

Rainbow Village, Inc.
HUD Project No. 085-EH003-NP-WDDHD035

Audited Financial Statements
December 31, 2020 and 2019
With Supplemental Information

COMER  **NOWLING**
INDUSTRY ESTABLISHED | FOCUSED ON QUALITY
Certified Public Accountants

Rainbow Village, Inc.
HUD Project No. 085-EH003-NP-WDDHD035

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Independent Auditor's Report

Board of Directors
Rainbow Village, Inc.
St. Louis, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of HUD Project No. 085-EH003-NP-WDDHD035 of Rainbow Village, Inc. (Corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, changes in net assets (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation'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 Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rainbow Village, Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The financial data schedules and other supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The financial data schedules and other supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The accompanying supplemental information is presented for purposes of additional analysis as required by the *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, financial data schedules and other supplemental schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
March 9, 2021

Rainbow Village, Inc.
HUD Project No. 085-EH003-NP-WDDHD035

Identification of Lead Auditor

Name: Gregory L. Nowling, CPA

Title: Shareholder

Telephone: (317) 841-3393

Firm ID Number: 35-2119569

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10475 Crosspoint Boulevard, Suite 200
Indianapolis, IN 46256

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Rainbow Village, Inc.
HUD Project No. 085-EH003-NP-WDDHD035

Statements of Financial Position
As of December 31, 2020 and 2019

Assets

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash - operations	\$ 5,692	\$ 1,588
Cash-entity	<u>-</u>	<u>464</u>
Total current assets	<u>5,692</u>	<u>2,052</u>
Deposits Held in Trust		
Tenant deposits held in trust	<u>8,047</u>	<u>7,849</u>
Restricted Deposits		
Replacement reserve	94,973	85,293
Residual receipts reserve	<u>49,236</u>	<u>49,225</u>
Total restricted deposits	<u>144,209</u>	<u>134,518</u>
Property and Equipment		
Land	11,020	11,020
Buildings	1,923,993	1,869,885
Furniture for project/tenant use	242,261	242,261
Miscellaneous fixed assets	<u>31,004</u>	<u>31,004</u>
Total property and equipment	2,208,278	2,154,170
Accumulated depreciation	<u>(1,574,726)</u>	<u>(1,539,418)</u>
Net property and equipment	<u>633,552</u>	<u>614,752</u>
Total Assets	<u><u>\$ 791,500</u></u>	<u><u>\$ 759,171</u></u>

Rainbow Village, Inc.
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Statements of Financial Position (Continued)
As of December 31, 2020 and 2019

Liabilities and Net Assets (Deficit)

	<u>2020</u>	<u>2019</u>
Current Liabilities		
Accounts payable - operations	\$ 116,137	\$ 205,110
Accrued interest payable-first mortgage (or bonds)	2,207	1,592
Miscellaneous current liabilities	<u>40,486</u>	<u>40,475</u>
Total current liabilities	<u>158,830</u>	<u>247,177</u>
Deposit Liabilities		
Tenant deposits held in trust	<u>7,212</u>	<u>7,522</u>
Long-Term Liabilities		
Other loans and notes payable	466,073	337,763
Debt issuance costs	<u>(2,453)</u>	<u>(2,750)</u>
Total long-term liabilities	<u>463,620</u>	<u>335,013</u>
Total Liabilities	<u>629,662</u>	<u>589,712</u>
Net Assets (Deficit) Without Donor Restrictions	<u>161,838</u>	<u>169,459</u>
Total net assets	<u>161,838</u>	<u>169,459</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 791,500</u>	<u>\$ 759,171</u>

Rainbow Village, Inc.
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Statements of Activities and Changes in Net Assets (Deficit)
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Income		
Rental income	\$ 306,176	\$ 330,390
Interest income	120	288
Other income	<u>54,990</u>	<u>150</u>
Total income	<u>361,286</u>	<u>330,828</u>
Expenses		
Administrative expenses	86,346	81,107
Utility expenses	42,364	46,859
Operating and maintenance expenses	106,802	117,413
Taxes and insurance	71,304	63,250
Financial expenses	<u>26,783</u>	<u>4,724</u>
Total cost of operations before depreciation	<u>333,599</u>	<u>313,353</u>
Change in net assets (deficit) without donor restrictions before depreciation	27,687	17,475
Depreciation expense	<u>35,308</u>	<u>25,587</u>
Change In Net Assets (Deficit) Without Donor Restrictions	(7,621)	(8,112)
Net Assets (Deficit) Without Donor Restrictions, Beginning of Year	<u>169,459</u>	<u>177,571</u>
Net Assets (Deficit) Without Donor Restrictions, End of Year	<u>\$ 161,838</u>	<u>\$ 169,459</u>

