

RAVENSWOOD COMMUNITY
SERVICES, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2021
(With summarized comparative
information as of and for the year
ended December 31, 2020)



CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

The Board of Directors
Ravenswood Community Services, Inc.
4550 W. Hermitage
Chicago, Illinois 60640

We have audited the financial statements of Ravenswood Community Services (RCS), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of RCS as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RCS' ability to continue as a going concern for at least one year after the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- ✓ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ✓ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ✓ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RCS' internal control. Accordingly, no such opinion is expressed.
- ✓ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ✓ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RCS' ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information for the Year Ended December 31, 2020

The prior year summarized comparative information presented for comparative purposes has been derived from RCS' December 31, 2020 financial statements, which was audited by another auditor. The other auditor's report dated June 30, 2021 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BG Advisors CPA, Ltd.
BG Advisors CPA, LTD
July 7, 2022

RAVENSWOOD COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
(With summarized comparative totals as of December 31, 2020)

	December 31, 2021			Total as of Dec. 31, 2020
	Without Donor Restrictions	With Donor Restrictions	Total	
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents (Note 6)	\$ 422,394	\$ 124,901	\$ 547,295	\$ 537,062
Certificate of deposit, original term to maturity less than one year (Note 6)	41,916	-	41,916	-
Investments (Note 7)	171,943	-	171,943	59,478
Prepaid expenses and other	4,774	-	4,774	8,207
Total current assets	641,027	124,901	765,928	604,747
Facility improvements and equipment, net of accumulated depreciation (Note 8)	25,722	-	25,722	32,897
Other assets:				
Certificate of deposit, original term to maturity greater than one year (Note 6)	-	-	-	41,429
Total assets	\$ 666,749	\$ 124,901	\$ 791,650	\$ 679,073
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,879	\$ -	\$ 1,879	\$ 2,000
Due to affiliated organization (Note 9)	3,811	-	3,811	1,032
Total current liabilities	5,690	-	5,690	3,032
Net assets (Note 4)	661,059	124,901	785,960	676,041
Total liabilities and net assets	\$ 666,749	\$ 124,901	\$ 791,650	\$ 679,073

The accompanying notes are an integral part of these financial statements

RAVENSWOOD COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES
AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With summarized comparative totals for the year ended December 31, 2020)

	Year Ended December 31, 2021			Total for the Year Ended Dec. 31, 2020
	Without Donor Restrictions	With Donor Restrictions	Total	
Public support and revenue:				
Public support:				
Grants and contributions (Note 10)	\$ 260,170	\$ 26,500	\$ 286,670	\$ 422,246
Contributions from affiliated organization (Note 5 and 6)	16,640	-	16,640	15,990
Contributions, in-kind (Note 11)	357,806	-	357,806	481,779
Fundraising events, net of direct expenses (Note 12)	31,994	-	31,994	17,658
Total public support	<u>666,610</u>	<u>26,500</u>	<u>693,110</u>	<u>937,673</u>
Net assets released from restrictions upon satisfaction of program requirements	<u>8,885</u>	<u>(8,885)</u>	<u>-</u>	<u>-</u>
Revenue:				
Investment income and gains over losses (Note 7)	12,465	-	12,465	6,408
Interest income	553	-	553	2,990
Other income	160	-	160	-
Total revenues	<u>13,178</u>	<u>-</u>	<u>13,178</u>	<u>9,398</u>
Total public support and revenues	<u>688,673</u>	<u>17,615</u>	<u>706,288</u>	<u>947,071</u>
Expenses:				
Program services:	<u>518,947</u>	<u>-</u>	<u>518,947</u>	<u>632,385</u>
Supporting services:				
General management & administration	53,254	-	53,254	48,077
Resource development	24,168	-	24,168	28,681
Total supporting services expenses	<u>77,422</u>	<u>-</u>	<u>77,422</u>	<u>76,758</u>
Total expenses	<u>596,369</u>	<u>-</u>	<u>596,369</u>	<u>709,143</u>
Net public support and revenue over (under) expenses	92,304	17,615	109,919	237,928
Forgiveness of debt (Note 13)	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,400</u>
Net increase in net assets	92,304	17,615	109,919	262,328
Net assets:				
Beginning of the year	<u>568,755</u>	<u>107,286</u>	<u>676,041</u>	<u>413,713</u>
End of the year	<u>\$ 661,059</u>	<u>\$ 124,901</u>	<u>\$ 785,960</u>	<u>\$ 676,041</u>

The accompanying notes are an integral part of these financial statements

RAVENSWOOD COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With summarized comparative totals for the year ended December 31, 2020)

