

**RAIN, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**



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**RAIN, INC.**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
RAIN, Inc.  
Charlotte, North Carolina

We have audited the accompanying financial statements of RAIN, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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. For the year ended 2020, we also conducted our audit in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Board of Directors  
RAIN, Inc.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RAIN, Inc. as of December 31, 2020 and 2019, and the results of its operations, 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021, on our consideration of RAIN, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of RAIN, Inc.'s 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 Organization's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
March 26, 2021

**RAIN, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 889,364	\$ 633,598
Grants Receivable	357,712	216,574
Other Receivables	455,086	371,728
Prepaid Expenses	86,700	34,782
Total Current Assets	1,788,862	1,256,682
<b>PROPERTY AND EQUIPMENT</b>		
Office Equipment	74,181	74,181
Leasehold Improvements	5,330	5,330
Accumulated Depreciation	(46,567)	(35,349)
Property and Equipment, Net	32,944	44,162
<b>PREPAID EXPENSES, NET OF CURRENT PORTION</b>	3,000	-
Total Assets	\$ 1,824,806	\$ 1,300,844
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Capital Lease Liability - Current Portion	\$ -	\$ 4,818
Accounts Payable	25,057	20,902
Accrued Liabilities and Expenses	527,233	362,793
Total Current Liabilities	552,290	388,513
<b>NET ASSETS</b>		
Without Donor Restrictions	1,108,383	648,230
With Donor Restrictions	164,133	264,101
Total Net Assets	1,272,516	912,331
Total Liabilities and Net Assets	\$ 1,824,806	\$ 1,300,844

See accompanying Notes to Financial Statements.

**RAIN, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
United Way	\$ 203,621	\$ 150,000	\$ 353,621
Contributions and Grants	410,494	16,000	426,494
Government Grants	726,011	-	726,011
Special Events, Net of Expenses of \$84,269	209,672	-	209,672
340B Program Revenue	4,053,998	-	4,053,998
Other Income	2,190	-	2,190
In-Kind Use of Facilities	73,638	-	73,638
In-Kind Contributed Services	13,275	-	13,275
Net Assets Released from Restrictions	<u>265,968</u>	<u>(265,968)</u>	<u>-</u>
Total Revenues and Support	5,958,867	(99,968)	5,858,899
 Expenses:			
Program Services	5,073,439	-	5,073,439
General and Administrative	153,183	-	153,183
Fundraising Services	<u>272,092</u>	<u>-</u>	<u>272,092</u>
Total Expenses	<u>5,498,714</u>	<u>-</u>	<u>5,498,714</u>
 <b>CHANGE IN NET ASSETS</b>	460,153	(99,968)	360,185
 Net Assets at Beginning of Year	<u>648,230</u>	<u>264,101</u>	<u>912,331</u>
 <b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,108,383</u>	<u>\$ 164,133</u>	<u>\$ 1,272,516</u>

See accompanying Notes to Financial Statements.

**RAIN, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
United Way	\$ 7,551	\$ 112,500	\$ 120,051
Contributions and Grants	201,894	204,930	406,824
Government Grants	467,626	-	467,626
Special Events, Net of Expenses of \$102,953	292,070	-	292,070
340B Program Revenue	3,265,081	-	3,265,081
Other Income	3,580	-	3,580
In-Kind Use of Facilities	68,217	-	68,217
In-Kind Contributed Services	3,627	-	3,627
Net Assets Released from Restrictions	217,688	(217,688)	-
Total Revenues and Support	4,527,334	99,742	4,627,076
 Expenses:			
Program Services	3,838,814	-	3,838,814
General and Administrative	205,637	-	205,637
Fundraising Services	292,846	-	292,846
Total Expenses	4,337,297	-	4,337,297
 <b>CHANGE IN NET ASSETS</b>	 190,037	 99,742	 289,779
Net Assets at Beginning of Year	458,193	164,359	622,552
 <b>NET ASSETS AT END OF YEAR</b>	 \$ 648,230	 \$ 264,101	 \$ 912,331

See accompanying Notes to Financial Statements.

