

**Rainbow Village Properties, Inc.
and
Rainbow Foundation Fund, Inc.**

**Combined Audited
Financial Statements
December 31, 2023**



Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

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Independent Auditor's Report

Board of Directors
Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.
St. Louis, Missouri

Opinion

We have audited the accompanying combined financial statements of Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc. which comprise the combined statement of financial position as of December 31, 2023, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc., as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in conformity 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. 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 Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc. 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 these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.'s ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 generally accepted 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, including omissions, 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 combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.'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.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
December 9, 2024

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

Identification of Lead Auditor

Name: Gregory L. Nowling, CPA
Title: Shareholder
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Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

**Combined Statement of Financial Position
December 31, 2023**

	Assets		
	Rainbow Village Properties, Inc.	Rainbow Foundation Fund, Inc.	Total
Current Assets			
Cash	\$ 858,271	\$ -	\$ 858,271
Other receivables	400	-	400
Prepaid expenses	52,464	-	52,464
Total current assets	<u>911,135</u>	<u>-</u>	<u>911,135</u>
Investments, Fair Market Value	<u>-</u>	<u>5,258,815</u>	<u>5,258,815</u>
Property and Equipment			
Land	1,895,002	-	1,895,002
Buildings	14,018,178	-	14,018,178
Furniture and equipment	306,376	-	306,376
Vehicles	127,495	-	127,495
Total property and equipment	16,347,051	-	16,347,051
Less accumulated depreciation	<u>(5,955,507)</u>	<u>-</u>	<u>(5,955,507)</u>
Net property and equipment	<u>10,391,544</u>	<u>-</u>	<u>10,391,544</u>
Other Assets			
Tenant security deposits held in trust	<u>45,196</u>	<u>-</u>	<u>45,196</u>
Total other assets	<u>45,196</u>	<u>-</u>	<u>45,196</u>
Total Assets	<u>\$ 11,347,875</u>	<u>\$ 5,258,815</u>	<u>\$ 16,606,690</u>

See accompanying notes to combined financial statements.

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

**Combined Statement of Financial Position (Continued)
December 31, 2023**

Liabilities and Net Assets

	Rainbow Village Properties, Inc.	Rainbow Foundation Fund, Inc.	Total
Current Liabilities			
Accounts payable	\$ 9,490	\$ -	\$ 9,490
Prepaid rent	14,201	-	14,201
Line of credit	110,270	-	110,270
PPP loan	546,000	-	546,000
Current maturities of long-term debt	234,360	-	234,360
	<hr/>	<hr/>	<hr/>
Total current liabilities	914,321	-	914,321
	<hr/>	<hr/>	<hr/>
Tenant Security Deposits	40,292	-	40,292
	<hr/>	<hr/>	<hr/>
Long-Term Debt	1,178,061	-	1,178,061
	<hr/>	<hr/>	<hr/>
Total Liabilities	2,132,674	-	2,132,674
	<hr/>	<hr/>	<hr/>
Net Assets			
With Donor Restrictions	-	1,667,012	1,667,012
Without Donor Restrictions:			
Net investment in property and equipment	8,979,123	-	8,979,123
Other without donor restrictions	236,078	3,591,803	3,827,881
	<hr/>	<hr/>	<hr/>
Total Net Assets	9,215,201	5,258,815	14,474,016
	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 11,347,875</u>	<u>\$ 5,258,815</u>	<u>\$ 16,606,690</u>

See accompanying notes to combined financial statements.