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Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Rental receipts	\$ 306,176	\$ 330,635
Interest receipts	120	288
Other receipts	54,990	150
	<u>361,286</u>	<u>331,073</u>
Total receipts		
Administrative	(53,720)	52,447
Management fees	(15,564)	(15,518)
Utilities	(69,056)	13,339
Salaries and wages	(126,859)	(133,377)
Operating and maintenance	(59,286)	38,388
Property insurance	(32,502)	(15,214)
Miscellaneous taxes and insurance	(38,802)	(31,268)
Tenant security deposits	(310)	(30)
Mortgage interest	(25,860)	1,695
Miscellaneous financial	-	(4,702)
	<u>(421,959)</u>	<u>(94,240)</u>
Total disbursements		
Net cash provided by (used in) operating activities	<u>(60,673)</u>	<u>236,833</u>
Cash Flows From Investing Activities		
Purchase of fixed assets	<u>(54,108)</u>	<u>(539,765)</u>
Net cash provided by (used in) investing activities	<u>(54,108)</u>	<u>(539,765)</u>
Cash Flows From Financing Activities		
Principal payments on mortgage payable	-	(21,021)
Proceeds from mortgages, loans, or notes payable	-	356,000
Principal payments on loans or notes payable	128,310	(18,237)
Other financing activities	-	(2,973)
	<u>128,310</u>	<u>313,769</u>
Net cash provided by (used in) financing activities		
Net Increase (Decrease) in Cash and Restricted Cash	13,529	10,837
Cash and Restricted Cash, Beginning of Year	<u>144,419</u>	<u>133,582</u>
Cash and Restricted Cash, End of Year	<u>\$ 157,948</u>	<u>\$ 144,419</u>

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Statements of Cash Flows (Continued)
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of change in net assets (deficit) without donor restrictions to net cash provided by (used in) operating activities		
Change in net assets (deficit) without donor restrictions	\$ (7,621)	\$ (8,112)
Adjustments to reconcile change in net assets (deficit) without donor restrictions to net cash provided by (used in) operating activities		
Depreciation	35,308	25,587
Amortization of debt issuance costs	297	223
Decrease (increase) in tenant/member accounts receivable	-	245
Decrease (increase) in prepaid expenses	-	16,768
Increase (decrease) in accounts payable	(88,973)	200,658
Increase (decrease) in accrued liabilities	11	22
Increase (decrease) in accrued interest payable	615	1,472
Increase (decrease) in tenant security deposits held in trust	(310)	(30)
	<u>\$ (60,673)</u>	<u>\$ 236,833</u>

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Notes to Financial Statements

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

General

Rainbow Village, Inc. (Corporation) is a Missouri Not-For-Profit Corporation organized for the purpose of providing safe, decent, and sanitary low-cost housing facilities to individuals that are intellectually and developmentally disabled under Section 202 of the National Housing Act, as amended, and is administered by the United States Department of Housing And Urban Development (HUD). The Corporation consists of seven group homes (35 livable units) located in St. Louis County, Missouri. Tenants receive federal assistance as provided under Section 8 of the United States National Housing Act of 1937, as amended. HUD regulates the Corporation through a regulatory agreement, which contains significant restrictions relating to rent charges, operating methods and distributions to owners.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Per the applicable standards, Rainbow Village, Inc. 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 Rainbow Village, Inc. that is not subject to donor-imposed restrictions. Net assets without donor restrictions include expendable funds available for the support of the Corporation. Board designated net assets are net assets without donor restrictions with self-imposed designations by action of the governing board.

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

As of December 31, 2020 and 2019, all of the net assets of the Corporation are considered to be net assets without donor restrictions.