**RAIN, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Program Services	General and Administrative	Fundraising Services	Total Functional Expenses
<b>EXPENSES</b>				
Accounting	\$ 6,716	\$ 762	\$ 1,304	\$ 8,782
Bank and Merchant Fees	1,252	142	5,261	6,655
Board Expenses	59	672	987	1,718
Contract Labor	393,433	8,834	1,511	403,778
Depreciation	8,579	973	1,666	11,218
Employee Benefits and Payroll Taxes	216,033	14,980	25,521	256,534
Insurance	7,541	856	1,464	9,861
Interest	1,578	179	306	2,063
Marketing and Development	3,609	233	2,659	6,501
Membership Dues and Subscriptions	1,454	127	523	2,104
Miscellaneous	533	-	-	533
Office & Equipment Expense	11,793	1,044	2,526	15,363
Postage and Delivery	795	115	2,360	3,270
Printing and Newsletters	7,119	808	5,493	13,420
Program Services	805,033	-	-	805,033
Program Supplies	2,650,484	-	-	2,650,484
Rent	48,039	5,206	8,621	61,866
Salaries and Compensation	746,131	100,846	139,165	986,142
Shared Services	78,907	8,416	14,405	101,728
Staff Development	3,987	442	1,228	5,657
Technology - Software and Support	7,120	761	30,821	38,702
Telephone	15,943	1,122	1,549	18,614
Travel	987	276	512	1,775
Special Events	-	-	84,269	84,269
In-Kind Use of Facilities	56,314	6,389	10,935	73,638
In-Kind Contributed Services	-	-	13,275	13,275
Total Expenses	5,073,439	153,183	356,361	5,582,983
Less: Direct Special Event Costs				
Deducted from Revenue	-	-	(84,269)	(84,269)
<b>NET EXPENSES</b>	<b>\$ 5,073,439</b>	<b>\$ 153,183</b>	<b>\$ 272,092</b>	<b>\$ 5,498,714</b>

See accompanying Notes to Financial Statements.



**RAIN, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	Program Services	General and Administrative	Fundraising Services	Total Functional Expenses
<b>EXPENSES</b>				
Accounting	\$ 6,273	\$ 896	\$ 1,232	\$ 8,401
Bank and Merchant Fees	873	162	9,267	10,302
Board Expenses	50	3,019	1,459	4,528
Contract Labor	295,959	90	163	296,212
Depreciation	8,556	1,222	1,682	11,460
Employee Benefits and Payroll Taxes	115,545	31,207	37,560	184,312
Insurance	6,409	916	1,259	8,584
Interest	1,759	251	345	2,355
Marketing and Development	9,139	1,541	10,762	21,442
Membership Dues and Subscriptions	1,880	747	440	3,067
Office & Equipment Expense	11,716	1,472	2,468	15,656
Postage and Delivery	1,165	144	2,770	4,079
Printing and Newsletters	8,707	1,244	7,710	17,661
Program Services	429,224	-	-	429,224
Program Supplies	2,218,755	-	-	2,218,755
Rent	44,357	8,830	8,713	61,900
Salaries and Compensation	536,729	134,259	157,133	828,121
Shared Services	65,729	9,368	12,881	87,978
Staff Development	7,328	1,588	822	9,738
Technology - Software and Support	-	-	19,833	19,833
Telephone	11,362	1,070	2,221	14,653
Travel	6,363	334	495	7,192
Special Events	-	-	102,953	102,953
In-Kind Use of Facilities	50,936	7,277	10,004	68,217
In-Kind Contributed Services	-	-	3,627	3,627
Total Expenses	<u>3,838,814</u>	<u>205,637</u>	<u>395,799</u>	<u>4,440,250</u>
Less: Direct Special Event Costs Deducted from Revenue	<u>-</u>	<u>-</u>	<u>(102,953)</u>	<u>(102,953)</u>
<b>NET EXPENSES</b>	<u><u>\$ 3,838,814</u></u>	<u><u>\$ 205,637</u></u>	<u><u>\$ 292,846</u></u>	<u><u>\$ 4,337,297</u></u>

See accompanying Notes to Financial Statements.