	Program Services	SUPPORTING SERVICES			GRAND TOTALS	
		General Mgmt. & Admin.	Resource Develop- ment	Total Supporting Services	2021	2020
Staffing (Note 9)	\$ 85,086	\$ 33,587	\$ 12,829	\$ 46,416	\$ 131,502	\$ 131,854
Employer payroll taxes	7,147	2,155	1,078	3,233	10,380	9,480
Cost of food distributed, in-kind (Note 11)	357,806	-	-	-	357,806	477,229
Cost of food distributed, purchased	36,366	-	-	-	36,366	33,238
Kitchen and pantry supplies	3,563	-	-	-	3,563	4,684
Tuesday Night Clinic	-	-	-	-	-	107
Facility occupancy (Note 9)	6,185	265	200	465	6,650	6,000
Scavenger and pest control	2,526	-	-	-	2,526	2,739
Insurance	6,857	295	221	516	7,373	7,206
Professional fees	-	12,500	9,704	22,204	22,204	19,599
Contract services	904	357	136	493	1,397	1,001
Mailings, postage, and courier	-	117	-	117	117	288
Telecommunications	-	600	-	600	600	390
Supplies and materials	2,250	-	-	-	2,250	2,250
Computer, internet, database, and maintenance	-	948	-	948	948	708
Promotion and outreach	1,393	-	-	-	1,393	1,259
Volunteer support	272	-	-	-	272	423
Board and staff development	107	-	-	-	107	168
Dues and subscriptions	1,309	-	-	-	1,309	1,369
Depreciation (Note 7)	7,176	-	-	-	7,176	6,558
Bank and credit card transaction processing fees	-	1,027	-	1,027	1,027	390
Miscellaneous	-	1,403	-	1,403	1,403	2,203
Total functional expenses	\$ 518,947	\$ 53,254	\$ 24,168	\$ 77,422	\$ 596,369	\$ 709,143

The accompanying notes are an integral part of these financial statements

RAVENSWOOD COMMUNITY SERVICES, INC.
STATEMENT OF CASH FLOWS

	For the Year Ended:	
	Dec. 31, 2021	Dec.. 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES:		
Net increase in net assets	\$ 109,919	\$ 262,328
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	7,176	6,558
Estimated value of in-kind contribution of capitalized kitchen equipment	-	(4,550)
(Increase) decrease in:		
Prepaid expenses and other	3,433	294
Increase (decrease) in:		
Accounts payable and accrued expenses	(122)	1,492
Due to affiliated organization	2,779	(11,772)
NET CASH PROVIDED BY OPERATING ACTIVITIES	123,185	254,350
CASH USED IN INVESTING ACTIVITIES		
Purchase certificate of deposit, including interest income reinvested	(487)	(1,013)
Purchases of investments	(100,000)	-
Investment earnings reinvested	(12,465)	(6,408)
Purchase of capitalized food service equipment, office equipment and facility upgrades	-	(4,579)
Total cash used in investing activities	(112,952)	(12,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,233	242,350
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	537,062	294,712
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 547,295	\$ 537,062
SUPPLEMENTARY INFORMATION		
Estimated value of in-kind donation of capitalized kitchen equipment	\$ -	\$ 4,550

The accompanying notes are an integral part of these financial statements

RAVENSWOOD COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - HISTORY AND NATURE OF THE ORGANIZATION

Ravenswood Community Services (RCS) began as an outreach program of All Saints Episcopal Church (ASEC) in Chicago's northside Ravenswood neighborhood. In 2001, RCS incorporated as an Illinois not-for-profit organization.

RCS' primary activity is the operation a food pantry and community kitchen located within ASEC. RCS also provides social services in conjunction with the food pantry and community kitchen.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and presentation

The financial statements are prepared on the accrual basis of accounting.

Financial statement presentation follows the Financial Accounting Standards Board Accounting Standards Codification (ASC) No. 958-605 and No. 958-205.

Under ASC No. 958-605 contributions are recognized in the period received, or in the period in which an unconditional promise to give is made.

Under ASC 958-205, RCS is required to report information regarding its financial position according to two classes of net assets; net assets without donor restrictions, and net assets with donor restrictions. The classification of net assets is based on the absence or existence of donor-imposed restrictions.

Donor-imposed restrictions

All contributions are considered to be without donor restrictions 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 donor-restricted support which increases that net asset class. However, donor-restricted support that is received and completely fulfilled within the same fiscal year is reported as support without donor restrictions.

Income taxes

RCS is exempt from federal taxes under Section 501(c)3 of the Internal Revenue Code. Contributions to RCS qualify as charitable contributions under Section 170(b)(1)(A)(vi). RCS is classified as an organization that is not a private foundation under Section 509(a)(2). RCS' management has determined that FASB ASC 740-10, which addresses accounting for uncertainty in income taxes, has no effect on its financial statements due to RCS' tax-exempt status.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures. Actual results could differ from those estimates.

