</u>
Net cash provided by operating activities	<u>16,880</u>	<u>8,203</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,841)	(6,058)
Cash provided by HUD and in-kind contributions for purchase of property and equipment	4,123	2,296
Sale of certificates of deposits		12,808
Purchase of investments	<u>(17,443)</u>	<u>(1,415)</u>
Net cash provided by (used in) investing activities	<u>(18,161)</u>	<u>7,631</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in resident escrow deposits	<u>(2,838)</u>	<u>6,018</u>
Net cash provided by (used in) financing activities	<u>(2,838)</u>	<u>6,018</u>
INCREASE (DECREASE) IN CASH	(4,119)	21,852
CASH, beginning of year	<u>98,541</u>	<u>76,689</u>
CASH, end of year	<u><u>94,422</u></u>	<u><u>98,541</u></u>

RAFT, INC.
KEARNEY, NEBRASKA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
COMPONENTS OF CASH		
Cash	88,789	90,070
Restricted cash	<u>5,633</u>	<u>8,471</u>
	<u>94,422</u>	<u>98,541</u>
NONCASH TRANSACTIONS		
Supportive Housing Program (HUD)		
Support provided	66,792	62,109
Support disbursed for expenses	(62,669)	(59,813)
Noncash contribution - cable service	4,349	4,349
Noncash expense - cable service	<u>(4,349)</u>	<u>(4,349)</u>
Net cash provided by HUD	<u>4,123</u>	<u>2,296</u>

SUPPLEMENTAL DISCLOSURES

No cash was used for interest or income taxes during 2015 and 2014.

See accompanying notes to financial statements.

RAFT, INC.
KEARNEY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

RAFT, Inc. (Residential Assistance to Families in Transition) is a nonprofit corporation dedicated to meeting the needs of the homeless in the greater Kearney area. Its mission is to provide services to those in distress through a structured residential program while empowering working families to overcome poverty and homelessness. Programs of RAFT, Inc. (the Organization) include mental health counseling, various support groups, and parenting and budgeting classes, along with a mentoring program. The Organization also has an after-care program for the families.

Basis of Accounting

The Organization's records are maintained on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958-205, *Financial Statements of Not-for-Profit Organizations*. Under this standard, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations. The Eaton funds are available for programs and residence repair and furnishing, but not for debt reduction or salaries.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or a part of the income earned on related investments for general or specific purposes.

Currently, the Organization maintains only unrestricted and temporarily restricted net assets.

Contributions

The Organization utilizes FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. This standard requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions

RAFT, INC.
KEARNEY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributed Materials and Services

The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (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 market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Volunteers

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its operations. The volunteer hours have not been recorded in the financial statements since those services do not meet the criteria for recognition.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2015 and 2014, the Organization had no cash equivalents.

Investments

The Organization utilizes FASB ASC 958-320, *Not-for-Profit Entities, Investments - Debt and Equity Securities*. FASB ASC 958-320 establishes standards of reporting at fair value certain investments, debt and equity securities, held by not-for-profit organizations.

Therefore, investments in equity securities that have a readily determinable fair value and all investments in debt securities are stated at fair value, with gains and losses included in the statements of activities. Fair value is determined by quoted market values.

Accounts Receivable

Accounts receivable consist of a grant receivable from the State of Nebraska Homeless Assistance Program.

RAFT, INC.
KEARNEY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are carried on the statement of financial position at cost or fair market value for donated assets, less accumulated depreciation. The Organization capitalizes purchases of property and equipment with a cost in excess of \$350. Depreciation is calculated on the straight-line method with estimated useful lives as follows:

Property and Equipment	Life in Years
Office furniture and fixtures	5 - 10 years
Computers and software	5 years
Building and improvements	27.5 years

Use of Estimates

The preparation of financial statements in accordance 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.

Compensated Absences

Compensated absences for vacation pay, sick pay, and personal time have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when paid.

Income Taxes

The Organization is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. Certain items of unrelated income, however, may be taxable. The Organization had no unrelated business income in the years 2015 and 2014.

The Organization utilizes the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings.

The Organization's Form 990, "Return of Organization Exempt from Income Tax," for the years ending 2013, 2014, and 2015, are subject to examination by the IRS, generally for three years after they were filed.

RAFT, INC.
KEARNEY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 2. RESTRICTED ASSETS

Temporarily restricted net assets were \$36,923 at December 31, 2015, and \$36,923 at December 31, 2014. These funds consist of memorials for a RAFT, Inc., volunteer and other donations restricted for acquisition of an additional residence.

NOTE 3. INVESTMENTS

The Organization utilizes FASB ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under accounting principles generally accepted in the United States of America. FASB ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in FASB ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option-pricing models, discounted cash flow models, and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

RAFT, INC.
KEARNEY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (Continued)

For the years ended December 31, 2015 and 2014, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Marketable Equity Securities

The fair value of marketable equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Fair Value on a Recurring Basis

The table below presents the balances of assets measured at December 31, 2015 and 2014, at fair value on a recurring basis.

