

RAIN, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAcconnect.com

RAIN, INC.
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10



INDEPENDENT AUDITORS' REPORT

Board of Directors
RAIN, Inc.
Charlotte, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of RAIN, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 the Organization's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibility 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 auditors' 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 the Organization's 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 the Organization's 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.

Board of Directors
RAIN, Inc.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2022, on our consideration of the Organization'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 the Organization'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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Charlotte, North Carolina
March 15, 2022

RAIN, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,432,783	\$ 889,364
Grants Receivable	730,806	357,712
Other Receivables	334,236	455,086
Prepaid Expenses	32,029	86,700
Total Current Assets	2,529,854	1,788,862
PROPERTY AND EQUIPMENT		
Office Equipment	74,181	74,181
Leasehold Improvements	5,330	5,330
Accumulated Depreciation	(55,420)	(46,567)
Property and Equipment, Net	24,091	32,944
PREPAID EXPENSES, NET OF CURRENT PORTION	-	3,000
Total Assets	\$ 2,553,945	\$ 1,824,806
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 11,958	\$ 25,057
Accrued Liabilities and Expenses	451,294	527,233
Total Current Liabilities	463,252	552,290
NET ASSETS		
Without Donor Restrictions	1,574,025	1,108,383
With Donor Restrictions	516,668	164,133
Total Net Assets	2,090,693	1,272,516
Total Liabilities and Net Assets	\$ 2,553,945	\$ 1,824,806

See accompanying Notes to Financial Statements.

RAIN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
United Way	\$ 5,100	\$ 73,750	\$ 78,850
Contributions and Grants	253,817	481,550	735,367
Government Grants	1,137,446	-	1,137,446
Special Events, Net of Expenses of \$118,834	248,175	-	248,175
340B Program Revenue	4,281,797	-	4,281,797
Other Income	231	-	231
In-Kind Use of Facilities	74,313	-	74,313
In-Kind Contributed Services	78,710	-	78,710
Net Assets Released from Restrictions	202,765	(202,765)	-
Total Revenues and Support	6,282,354	352,535	6,634,889
 Expenses:			
Program Services	5,312,449	-	5,312,449
General and Administrative	106,400	-	106,400
Fundraising Services	397,863	-	397,863
Total Expenses	5,816,712	-	5,816,712
 CHANGE IN NET ASSETS	 465,642	 352,535	 818,177
 Net Assets - Beginning of Year	 1,108,383	 164,133	 1,272,516
 NET ASSETS - END OF YEAR	 \$ 1,574,025	 \$ 516,668	 \$ 2,090,693

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
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	265,968	(265,968)	-
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	272,092	-	272,092
Total Expenses	5,498,714	-	5,498,714
 CHANGE IN NET ASSETS	460,153	(99,968)	360,185
 Net Assets - Beginning of Year	648,230	264,101	912,331
 NET ASSETS - END OF YEAR	\$ 1,108,383	\$ 164,133	\$ 1,272,516

See accompanying Notes to Financial Statements.

RAIN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	General and Administrative	Fundraising Services	Total Functional Expenses
EXPENSES				
Accounting	\$ 15,250	\$ 2,276	\$ 2,365	\$ 19,891
Bank and Merchant Fees	1,129	168	8,094	9,391
Board Expenses	-	2,582	20	2,602
Contract Labor	369,509	4,677	5,102	379,288
Depreciation	6,787	1,013	1,053	8,853
Employee Benefits and Payroll Taxes	198,156	14,107	43,003	255,266
Insurance	847	10,998	131	11,976
Interest	172	26	27	225
Marketing and Development	4,189	411	12,390	16,990
Membership Dues and Subscriptions	704	105	622	1,431
Miscellaneous	790	118	122	1,030
Office and Equipment Expense	21,389	2,133	3,856	27,378
Postage and Delivery	1,705	210	2,786	4,701
Printing and Newsletters	11,847	1,768	19,232	32,847
Program Services	944,154	-	-	944,154
Program Supplies	2,712,776	-	-	2,712,776
Rent	48,578	6,940	6,940	62,458
Salaries and Compensation	793,952	35,410	159,496	988,858
Shared Services	85,857	10,785	11,115	107,757
Staff Development	5,511	1,181	808	7,500
Technology - Software and Support	17,260	2,407	30,195	49,862
Telephone	13,519	51	2,760	16,330
Travel	1,393	531	201	2,125
Special Events	-	-	118,834	118,834
In-Kind Use of Facilities	56,975	8,503	8,835	74,313
In-Kind Contributed Services	-	-	78,710	78,710
Total Expenses	5,312,449	106,400	516,697	5,935,546
Less: Direct Special Event Costs				
Deducted from Revenue	-	-	(118,834)	(118,834)
NET EXPENSES	\$ 5,312,449	\$ 106,400	\$ 397,863	\$ 5,816,712

See accompanying Notes to Financial Statements.