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Cash and Cash Equivalents

For the statement of cash flows, all unrestricted investments with the original maturities of three months or less are cash equivalents. As of December 31, 2020 and 2019, cash consists of an operating checking account. As of December 31, 2020 and 2019, 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 HUD. The amendments in ASU 2016-18 are required to be applied using a retrospective transition method to each period presented in the financial statements.

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.

	<u>2020</u>	<u>2019</u>
Cash	\$ 5,692	\$ 1,588
Cash-entity	-	464
Tenant deposits held in trust	8,047	7,849
Replacement reserve	94,973	85,293
Residual Receipts	<u>49,236</u>	<u>49,225</u>
	<u>\$ 157,948</u>	<u>\$ 144,419</u>

Tenant Security Deposits

Tenant security deposits are maintained in separate accounts and investment accounts in the name of the Corporation.

Restricted Deposits and Funded Reserves

Restricted deposits and funded reserves consist of funds required to be set aside by all properties insured under the Regulatory Agreement.

Income Taxes

The Corporation 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 Corporation 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

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arising from temporary differences between income for financial reporting and income tax purposes. No such differences existed as of December 31, 2020 and 2019.

The Corporation 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.

Debt Issuance Costs

Debt issuance costs in the original amount of \$2,973 are being amortized over the life of the loan. Amortization of debt issuance costs included in interest expense during the years ended December 31, 2020 and 2019 was \$297 and \$223, respectively. Accumulated amortization as of December 31, 2020 and 2019 was \$520 and \$223, respectively.

Amortization of debt issuance costs for the next five years is as follows:

2021	\$	297
2022		297
2023		297
2024		297
2025		297
Thereafter		<u>968</u>
		<u>\$ 2,453</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.

Property Taxes

The Corporation is exempt from real and personal property taxes. Accordingly, no provision for property taxes has been recognized in the accompanying financial statements.

Regulatory Agreement

The Corporation has entered into a formal Regulatory Agreement with HUD, which provides, among other things, that:

Owner shall maintain a replacement reserve in a separate account by making monthly payments of \$789 increasing to \$813 during the year ended December 31, 2020.

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Any funds collected as security deposits shall be kept separate from all other funds in a trust account.

The owner assigns, pledges and mortgages to the mortgagor its rights to the rents, profits, income and charges of whatever sort, which it may receive or be entitled to receive from the operation of the mortgage property, subject, however, to any assignment of rents in the insured mortgage. Until default, the owner is permitted to collect and retain such rents, profits, income and charges.

The Regulatory Agreement also prohibits: (a) distributions of assets or income except out of surplus cash, as defined in the Regulatory Agreement; and (b) without the prior written approval of HUD, any conveyance, transfer or encumbrance of all or any part of the Corporation's real and personal property including any remodeling, additions, reconstruction or demolitions.

In the event of default under the Regulatory Agreement, HUD may request the holder of the mortgage to declare default, terminate any management agreement, and collect all rent or appoint a receiver.

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 Corporation's reported earnings, financial condition or cash flows.

Basis of Accounting

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

Revenue and Cost Recognition

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

Risks and Uncertainties

The Corporation 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.

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Note 2 – Mortgage Payable

A mortgage is payable to HUD in monthly principal and interest installments of \$4,282. The mortgage has an annual interest rate of 6.875% and matures on June 1, 2019. The mortgage is collateralized by land and seven group homes. During the year ended December 31, 2019 the note was paid off.

Note 3 – Promissory Note Payable

On April 25, 2019, the Corporation entered into a line of credit agreement collateralized by land and seven group homes, as evidenced in a \$500,000 promissory note payable to Montgomery Bank. The note has an annual interest rate of 5.16% and matures on July 26, 2028. As of December 31, 2020 and 2019, \$466,073 and \$337,763 is outstanding, respectively.

Note 4 – Cash Distributions and Residual Receipts Fund

Pursuant to the terms of the Regulatory Agreement, no cash distributions may be made to the non-profit owners, nor can they incur obligations on behalf of the Corporation, to themselves or any officers, directors, stockholders, trustees, partners, beneficiaries under a trust, or any of their nominees without prior written approval of HUD. Surplus Cash as defined by HUD, existing at the end of the fiscal year must be deposited in a Residual Receipts Fund in the name of the Corporation within 90 days subsequent to the end of the fiscal year. Surplus cash to be deposited as of December 31, 2020 and 2019 was \$0 and \$0, respectively. Withdrawals from the Residual Receipts Fund may only be made with the approval of HUD.