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

**Combined Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2023**

	Rainbow Village Properties, Inc.	Rainbow Foundation Fund, Inc.	Total
Changes in Net Assets			
Revenue			
Rental income	\$ 1,239,390	\$ -	\$ 1,239,390
Interest and dividends	3,366	151,480	154,846
Other rental, pool and gym fees	58,939	-	58,939
Management fees	51,192	-	51,192
Other revenue	8,307	-	8,307
Gain (loss) on sale of properties	235,028	-	235,028
Gain (loss) on investments	-	514,047	514,047
	<u>1,596,222</u>	<u>665,527</u>	<u>2,261,749</u>
Public Support			
Special events (net of direct expenses of \$91,483)	136,406	-	136,406
Grants	643,365	-	643,365
Contributions	139,004	-	139,004
	<u>918,775</u>	<u>-</u>	<u>918,775</u>
Total revenue and public support	<u>2,514,997</u>	<u>665,527</u>	<u>3,180,524</u>
Expenses			
Administrative and general	1,187,810	15,205	1,203,015
Utilities	94,023	-	94,023
Operating and maintenance	402,314	-	402,314
Taxes, insurance and benefits	236,595	-	236,595
Interest	55,112	-	55,112
Depreciation	364,294	-	364,294
Total expenses	<u>2,340,148</u>	<u>15,205</u>	<u>2,355,353</u>
Change in Net Assets	174,849	650,322	825,171
Prior Period Adjustment	(585,259)	-	(585,259)
Interfund Transfers	225,000	(225,000)	-
Net Assets, Beginning of Year	<u>9,400,611</u>	<u>4,833,493</u>	<u>14,234,104</u>
Net Assets, End of Year	<u>\$ 9,215,201</u>	<u>\$ 5,258,815</u>	<u>\$ 14,474,016</u>

See accompanying notes to combined financial statements.

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

**Statement of Functional Expenses – Rainbow Village Properties, Inc.
For the Year Ended December 31, 2023**

	<u>Fundraising and Development</u>	<u>Administrative</u>	<u>General Operations</u>	<u>Total</u>
Salaries and benefits	\$ 189,183	\$ 276,701	\$ 347,109	\$ 812,993
Marketing	18,648	-	-	18,648
Office expenses	10,100	26,218	17,844	54,162
Telephone & internet	-	-	10,052	10,052
Accounting	-	-	18,365	18,365
Other expenses	35,367	55,807	182,416	273,590
Utilities	-	-	94,023	94,023
Operating and maintenance	-	-	402,314	402,314
Taxes, insurance and benefits	-	-	236,595	236,595
Interest	-	-	55,112	55,112
Depreciation	-	-	364,294	364,294
	<u>\$ 253,298</u>	<u>\$ 358,726</u>	<u>\$ 1,728,124</u>	<u>\$ 2,340,148</u>

See accompanying notes to combined financial statements.

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

**Combined Statement of Cash Flows
For the Year Ended December 31, 2023**

	Rainbow Village Properties, Inc.	Rainbow Foundation Fund, Inc.	Total
Cash Flows From Operating Activities			
Cash received from rentals	\$ 1,211,562	\$ -	\$ 1,211,562
Investment income	3,366	240,205	243,571
Contributions	139,004	-	139,004
Grants	643,365	-	643,365
Other income	59,499	-	59,499
Special events	136,406	-	136,406
Expenses	<u>(2,040,326)</u>	<u>(15,205)</u>	<u>(2,055,531)</u>
Net change in cash from operating activities	<u>152,876</u>	<u>225,000</u>	<u>377,876</u>
Cash Flows From Investing Activities			
Purchase of property and equipment	(1,162,781)	-	(1,162,781)
Change in other receivables	(3,493)	-	(3,493)
Sale of property and equipment	<u>235,028</u>	<u>-</u>	<u>235,028</u>
Net change in cash from investing activities	<u>(931,246)</u>	<u>-</u>	<u>(931,246)</u>
Cash Flows From Financing Activities			
Intercompany transfers	225,000	(225,000)	-
Proceeds from line of credit	35,000	-	35,000
Proceeds from PPP loan	546,000	-	546,000
Principal payments on mortgage notes payable	<u>(177,154)</u>	<u>-</u>	<u>(177,154)</u>
Net change in cash from financing activities	<u>628,846</u>	<u>(225,000)</u>	<u>403,846</u>
Net Change in Cash and Restricted Cash	<u>(149,524)</u>	<u>-</u>	<u>(149,524)</u>
Cash and Restricted Cash, Beginning of Year	<u>1,052,991</u>	<u>-</u>	<u>1,052,991</u>
Cash and Restricted Cash, End of Year	<u>\$ 903,467</u>	<u>\$ -</u>	<u>\$ 903,467</u>

See accompanying notes to combined financial statements.