**RAIN, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 360,185	\$ 289,779
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	11,218	11,460
(Increase) Decrease in Operating Assets:		
Grants Receivable	(141,138)	(53,827)
Receivables - Other	(83,358)	(246,758)
Prepaid Expenses	(54,918)	4,378
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	4,155	(6,993)
Accrued Liabilities and Expenses	164,440	165,021
Net Cash Provided by Operating Activities	260,584	163,060
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Capital Lease Obligation	(4,818)	(3,826)
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	255,766	159,234
 Cash and Cash Equivalents - Beginning of Year	633,598	474,364
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 889,364	\$ 633,598
 <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 2,063	\$ 2,355

See accompanying Notes to Financial Statements.

**RAIN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

RAIN, Inc. (the Organization) was organized in 1993 as a North Carolina voluntary, nonprofit, nonstock corporation. The purpose of the Organization is to engage in activities which are devoted to charitable, educational, and supportive purposes, including but not limited to: medical case management; peer to peer support and outreach; youth support; and training volunteers to provide practical support. All services enhance the physical, social, emotional, and spiritual quality of life of people affected by HIV.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and related revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with maturity of three months or less to be cash equivalents. Regardless of maturity, certificates of deposit are considered cash equivalents. The Organization maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Company (FDIC). At times throughout the year, the Organization may maintain bank account balances in excess of the FDIC insured limit of \$250,000.

**Property and Equipment**

Property and equipment with a value of \$5,000 or more and with a useful life of three years or more is recorded at cost if purchased or fair value if donated. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. Depreciation expense, which includes amortization of capitalized leases, is recorded using the straight-line method of depreciation over the estimated useful lives of the assets (office equipment - five years, leasehold improvements – five and a half years).

**RAIN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment (Continued)**

Depreciation expense was approximately \$11,000 for the years ended December 31, 2020 and 2019. The total cost of items under capital leases was approximately \$15,000 as of December 31, 2020 and 2019, and total accumulated amortization of items under capital leases was approximately \$15,000 and \$13,000 as of December 31, 2020 and 2019, respectively.

**Contributions and Support**

Contributions received are recorded as net assets with or without donor restrictions support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are released to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Conditional contributions whose conditions are met in the same reporting period in which they are received are reported as unconditional contributions.

Grant awards are evaluated by management and determined to either be unconditional contributions, exchange transactions, or conditional contributions. If considered to be an unconditional contribution, revenue from grants is recorded upon notification of the award. If considered to be an exchange transaction, revenue from grants is recorded as expenses are incurred under the terms of the respective grant agreement. If considered to be a conditional contribution, revenue from grants is recorded at the time the conditions on which they depend have been met. No government grants in the accompanying statements of activities for the years ended December 31, 2020 and 2019 are considered exchange transactions.

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Any amounts received prior to incurring qualifying expenditures would be reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants that have not been recognized of approximately \$1,081,000 and \$164,000 for the years ended December 31, 2020 and 2019, respectively, because qualifying expenditures have not yet been incurred. No advance payments have been received.

The Organization expects to collect all outstanding receivable balances. Accordingly, there was no allowance for uncollectible pledges at either December 31, 2020 or 2019.