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

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising Services</u>	<u>Total Functional Expenses</u>
EXPENSES				
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 and 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	<u>5,073,439</u>	<u>153,183</u>	<u>356,361</u>	<u>5,582,983</u>
Less: Direct Special Event Costs				
Deducted from Revenue	<u>-</u>	<u>-</u>	<u>(84,269)</u>	<u>(84,269)</u>
NET EXPENSES	<u><u>\$ 5,073,439</u></u>	<u><u>\$ 153,183</u></u>	<u><u>\$ 272,092</u></u>	<u><u>\$ 5,498,714</u></u>

See accompanying Notes to Financial Statements.

RAIN, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 818,177	\$ 360,185
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	8,853	11,218
(Increase) Decrease in Operating Assets:		
Grants Receivable	(373,094)	(141,138)
Receivables - Other	120,850	(83,358)
Prepaid Expenses	57,671	(54,918)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(13,099)	4,155
Accrued Liabilities and Expenses	(75,939)	164,440
Net Cash Provided by Operating Activities	543,419	260,584
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Capital Lease Obligation	-	(4,818)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	543,419	255,766
 Cash and Cash Equivalents - Beginning of Year	889,364	633,598
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,432,783	\$ 889,364
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 225	\$ 2,063

See accompanying Notes to Financial Statements.

RAIN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Depreciation expense was approximately \$9,000 and \$11,000 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020 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 \$396,000 and \$1,081,000 for the years ended December 31, 2021 and 2020, 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, 2021 or 2020.

RAIN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 \$4,282,000 and \$4,054,000 and related expenses of \$3,088,000 and \$3,085,000 were recognized in 2021 and 2020, 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, 2021, donated services consisted of audio-video media services provided. For the year ended December 31, 2020, donated services consisted of pro bono legal services provided. For the years ended December 31, 2021 and 2020, donated facilities consisted of office space rent received at a reduced rate.

During the years ended December 31, 2021 and 2020, the Organization received occupancy rent credits in the amount of approximately \$74,000, 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.

RAIN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (Continued)

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.

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, 2021 and 2020.

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 15, 2022, 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.

RAIN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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:

	<u>2021</u>	<u>2020</u>
Mecklenburg County - Ryan White	\$ 232,010	\$ 184,791
Duke University	13,562	14,812
United Way of Central Carolinas	48,750	75,000
UNC Chapel Hill	98,146	46,996
Mecklenburg County	36,436	36,113
Viiv	301,902	-
Total Grants Receivable	<u>\$ 730,806</u>	<u>\$ 357,712</u>

NOTE 3 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Restricted for Time:		
United Way Allocation for the Subsequent Year	\$ 48,750	\$ 75,000
Restricted for Purpose:		
Client Services	23,503	10,000
Empowering Positive Youth	-	41,633
Positive Action for Youth	246,579	-
Mental Health	197,836	37,500
Total Net Assets With Donor Restrictions	<u>\$ 516,668</u>	<u>\$ 164,133</u>

NOTE 4 NET ASSETS RELEASED FROM RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Time Restrictions Expired:		
United Way	\$ 75,000	\$ 75,000
Donor Restrictions Accomplished:		
Client Services	15,193	15,000
Empowering Positive Youth	41,634	55,968
Mental Health	45,938	45,000
Covid-19 Funding	25,000	75,000
Total Net Assets Released from Restrictions	<u>\$ 202,765</u>	<u>\$ 265,968</u>

RAIN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 LINE OF CREDIT

Throughout 2021 and 2020, 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. This line of credit expired on December 14, 2021. The Organization entered into a new line of credit with a different financial institution on December 17, 2021, for \$75,000 to mature on December 16, 2022. The line of credit now accrues interest at a fixed rate of 3.25% per year. The Organization had no outstanding balance as of December 31, 2021 and 2020.

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, 2021 and 2020.

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

<u>Year Ending December 31,</u>	<u>Amount</u>
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.

RAIN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 2021. The Organization's matching contributions for the years ended December 31, 2021 and 2020 was approximately \$20,000 and \$27,000, respectively.

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, Management believes it has satisfied the necessary terms and conditions of the PPP Loan, and as such, recognized \$186,400 as contribution and grant revenue on the accompanying statement of activities for the year ended December 31, 2020.

In February 2021, the Organization received a letter from the SBA indicating the Organization had satisfied the terms and conditions and as such, has approved the loan forgiveness application. The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of the liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Council's financial position.

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 to mitigate the negative impact. However, the full impact is unknown and cannot be reasonably estimated at this time.

RAIN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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.

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>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 1,432,783	\$ 889,364
Grants Receivable	730,806	357,712
Other Receivables	334,236	455,086
Less: Net Assets with Donor Restrictions Subject to Expenditure for Specific Purposes	<u>(467,918)</u>	<u>(89,133)</u>
Total Net Financial Assets Available to Meet Liquidity Needs	<u>\$ 2,029,907</u>	<u>\$ 1,613,029</u>