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

Combined Statement of Cash Flows (Continued) For the Year Ended December 31, 2023

	Rainbow Village Properties, Inc.	Rainbow Foundation Fund, Inc.	Total
Reconciliation of Cash Flows From Operating Activities			
Change in net assets	\$ (60,179)	\$ 650,322	\$ 590,143
Adjustments to reconcile change in net assets to net change in cash from operating activities			
Depreciation	364,294	-	364,294
(Increase) decrease in other receivables	45,713		45,713
(Increase) decrease in investments	-	(425,322)	(425,322)
(Increase) decrease in prepaid insurance	2,617	-	2,617
Increase (decrease) in accounts payable	(72,380)	-	(72,380)
Increase (decrease) in prepaid revenue	(132,480)	-	(132,480)
Increase (decrease) in tenant security deposits	5,291	-	5,291
	<u>\$ 152,876</u>	<u>\$ 225,000</u>	<u>\$ 377,876</u>
Net change in cash from operating activities			
	<u>\$ 152,876</u>	<u>\$ 225,000</u>	<u>\$ 377,876</u>
Supplemental Disclosures of Cash Flow Information			
Cash paid during the year for interest	<u>\$ 55,112</u>	<u>\$ -</u>	<u>\$ 55,112</u>

See accompanying notes to combined financial statements.

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

Notes to Combined Financial Statements

Note 1 – Summary of Significant Accounting Policies

Organization

Rainbow Village Properties, Inc. is a not-for-profit corporation that provides and maintains facilities in St. Louis and St. Charles County, Missouri to coordinate and develop community housing for persons with developmental disabilities.

To accomplish Rainbow Village Properties, Inc.'s objective, the Board of Directors established Rainbow Foundation Fund, Inc., a not-for-profit corporation. These two entities, combined, are collectively referred to as the "Organization":

- Rainbow Village Properties, Inc. operates various complexes including a learning and recreational facility presently being leased to St. Louis ARC and residential complexes which house residents with developmental disabilities. In addition, Rainbow Village Properties, Inc. serves as a common paymaster and provides various administrative services on behalf of various real estate projects.
- Rainbow Village Foundation Fund, Inc. maintains investments for Rainbow Village Properties, Inc. The income from these investments helps defray expenses of the respective fund.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Net Asset Classification

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Per the applicable standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the net asset classes follows:

Net assets without donor restrictions represent the portion of net assets of the Organization that is not subject to donor-imposed restrictions. Net assets without donor restrictions include expendable funds available for the support of the Organization. Board designated net assets are net assets without donor restrictions with self-imposed designations by action of the governing board.

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

Net assets with donor restrictions represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of the Organization pursuant to those stipulations, or net assets that must be held in perpetuity.

As of December 31, 2023, \$1,667,012 of Rainbow Foundation net assets are considered net assets with donor restrictions. All remaining assets of the Organization are considered net assets without donor restrictions.

Expense Allocation

The costs 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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Assets and Services

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair market values at the date of donation. No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and solicitation.

Use of Estimates

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Financial Instruments

In January of 2016 FASB issued Accounting Standards Update No. 2016-01 (ASU 2016-01) Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Liabilities. This update, which is effective for fiscal years beginning after December 25, 2018, amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments. One of the main provisions of the update requires equity securities to be measured at fair value with changes in the fair value recognized through net income rather than other comprehensive income.

Investments of the Organization are held in marketable equity securities. Pursuant to ASU 2016-01, changes in investment value are presented on the combined statement of activities.

Cash and Cash Equivalents

For the statement of cash flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents. As of December 31, 2023, cash

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

consists of operating checking accounts. As of December 31, 2023, there were no cash equivalents.

Statement of Cash Flows – Restricted Cash

In November 2016, FASB issued Accounting Standards Update No. 2016-18 (ASU 2016-18) which amends the presentation of amounts generally described as restricted cash on the statement of cash flows. These restricted amounts are now required to be included with cash when reconciling the beginning and end of year total amounts. The amendments in ASU 2016-18 do not provide a definition of restricted cash. However, management has determined all restricted deposits and tenant deposits held in trust are considered restricted cash, based upon restrictions of use of funds imposed by the board.