**RAIN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

The Organization contracts with local pharmacies to provide medication to individuals living with HIV. The Organization is a covered entity in the U.S. Department of Health and Human Services, Health Resources and Services Administration, Office of Pharmacy Affairs and participates in the 340B Drug Pricing Program (340B Program) whereby medications are purchased by a qualified third party pharmacy company for the Organization's clients at a discounted price, resulting in revenue for the Organization based on these savings. The intent of the 340B program is to permit the covered entity to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services. Revenues from the 340B Program of \$4,054,000 and \$3,265,000 and related expenses of \$3,085,000 and \$2,538,000 were recognized in 2020 and 2019, respectively, and are included in revenues and support and program services expense, respectively, in the accompanying statements of activities. This program revenue is recognized at a point in time.

**Donated Facilities and Services**

Donated facilities and services are reflected as contributions in the financial statements at their estimated value at the time of receipt. For the year ended December 31, 2020 and 2019, donated services consisted of pro bono legal services provided. For the year ended December 31, 2020 and 2019, donated facilities consisted of office space rent received at a reduced rate.

During the years ended December 31, 2020 and 2019, the Organization received occupancy rent credits in the amounts of approximately \$74,000 and \$68,000, respectively, from its landlord, Children and Family Services Center, Inc. (the Center). These credits are approved by the Center on an annual basis and are recorded as in-kind revenue and expense in the period in which they are received. Because there are numerous factors used in determining the rental rates each period, the Organization is unable to estimate the amount of below market rent for future periods. Accordingly, no receivable has been recorded in the accompanying statements of financial position for below market rents.

In addition, volunteers, including officers and directors of the Organization, donate their time in program services and/or fundraising. No amount has been reflected in the financial statements for these services as they generally do not meet the criteria for revenue recognition.

**Income Tax Status**

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's income tax returns are subject to review and examination by federal, state, and local authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

**RAIN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Tax Status (Continued)**

U.S. GAAP requires an organization to recognize a tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. Management believes the Organization has no uncertain tax positions as of December 31, 2020 and 2019.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs, such as depreciation, insurance, and departmental expenses charged to office support and corporate departments, have been allocated among the program and supporting services benefited based on staff utilization or management's estimates of time spent, square footage, or other various allocation methods appropriate to the type of expense.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 26, 2021, the date the financial statements were available to be issued.

**Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The amendments in the update increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. The guidance is required to be applied by the Organization for the year ending December 31, 2022; however, early application is permitted. The Organization is currently evaluating the effect that the standard will have on the financial statements.

**NOTE 2 GRANTS RECEIVABLE**

Grants receivable are shown at estimated realizable value. All outstanding amounts are expected to be collected within the next year. Grants receivable consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Mecklenburg County - Ryan White	\$ 184,791	\$ 32,729
Duke University	14,812	13,880
United Way of Central Carolinas	75,000	75,000
UNC Chapel Hill	46,996	-
Mecklenburg County	36,113	-
Viiv	-	94,965
Total Grants Receivable	\$ 357,712	\$ 216,574

**RAIN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 3 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Restricted for Time:		
United Way Allocation for the Subsequent Year	\$ 75,000	\$ 75,000
Restricted for Purpose:		
Client Services	10,000	15,000
Empowering Positive Youth	41,633	91,601
Mental Health	37,500	82,500
Total Net Assets With Donor Restrictions	<u>\$ 164,133</u>	<u>\$ 264,101</u>

**NOTE 4 NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from restrictions are summarized as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Time Restrictions Expired:		
United Way	\$ 75,000	\$ 87,500
Novant	-	20,000
Donor Restrictions Accomplished:		
Client Services	15,000	13,775
Empowering Positive Youth	55,968	64,579
LGBT Insurance Premiums	-	3,500
Mental Health	45,000	28,334
Covid-19 Funding	75,000	-
Total Net Assets Released from Restrictions	<u>\$ 265,968</u>	<u>\$ 217,688</u>

**NOTE 5 LINE OF CREDIT**

Throughout 2020 and 2019, the Organization had a line of credit with a financial institution in the amount of \$75,000 with interest accrued at the U.S. Prime Rate as published in the Wall Street Journal plus 0.24% per year. The line of credit was renewed on December 12, 2019 for \$75,000 to mature on December 14, 2021. The line of credit now accrues interest at the U.S. Prime Rate plus 0.25% per year (3.5% at December 31, 2020). The Organization had no outstanding balance as of December 31, 2020 and 2019.