		2015			
		Total	Level 1	Level 2	Level 3
Mutual Fund					
Conservative Allocation Fund		<u>77,757</u>	<u>77,757</u>	<u> </u>	<u> </u>
		2014			
		Total	Level 1	Level 2	Level 3
Mutual Fund					
Conservative Allocation Fund		<u>71,860</u>	<u>71,860</u>	<u> </u>	<u> </u>

The carrying amounts, market value, unrealized gains, and unrealized losses of the Level 1 marketable securities at December 31, 2015 and 2014, are as follows:

		2015			
		Total Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Mutual Fund					
Conservative Allocation Fund		<u>87,239</u>	<u> </u>	<u>(9,482)</u>	<u>77,757</u>
		2014			
		Total Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Mutual Fund					
Conservative Allocation Fund		<u>69,794</u>	<u>2,066</u>	<u> </u>	<u>71,860</u>

RAFT, INC.
KEARNEY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (Continued)

Management evaluates securities for other than temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial conditions and near-term prospects of the issuer, and (3) the intent and ability of the Organization to retain its investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. As management has the ability to hold securities for the foreseeable future, no declines are deemed to be other than temporary.

NOTE 4. OCCUPANCY AND LEASE EXPENSE

The Organization occupies office space in a building owned by Community Action Partnership of Mid-Nebraska, Inc. Community Action Partnership of Mid-Nebraska, Inc., administers the HUD grant that the Organization receives (Note 7). The Organization does not have a lease agreement with Community Action Partnership of Mid-Nebraska, Inc.; instead, the Organization is billed and pays monthly for the cost of the space it occupies. Total office rent expense was \$3,326 for 2015 and \$3,070 for 2014. The Organization used \$3,326 of HUD grant funds to pay rent in 2015 and \$3,070 in 2014. During 2015 and 2014, the United Way Grant and State Homeless Grant funds were used to pay the Organization's portion of the occupancy costs.

NOTE 5. ESCROW LIABILITY

The Organization utilizes a Residential Program Fee. The amounts of the fee are based on the time spent in the residence and the resident's gross income. Generally, in the first six months of a resident's stay, 25% of their fee is placed in escrow for benefit of the resident and 75% goes to the Organization. After six months in residence, escrow percentages change until 50% of the fee is placed in escrow and 50% goes to the Organization.

Residents are eligible to receive escrow monies accumulated during their residence, dependent upon their program participation. The amount of payment is also determined by the amount of time a resident stays at the Organization. No payment will be made until a resident has been in the program for one year, and then at the request of the resident per the resident agreement.

The amount of escrow liability at December 31, 2015 and 2014, respectively, was \$5,663 and \$8,471. Cash is restricted for the escrow deposit liability.

RAFT, INC.
KEARNEY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 6. CONCENTRATION OF CREDIT RISK

The Organization has deposits in one financial institution in Kearney, Nebraska. At December 31, 2015 and 2014, the Organization's cash balances were fully insured.

As disclosed in Note 7, the Organization receives funding from a U.S. Department of Housing and Urban Development (HUD) grant. This grant is the significant funding source for the Organization's operations and programs. During 2015, 66.5% of the Organization's revenues were from HUD funds and during 2014, 68.2% of its revenues were from HUD.

NOTE 7. HUD GRANT

During 2015 and 2014, the Organization received a grant from the U.S. Department of Housing and Urban Development (HUD) as a subrecipient under the supportive housing program. The grant is awarded under the Continuum of Care Program. The amount of grant funds received was \$95,442 in 2015 and \$90,310 in 2014. Community Action Partnership of Mid-Nebraska, Inc., is the fiscal agent for this grant and disburses grant funds directly to vendors and other recipients. During 2015, Community Action Partnership of Mid-Nebraska, Inc., paid directly \$44,067 in supportive expenses. They paid \$18,405 in operating expenses, including a portion of the Executive Director's salary and payroll taxes, utilities, office supplies, maintenance, and telephone. During 2014, Community Action Partnership of Mid-Nebraska, Inc., paid directly \$42,204 in supportive expenses. They paid \$15,584 in operating expenses, including a portion of the Executive Director's salary and payroll taxes, utilities, office supplies, maintenance, and telephone. In 2015 and 2014, the Organization received cash in the amount of \$28,650 and \$28,200, respectively, directly from the supportive services portion of the grant to pay the salary for a case manager. During 2015 and 2014, Community Action Partnership of Mid-Nebraska, Inc., expended \$4,319 and \$4,319, respectively, of the Organization's HUD funds to administer the grant. Terms of the HUD grant require the Organization to match 25% of the grant proceeds. The Organization has met the match funds requirement for the grant period through December 31, 2015. The Organization received a commitment for HUD funding in the amount of \$90,717 for the 12-month period beginning April 1, 2016.

NOTE 8. SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 12, 2016, the date the financial statements were available to be issued.



Residential Assistance to Families in Transition

P.O. Box 1741 • Kearney, Nebraska 68848-1741 • (308) 865-5675

July 12, 2016

Dana F. Cole & Company, LLP
3710 Central Avenue, Suite 8
Kearney, NE 68847

This representation letter is provided in connection with your audit of the financial statements of RAFT, Inc., which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We understand that you prepared the trial balance for use during the audit and that your preparation of the trial balance was limited to formatting information into a working trial balance based on management's chart of accounts. Also, as part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

We confirm, to the best of our knowledge and belief, as of July 12, 2016, the following representations made to you during your audit.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 9, 2016, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- We acknowledge our responsibility for 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.



- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.

- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- We have disclosed to you the identity of the Organization's related parties and all the related party relationships and transactions of which we are aware.
- The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- RAFT, Inc., is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- Expenditures of federal awards were below the \$500,000 threshold in the year ended December 31, 2015, and we were not required to have an audit in accordance with OMB Circular A-133.

In regard to the preparation of the financial statements in conformity with U.S. GAAP services performed by you, we have:

- Assumed all management responsibilities.
- Designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services.
- Evaluated the adequacy and results of the services performed.
- Accepted responsibility for the results of the services.

Signed: _____

Title: _____

Signed: _____

Title: _____