Donated Services

During the year ended December 31, 2021 300 individuals donated 6,148 of service time to RCS to help meet the organization's goals and objectives. These donated services are not reported as contributions in the financial statements because they do not meet the criteria of skilled services required to be reported under FASB ASC 958-605-25-16.

RAVENSWOOD COMMUNITY SERVICES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

RCS has evaluated subsequent events through July 7, 2022, the date financial statements were available to be issued.

Functional expense allocation

The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Expenses specifically identifiable as program, general management & administrative, or resource development are fully allocated to those respective categories. Staffing is allocated on the basis of estimated time and effort. General overhead expenses such as office rent and other such expenses are allocated on the basis of square footage space utilized.

NOTE 3 - PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

The financial statements include certain prior-year summarized information presented for comparative purposes. Such comparative information is in total but not by net asset class, and therefore, does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with RCS' financial statements for the year ended December 31, 2020, from which the summarized comparative information was derived.

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with temporary donor restrictions as of December 31, 2021 and December 31, 2020 are as follows:

	Dec. 31, 2021	Dec. 31, 2020
<u>See Note 4A below:</u>		
Kitchen equipment and furniture	\$ 19,263	\$ 19,263
Facility upgrades and improvements	35,500	35,500
Kitchen and pantry staffing	11,626	12,277
Program food costs	7,012	15,246
Operating reserve	25,000	25,000
Subtotal	98,401	107,286
Purchase of new van	26,500	-
Total	\$ 124,901	\$ 107,286

Note 4A - In the year 2015 RCS received a contribution of \$180,000 designated by the donor for specific program activities. The remaining unspent portion of this contribution as of December 31, 2021 and December 31, 2020 is \$98,401 and 107,7286, respectively.

NOTE 5 - CONCENTRATION OF RISK

For the years 2021 and 2020 RCS recognized \$351,173 and \$446,272, respectively, of in-kind food and grocery donations from the Greater Chicago Food Depository. These in-kind contributions comprised 50% and 47% of RCS' total public support and revenues for the years 2021 and 2020, respectively.

RAVENSWOOD COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 6 - CASH AND CASH EQUIVALENTS AND CERTIFICATE OF DEPOSIT

Cash and cash equivalents consist of interest-bearing demand deposits in financial institutions.

Certificate of deposit consists of one certificate of deposit with an original term of 22 months.

As of December 31, 2021 and December 31, 2020 the aggregate total of RCS' cash and certificate of deposit balances exceeded the FDIC insured limit of \$250,000 by \$84,788 and \$29,980, respectively.

NOTE 7 - INVESTMENTS FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that RCS has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- ✓ quoted prices for similar assets in active markets,
- ✓ quoted prices for similar or identical assets in inactive markets,
- ✓ inputs other than quoted prices that are observable for the asset,
- ✓ inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 - Inputs to valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of December 31, 2021 and December 31, 2020 RCS' sole investment consisted of 2,295.4744 and 874.7296 units in a collective investment fund (the "Fund"), respectively. The Fund's asset mix, as reported by the Fund, consisted of mutual funds traded in active markets that the Fund has the ability to access. The Fund reported a per unit value of \$74.91 and \$68.00 as of December 31, 2021 and December 31, 2020, respectively. The per unit value reported by the Fund is equal to the aggregate value of the underlying assets divided by the number of units held by investors. RCS has the ability purchase or sell units on a calendar quarterly basis.

The following tables set forth by level, within the fair value hierarchy, RCS' investments as of December 31, 2021 and December 31, 2020:

Investments at Fair Value as of December 31, 2021				
	Level 1	Level 2	Level 3	Total
Units held in a collective investment fund	\$ -	\$ 171,943	\$ -	\$ 171,943
	-	171,943	-	171,943

(Continued on the following page)

RAVENSWOOD COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 7 - INVESTMENTS FAIR VALUE MEASUREMENTS (Continued)

Investments at Fair Value as of December 31, 2020				
	Level 1	Level 2	Level 3	Total
Units held in a collective investment fund	\$ -	\$ 59,478	\$ -	\$ 59,478
	-	59,478	-	59,478

Investment income and gains over losses for the years ended December 31, 2021 and December 31, 2020 consist of the following:

	2021	2020
Interest and dividends	\$ 2,770	\$ 1,680
Net increase in the fair market value of investments held	9,695	4,728
Net investment income and gains over losses	\$ 12,465	\$ 6,408

NOTE 8 - FACILITY IMPROVEMENTS AND EQUIPMENT, net of accumulated depreciation

Facility improvements and equipment are recorded at cost. In-kind contributions of capitalizable facility improvements and equipment are recorded at the fair market value on the date received. Depreciation is provided on a straight-line basis over the estimated useful life of the asset. The estimated useful lives of the assets listed below range from 5 to 7 years. RCS' capitalization policy requires a per-item minimum value of \$500. As of December 31, 2021 and 2020, facility improvements and equipment, net of accumulated depreciation were as follows:

	12/31/2021	12/31/2020
Facility improvements	\$ 91,220	\$ 91,220
Equipment	21,345	21,345
Total cost of facility improvements and equipment	112,565	112,565
Less accumulated depreciation	(86,843)	(79,668)
Facility improvements and equipment, net of accumulated depreciation	\$ 25,722	\$ 32,897

NOTE 9 - DUE TO AFFILIATED ORGANIZATION

RCS is located within facilities owned by All Saints Episcopal Church (ASEC). As of December 31, 2021 and December 31, 2020 no Board member of RCS was also a Board member of ASEC.