Note 5 – Management Agreement and Related Party Transactions

The Corporation entered into a management agreement with Rainbow Village Properties, a related party to the Corporation. The agreement, which is effective May 1, 2019 through April 30, 2020, allows for a management fee of \$36.89 per unit per month. During the year ended December 31, 2020, the Company renewed the management agreement with Rainbow Village Properties on May 1, 2020. The agreement, which expires on April 30, 2021, allows for a management fee of \$36.89 per unit per month. During the years ended December 31, 2020 and 2019, \$15,564 and \$15,518, respectively, of management fees were incurred and paid.

Note 6 – Functional Expenses

The functional expenses are as follows:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Management and general	\$ 86,346	\$ 81,107
Program services – housing	282,561	257,833
	<u>\$ 368,907</u>	<u>\$ 338,940</u>

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Note 7 – Current Vulnerability Due To Certain Concentrations

The Corporation's sole asset is seven individual group homes with five bedrooms in each individual group home. The Corporation's operations are concentrated in the multifamily real estate market. In addition, the Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Note 8 – Concentration of Credit Risk

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

Note 9 – Potential Contingent Liability

On June 19, 2015 HUD issued a communication to owners of Section 202 and 811 projects with project assistance contracts requiring a residual receipts recapture. Unlike the previous recapture rules of residual receipts, this recapture requires direct payment to HUD for excess amounts in the residual receipts fund exceeding \$250 per unit. Management believes this ruling is more likely than not to be approved. Therefore, of as December 31, 2020 and 2019, a current liability of \$40,486 and \$40,475 representing excess project funds has been recorded, respectively.

Note 10 – 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 Corporation through March 9, 2021, 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.

Supplemental HUD Information

Rainbow Village, Inc.
HUD Project No. 085-EH003-NP-WDDHD035

Supporting Data Required by HUD - Statements of Financial Position
As of December 31, 2020 and 2019

Assets

	<u>2020</u>	<u>2019</u>
Current Assets		
1120 Cash - operations	\$ 5,692	\$ 1,588
1125 Cash-entity	-	464
1100T Total current assets	<u>5,692</u>	<u>2,052</u>
Deposits Held in Trust		
1191 Tenant/patient deposits held in trust	<u>8,047</u>	<u>7,849</u>
Restricted Deposits		
1320 Replacement reserve	94,973	85,293
1340 Residual receipts reserve	<u>49,236</u>	<u>49,225</u>
1300T Total deposits	<u>144,209</u>	<u>134,518</u>
Property and Equipment		
1410 Land	11,020	11,020
1420 Buildings	1,923,993	1,869,885
1450 Furniture for project/tenant use	242,261	242,261
1490 Miscellaneous fixed assets	<u>31,004</u>	<u>31,004</u>
1400T Total fixed assets	2,208,278	2,154,170
1495 Accumulated depreciation	<u>(1,574,726)</u>	<u>(1,539,418)</u>
1400N Net fixed assets	<u>633,552</u>	<u>614,752</u>
1000T Total Assets	<u><u>\$ 791,500</u></u>	<u><u>\$ 759,171</u></u>

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Supporting Data Required by HUD - Statements of Financial Position
(Continued) As of December 31, 2020 and 2019

Liabilities and Net Assets

	<u>2020</u>	<u>2019</u>
Current Liabilities		
2110 Accounts payable - operations	\$ 116,137	\$ 205,110
2131 Accrued interest payable-first mortgage (or bonds)	2,207	1,592
2190 Miscellaneous current liabilities - excess project funds	<u>40,486</u>	<u>40,475</u>
2122T Total current liabilities	<u>158,830</u>	<u>247,177</u>
Deposit Liabilities		
2191 Tenant/patient deposits held in trust (contra)	<u>7,212</u>	<u>7,522</u>
Long-Term Liabilities		
2324 Other loans and notes payable	466,073	337,763
2340 Debt issuance costs	<u>(2,453)</u>	<u>(2,750)</u>
2300T Total long-term liabilities	<u>463,620</u>	<u>335,013</u>
2000T Total Liabilities	<u>629,662</u>	<u>589,712</u>
3131 Net Assets Without Donor Restrictions	<u>161,838</u>	<u>169,459</u>
3130 Total net assets	<u>161,838</u>	<u>169,459</u>
2033T Total Liabilities and Net Assets	<u>\$ 791,500</u>	<u>\$ 759,171</u>