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total of the same amounts shown in the statements of cash flows.

Cash – operations	\$ 858,271
Tenant deposits held in trust	<u>45,196</u>
	<u>\$ 903,467</u>

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method of depreciation. Depreciation is computed over the estimated useful lives of each individual asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized as income or loss for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes is recognized in the financial statements. It is exempt from income taxes under the provisions of Section 501(a) of the Code.

In the event the Organization was to lose its tax-exempt status, income tax expense for the tax reporting entity would include federal and state taxes currently payable and deferred taxes arising from temporary differences between income for financial reporting and income tax purposes. No such differences existed as of December 31, 2023.

The Organization adopted the standard for *Accounting for Uncertainty in Income Taxes*. The entity recognizes a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded. Federal and state tax authorities (if applicable) generally have the right to examine and audit the previous three years of tax returns filed.

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

Accounting for the Impairment or Disposal of Long-Lived Assets

Accounting for the Impairment or Disposal of Long-Lived Assets requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Accounting for the Impairment or Disposal of Long-Lived Assets has not materially affected the Organization's reported earnings, financial condition or cash flows.

Revenue and Cost Recognition

Revenues are recognized when earned and costs are expensed when incurred.

Risks and Uncertainties

The Organization is subject to various risks and uncertainties in the ordinary course of business that could have adverse impacts on its operating results and financial condition. Future operations could be affected by changes in the economy or other conditions in the geographical area where the property is located or by changes in federal low-income housing subsidies or the demand for such housing.

Note 2 – Investments

The Organization classifies marketable securities as “held to maturity” if it has the positive intent and ability to hold the securities to maturity. All other marketable securities are classified as “available for sale”. As of December 31, 2023, all of the Organization's securities are classified as “available for sale.” Securities classified as “available for sale” are carried on the financial statements at fair market value. Realized gains and losses are included in earnings; unrealized holding gains and losses are reported as a separate component of the statement of changes in net assets.

The Statement of Financial Accounting Standard, “*Fair Value Measurements*”, defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

This standard establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement the entire fair value measurement in the hierarchy.

The Organization holds an investment portfolio which consists of Level 1 financial instruments. Investments classified as Level 1 all have publicly traded daily values which may be obtained.

Note 3 – Long-Term Debt

Long-term debt as of December 31, 2023, consists of the following:

Mortgage note payable to Productive Living Board at a rate of 0% annually. Payments have been deferred by the lender until September 30, 2042. The loan is secured by residential property and matures September 30, 2042.	\$350,037
Mortgage note payable to Productive Living Board at a rate of 0% annually. Payments have been deferred by the lender until September 30, 2042. The loan is secured by residential property and matures September 30, 2042.	34,730
Mortgage note payable to Productive Living Board at a rate of 0% annually. Payments have been deferred by the lender until September 30, 2042. The loan is secured by residential property and matures September 30, 2042.	65,323
Mortgage note payable to Productive Living Board at a rate of 0% annually. Payments have been deferred by the lender until September 30, 2042. The loan is secured by residential property and matures September 30, 2042.	70,912