RCS rents its primary operating space from ASEC on a month-to-month basis. Rent expense for the years 2021 and 2020 was \$6,650 and \$6,000 respectively.

RCS reimburses ASEC for its pro rata share of salary/wages, payroll taxes, and employee benefits related to shared employees. Staffing expense related to these shared employees for the years 2021 and 2020 was \$7,932 and \$7,932, respectively.

(Continued on the following page)

RAVENSWOOD COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 9 - DUE TO AFFILIATED ORGANIZATION (Continued)

During 2021 and 2020 ASEC made discretionary contributions of \$16,640 and \$15,990, respectively, to RCS in the form of a credit against the amount owed by RCS to ASEC for facility rent, shared staffing costs per above, and other expenses.

The cumulative net amount owed by RCS to ASEC as of December 31, 2021 and December 31, 2020; \$3,811 and \$1,032, respectively, is the net effect of rent, staffing, other expenses, and ASEC's discretionary contributions.

NOTE 10 - GRANTS AND CONTRIBUTIONS

RCS recognized monetary grants and contributions from the following benefactors for the years ended December 31, 2021 and December 31, 2020:

<u>Benefactor:</u>	<u>2021</u>	<u>2020</u>
Christ Church Winnetka	\$ -	\$ 6,500
Church of Atonement	-	5,250
Episcopal Charities and Community Services	15,000	11,250
Greater Chicago Food Depository	25,265	-
Sandcastle Foundation	5,000	5,000
St. Michael's Episcopal Church	5,561	-
Washingtonian Health Care Foundation	9,000	9,000
Winnetka Congregational Church	7,000	7,000
Anonymous donor(s)	27,000	50,000
Various individuals, each \$5,000 or more.	42,039	92,000
Others under \$5,000 each (both years)	150,805	236,246
Total grants and contributions	<u>\$ 286,670</u>	<u>\$ 422,246</u>

NOTE 11 - CONTRIBUTIONS, IN-KIND

RCS recognized in-kind contributions of food and groceries from the following benefactors for the years ended December 31, 2021 and December 31, 2020:

<u>Benefactor:</u>	<u>2021</u>	<u>2020</u>
Greater Chicago Food Depository	\$ 351,173	\$ 446,272
Urban Accents	-	14,450
Others under \$5,000 each	6,633	21,057
Total in-kind contributions	<u>\$ 357,806</u>	<u>\$ 481,779</u>

In-kind contributions are valued at the estimated fair market value on the date of receipt and are reflected in the statement of activities and change in net assets as revenue and a corresponding expenditure, resulting in a zero effect on net assets.

In 2020 RCS received an in-kind contribution of kitchen equipment that had an estimated value of \$4,550 on the date received. This donated equipment was recorded as a capitalizable asset and is being depreciated over a seven-year estimated useful life under the straight-line method.

RAVENSWOOD COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - FUNDRAISING EVENTS, net of direct expenses

Revenues and direct expenses for fundraising events held during the year ended December 31, 2021 and December 31, 2020 are as follows:

	2021	2020
Revenues:		
Ticket sales, monetary donations, and other revenues	\$ 34,133	\$ 20,460
Direct Expenses:		
Food and catering, printing, and other direct expenses	(2,139)	(2,802)
Fundraising event revenues net of direct expenses	\$ 31,994	\$ 17,658

NOTE 13 - U.S. SMALL BUSINESS ADMINISTRATION PAYROLL PROTECTION PROGRAM LOAN

In May, 2020 RCS received a \$24,400 loan from the U.S. Small Business Administration. The loan had a two-year term beginning on the date of disbursement and a fixed interest rate of 1.00 percent. No payments of principal or interest were due during the six-month period following the date of disbursement. Eighteen equal monthly payments of principal and accrued interest in an amount sufficient to payoff the loan by the due date were scheduled to commence after the six-month period following the date of disbursement.

This loan may be forgiven in full or in part if the lender determines that RCS used the loan proceeds in compliance with the Paycheck Protection Program, including provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Securities Act. RCS applied for full forgiveness of this loan. RCS' application for full forgiveness of this \$24,400 loan was approved by the lender in December, 2020.

RCS' management has chosen to report this loan by the Debt Method under FASB ASC 470.