Rainbow Village, Inc.
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Supporting Data Required by HUD - Statements of Activities
For the Years Ended December 31, 2020 and 2019

		<u>2020</u>	<u>2019</u>
Project Revenue Accounts			
Rent revenue			
5120	Rent revenue - gross potential	\$ 164,702	\$ 141,069
5121	Tenant assistance payments	<u>178,753</u>	<u>198,711</u>
5100T	Total rent revenue	<u>343,455</u>	<u>339,780</u>
Vacancies			
5220	Apartments	<u>(37,279)</u>	<u>(9,390)</u>
5200T	Total vacancies	<u>(37,279)</u>	<u>(9,390)</u>
5152N	Net rental revenue (rent revenue less vacancies)	<u>306,176</u>	<u>330,390</u>
Financial revenue			
5410	Financial revenue - project operations	2	11
5430	Revenue from investments - residual receipts reserve	11	22
5440	Revenue from investments - replacement reserve	<u>107</u>	<u>255</u>
5400T	Total financial revenue	<u>120</u>	<u>288</u>
Other revenue			
5920	Tenant charges	150	150
5990	Miscellaneous revenue- COVID '19 grant, insurance refund	<u>54,840</u>	<u>-</u>
5900T	Total other revenue	<u>54,990</u>	<u>150</u>
5000T	Total revenue	<u>361,286</u>	<u>330,828</u>

Project Expense Accounts

Administrative expenses			
6250	Other renting expenses	3,900	3,900
6310	Office salaries	48,202	47,806
6311	Office expenses	14,280	9,383
6320	Management fee	15,564	15,518
6350	Audit expense	4,400	4,400
6351	Bookkeeping fees/accounting services	<u>-</u>	<u>100</u>
6263T	Total administrative expenses	<u>86,346</u>	<u>81,107</u>

Rainbow Village, Inc.
HUD Project No. 085-EH003-NP-WDDHD035

Supporting Data Required by HUD - Statements of Activities (Continued)
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Utility expenses		
6450 Electricity	19,431	21,243
6451 Water	6,033	6,791
6452 Gas	8,596	10,461
6453 Sewer	<u>8,304</u>	<u>8,364</u>
6400T Total utilities expense	<u>42,364</u>	<u>46,859</u>
Operating and maintenance expenses		
6510 Payroll	78,657	85,571
6515 Supplies	4,593	8,583
6520 Contracts	16,655	15,511
6525 Garbage and trash removal	4,328	4,511
6546 Heating/cooling repairs and maintenance	1,659	2,521
6548 Snow removal	<u>910</u>	<u>716</u>
6500T Total operating and maintenance expenses	<u>106,802</u>	<u>117,413</u>
Taxes and insurance		
6711 Payroll taxes (project's share)	8,930	9,513
6720 Property and liability insurance (hazard)	32,502	31,982
6722 Workmen's compensation	8,069	1,950
6723 Health insurance and other employee benefits	<u>21,803</u>	<u>19,805</u>
6700T Total taxes and insurance	<u>71,304</u>	<u>63,250</u>
Financial expenses		
6820 Interest on mortgage (or bonds) payable	26,772	4,702
6890 Miscellaneous financial expenses - loss due to recapture of residual receipts	<u>11</u>	<u>22</u>
6800T Total financial expenses	<u>26,783</u>	<u>4,724</u>
Operating Results		
6000T Total cost of operations before depreciation	<u>333,599</u>	<u>313,353</u>
5060T Change in net assets (deficit) before depreciation	<u>27,687</u>	<u>17,475</u>
6600 Depreciation expense	<u>35,308</u>	<u>25,587</u>
5060N Operating profit or (loss)	<u>(7,621)</u>	<u>(8,112)</u>
Change in net assets (deficit)	<u>\$ (7,621)</u>	<u>\$ (8,112)</u>
Change in net assets from operations		
3247 Change in net assets without donor restrictions	<u>\$ (7,621)</u>	<u>\$ (8,112)</u>
3250 Change in total net assets from operations	<u>\$ (7,621)</u>	<u>\$ (8,112)</u>