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

Mortgage note payable to Montgomery Bank, N.A. in monthly installments of \$273.73 at a rate of 3.50% annually. The loan is secured by residential property and had an original maturity date of December 28, 2022, but has been deferred until March 20, 2027.	8,861
Mortgage note payable to Carrollton Bank in monthly installments of \$493.05 at a rate of 4.50% annually. The loan is secured by residential property and matures December 2, 2025.	5,775
Mortgage note payable to Central Bank of St. Louis in monthly installments of \$271.66 at a rate of 3.50% annually. The loan is secured by residential property had an original maturity date of November 2, 2022, but has been deferred until October 1, 2027.	11,677
Mortgage note payable to Montgomery Bank, N.A. in monthly installments of \$329.97 at a rate of 3.50% annually. The loan is secured by residential property and matures November 7, 2027.	14,459
Mortgage note payable to Central Bank of St. Louis in monthly installments of \$460.00 at a rate of 3.50% annually. Loan is secured by residential property and matures July 1, 2026.	3,456
Mortgage note payable to Montgomery Bank, N.A. in monthly installments of \$286.98 at a rate of 3.50% annually. The loan is secured by residential property and matures March 21, 2028.	9,127
Mortgage note payable to Central Bank of St. Louis in monthly installments of \$567.01 at a rate of 3.375% annually. The loan is secured by residential property and matures April 30, 2029.	33,167
Mortgage note payable to Central Bank of St. Louis in monthly installments of \$415.93 at a rate of 3.00% annually. The loan is secured by residential property and matures August 31, 2028.	21,709
Mortgage note payable to Central Bank of St Louis in monthly installments of \$457.52 at a rate of 3.50% annually. The loan is secured by residential property and matures January 31, 2030.	30,044
Mortgage note payable to Central Bank of St Louis in monthly installments of \$263.43 at a rate of 3.50% annually. The loan is secured by residential property and matures January 31, 2030.	17,299
Mortgage note payable to Enterprise Bank and Trust in monthly installments of \$215.46 at a rate of 3.50% annually. The loan is secured by residential property and matures January 10, 2030.	12,627

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

Mortgage note payable to Enterprise Bank and Trust in monthly installments of \$430.91 at a rate of 3.50% annually. The loan is secured by residential property and matures January 10, 2030.	25,256
Mortgage note payable to Enterprise Bank and Trust in monthly installments of \$272.91 at a rate of 3.50% annually. The loan is secured by residential property and matures January 10, 2030.	15,996
Mortgage note payable to Enterprise Bank and Trust in monthly installments of \$287.27 at a rate of 3.50% annually. The loan is secured by residential property and matures January 10, 2030.	16,838
Mortgage note payable to Enterprise Bank and Trust in monthly installments of \$154.41 at a rate of 3.50% annually. The loan is secured by residential property and matures January 10, 2030.	9,050
Mortgage note payable to Central Bank of St Louis in monthly installments of \$368.51 at a rate of 3.125% annually. The loan is secured by residential property and matures January 1, 2031.	28,066
Mortgage note payable to Central Bank of St Louis in monthly installments of \$313.47 at a rate of 3.125% annually. The loan is secured by residential property and matures November 1, 2030.	23,372
Mortgage note payable to Central Bank of St Louis in monthly installments of \$334.37 at a rate of 3.125% annually. The loan is secured by residential property and matures October 1, 2030.	24,660
Mortgage note payable to Central Bank of St Louis in monthly installments of \$557.29 at a rate of 3.125% annually. The loan is secured by residential property and matures October 1, 2030.	41,100
Mortgage note payable to Montgomery Bank, N.A. in monthly installments of \$314.71 at a rate of 3.125% annually. The loan is secured by residential property and matures September 10, 2030.	22,921
Mortgage note payable to Montgomery Bank, N.A. in monthly installments of \$384.07 at a rate of 3.375% annually. The loan is secured by residential property and matures July 10, 2030.	27,130
Mortgage note payable to Central Bank of St Louis in monthly installments of \$529.01 at a rate of 3.50% annually. The loan is secured by residential property and matures May 1, 2030.	36,437