**RAIN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 6 LEASE AGREEMENTS**

**Operating Leases**

The Organization entered into a lease agreement for office space with the Center effective October 31, 2014, which expires on August 31, 2023. However, the lease has the option to automatically continue for an additional three, ten-year periods unless canceled by the Organization. Total lease expense was approximately \$75,000 for the years ended December 31, 2020 and 2019.

The future minimum operating lease expense for all lease agreements is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 81,609
2022	74,748
2023	49,832

**Capital Lease**

The Organization leases office equipment under a capital lease obligation. During the year ended December 31, 2020, this lease expired, however, the Organization still uses the equipment and has been paying for its use on a month-to-month basis.

**NOTE 7 COLLABORATIVE SERVICES**

The Organization participates in a collaboration agreement with the Center and several other nonprofit agencies located in the building to share financial and human resource functions. The collaboration will continue through the termination of the Organization's Center lease. If the Organization renews its Center lease, the collaboration agreement will be automatically extended for a period coterminous with the lease.

**NOTE 8 RETIREMENT PLAN**

The Organization has a retirement plan that allows all eligible employees the opportunity to make voluntary contributions through a salary reduction. The Organization makes a matching contribution of the participating employee's contribution limited to 3.5% of their salary during 2020. The Organization's matching contributions for the years ended December 31, 2020 and 2019 was approximately \$27,000 and \$19,000, respectively.



**RAIN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 9 PAYCHECK PROTECTION PROGRAM**

In May 2020, the Organization received proceeds in the amount of \$186,400 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, the Organization has classified this loan as a conditional contribution for accounting purposes. As of December 31, 2020, The SBA had not formally forgiven any portion of the Organization's obligation under this PPP Loan. As of December 31, 2020, Management believes it has satisfied the necessary terms and conditions of the PPP Loan, and as such, has recognized \$186,400 as contribution and grant revenue on the accompanying statement of activities for the year ended December 31, 2020. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date.

Subsequent to year end, the Organization has received a letter from the SBA indicating the Organization had satisfied the terms and conditions and as such, has approved the loan forgiveness application.

**NOTE 10 RISKS AND UNCERTAINTIES**

In March 2020, the World Health Organization declared COVID-19 a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national, and global economies. The extent to which COVID-19 impacts the Organization's results are dependent on the breadth and duration of the pandemic and could be affected by other factors currently unable to be predicted. These impacts may include but are not limited to additional costs for emergency preparedness or loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions mitigate the negative impact. However, the full impact is unknown and cannot be reasonably estimated at this time.

**NOTE 11 LIQUIDITY**

The Organization strives to maintain liquid assets sufficient to cover 90 days of general expenditures. The Organization receives significant grants for services that are ongoing and central to its annual operations to be available to meet cash needs for general expenditures.

**RAIN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 11 LIQUIDITY (CONTINUED)**

The following table reflects the Organization's financial assets available within one year of the statements of financial position for general expenditures as of December 31:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 889,364	\$ 633,598
Grants Receivable	357,712	216,574
Other Receivables	455,086	371,728
Less: Net Assets with Donor Restrictions Subject to Expenditure for Specific Purposes	<u>(89,133)</u>	<u>(189,101)</u>
Total Net Financial Assets Available to Meet Liquidity Needs	<u>\$ 1,613,029</u>	<u>\$ 1,032,799</u>



**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**

Board of Directors  
RAIN, Inc.  
Charlotte, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of RAIN, Inc., (the Organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered RAIN, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RAIN, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of RAIN, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether RAIN, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RAIN, Inc.'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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
March 26, 2021