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

Mortgage note payable to Reliance Bank in monthly installments of \$335.43 at a rate of 3.125% annually. The loan is secured by residential property and matures February 10, 2031.	25,770
Mortgage note payable to Montgomery Bank, N.A. in monthly installments of \$346.36 at a rate of 3.00% annually. The loan is secured by residential property and matures May 2, 2031.	27,562
Mortgage note payable to Montgomery Bank, N.A. in monthly installments of \$450.26 at a rate of 3.00% annually. The loan is secured by residential property and matures May 11, 2031.	35,829
Mortgage note payable to Reliance Bank in monthly installments of \$311.82 at a rate of 3.00% annually. The loan is secured by residential property and matures July 10, 2031.	25,306
Mortgage note payable to Reliance Bank in monthly installments of \$346.47 at a rate of 3.00% annually. The loan is secured by residential property and matures July 10, 2031.	27,787
Mortgage note payable to Montgomery Bank, N.A. in monthly installments of \$623.77 at a rate of 3.00% annually. The loan is secured by residential property and matures August 10, 2031.	51,126
Mortgage note payable to Enterprise Bank and Trust in monthly installments of \$304.77 at a rate of 3.00% annually. The loan is secured by residential property and matures October 14, 2031.	25,462
Mortgage note payable to Montgomery Bank, N.A. in monthly installments of \$501.02 at a rate of 3.25% annually. The loan is secured by residential property and matures January 10, 2032.	42,611
Mortgage note payable to Central Bank of St. Louis in monthly installments of \$173.18 at a rate of 3.00% annually. The loan is secured by residential property and matures April 28, 2032.	15,277
Mortgage note payable to Central Bank of St. Louis in monthly installments of \$377.74 at a rate of 3.00% annually. The loan is secured by residential property and matures June 8, 2032.	33,906
Mortgage note payable to Montgomery Bank, N.A. in monthly installments of \$243.18 at a rate of 3.26% annually. The loan is secured by residential property and matures July 10, 2032.	21,815
Mortgage note payable to Montgomery Bank, N.A. in monthly installments of \$243.48 at a rate of 3.25% annually. The loan is	21,842

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

secured by residential property and matures July 10, 2032.

Mortgage note payable to Central Bank of St. Louis in monthly installments of \$488.49 at a rate of 3.50% annually. The loan is secured by residential property and matures March 8, 2033.	46,063
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Mortgage note payable to Montgomery Bank, N.A. in monthly installments of \$184.47 at a rate of 3.99% annually. The loan is secured by residential property and matures April 10, 2033.	17,276
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Mortgage note payable to Montgomery Bank, N.A. in monthly installments of \$368.56 at a rate of 3.875% annually. The loan is secured by residential property and matures May 10, 2033.	<u>34,760</u>
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Total	1,412,421
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Less current maturities of long-term debt	(234,360)
Total Long-Term Debt	<u>\$ 1,178,061</u>

Estimated future maturities of long-term debt as of December 31 are as follows:

2024	\$ 234,360
2025	242,445
2026	250,810
2027	259,464
2028	268,417
Thereafter	<u>156,925</u>
	<u>\$ 1,412,421</u>

Note 4 – Related Party Transactions

The Organization pays certain administrative and operating expenses on behalf of Rainbow Village Inc., Rainbow Village II, Inc. and Rainbow Village III, Inc. and is reimbursed for these expenses. During the year ended December 31, 2023, the related party transactions from the past years were written off. See Note 7 for more details. As of December 31, 2023, the following was owed to the Organization:

Rainbow Village, Inc.	\$ -
Rainbow Village II, Inc.	-
Rainbow Village III Inc.	<u>-</u>
	<u>\$ -</u>

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

Note 5 – Concentrations of Credit Risks

The Organization may at times maintain cash balances in financial institutions in excess of the federally insured limits of \$250,000. Organization management monitors the financial ratings of such financial institutions and believes the risk of loss is minimal.

Note 6 – Liquidity

The Organization's main funding sources is tenant rental and grant income. There are no other significant sources of funding. Liquid assets include cash. There are no board designations regarding these assets.

The following represents financial assets available for cash needs for general expenditures within one year:

Cash	<u>\$ 858,271</u>
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Note 7 – Fraud

During December 2023, management of the Organization notified authorities of fraud that was discovered within the organization. An investigation occurred regarding the fraud. The employee involved in committing the fraud is no longer employed by the Organization. The related party transactions were misstated due to the fraud. The related party transactions were reviewed by an outside consultant hired by the Organization. The necessary adjustments were incorporated into the audit as a prior period adjustment.

Note 8 – Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through December 9, 2024, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.

Note 9- Prior Period Adjustment

A prior period adjustment was made during the year ended December 31, 2023, to adjust the due to/from accounts. The net effect of the adjustment was to decrease equity by \$658,619. An additional prior period adjustment was made during the year ended December 31, 2023, to adjust the prior year deferred revenue balance. The net effect of the adjustment was to increase equity by \$73,360.