Rainbow Village, Inc.
HUD Project No. 085-EH003-NP-WDDHD035

Supporting Data Required by HUD – Part II
For the Years Ended December 31, 2020 and 2019

Part II

S1000-010	Total mortgage (or bond) principal payments required during the audit year (12 monthly payments). This applies to all direct loans and HUD-held and fully insured mortgages.	<u>\$ -</u>
S1000-020	Total of 12 monthly deposits in the audit year into the replacement reserve account, as required by the Regulatory Agreement even if payments may be temporarily suspended or reduced.	<u>\$ -</u>
S1000-030	Replacement reserve, or residual receipts and releases which are included as expense items on the profit and loss statement.	<u>\$ 61</u>
S1000-040	Project improvement reserve releases under the flexible subsidy program that are included as expense items on the profit and loss statement.	<u>\$ -</u>

Rainbow Village, Inc.
HUD Project No. 085-EH003-NP-WDDHD035

**Supporting Data Required by HUD – Statements of Changes in Net Assets
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
S1100-060 Previous Year Net Assets Without Donor Restrictions	\$ 169,459	\$ 177,571
3247 Change in Net Assets Without Donor Restrictions	<u>(7,621)</u>	<u>(8,112)</u>
3131 Net Assets Without Donor Restrictions	<u>\$ 161,838</u>	<u>\$ 169,459</u>
S1100-050 Previous Year Total Net Assets	\$ 169,459	\$ 177,571
3250 Change in Total Net Asset from Operations	<u>(7,621)</u>	<u>(8,112)</u>
3130 Total Net Assets	<u>\$ 161,838</u>	<u>\$ 169,459</u>

Rainbow Village, Inc.
HUD Project No. 085-EH003-NP-WDDHD035

Supporting Data Required by HUD - Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
S1200-010 Rental receipts	\$ 306,176	\$ 330,635
S1200-020 Interest receipts	120	288
S1200-030 Other operating receipts	54,990	150
	<u>361,286</u>	<u>331,073</u>
S1200-040 Total receipts		
S1200-050 Administrative	(53,720)	52,447
S1200-070 Management fees	(15,564)	(15,518)
S1200-090 Utilities	(69,056)	13,339
S1200-100 Salaries and wages	(126,859)	(133,377)
S1200-110 Operating and maintenance	(59,286)	38,388
S1200-140 Property insurance	(32,502)	(15,214)
S1200-150 Miscellaneous taxes and insurance	(38,802)	(31,268)
S1200-160 Tenant security deposits	(508)	13
S1200-180 Mortgage interest	(25,860)	1,695
S1200-220 Miscellaneous financial	-	(4,702)
	<u>(422,157)</u>	<u>(94,197)</u>
S1200-230 Total disbursements		
S1200-240 Net cash provided by (used in) operating activities	<u>(60,871)</u>	<u>236,876</u>
Cash Flows From Investing Activities		
S1200-250 Net deposits to the reserve for replacement account	(9,680)	(9,677)
S1200-260 Net deposits to the residual receipts account	(11)	(22)
S1200-330 Net purchase of fixed assets	(54,108)	(539,765)
	<u>(63,799)</u>	<u>(549,464)</u>
S1200-350 Net cash provided by (used in) investing activities		
Cash Flows From Financing Activities		
S1200-360 Principal payments - first mortgage (or bonds)	-	(21,021)
S1200-365 Proceeds from mortgages, loans, or notes payable	-	356,000
S1200-370 Principal payments on loans or notes payable	128,310	(18,237)
S1200-450 Other financing activities- debt issuance costs	-	(2,973)
	<u>128,310</u>	<u>313,769</u>
S1200-460 Net cash provided by (used in) financing activities		
S1200-470 Net Increase (Decrease) in Cash and Cash Equivalents	3,640	1,181
S1200-480 Beginning of Period Cash	<u>2,052</u>	<u>871</u>
S1200T End of Period Cash	<u>\$ 5,692</u>	<u>\$ 2,052</u>

Rainbow Village, Inc.
HUD Project No. 085-EH003-NP-WDDHD035

Supporting Data Required by HUD - Statements of Cash Flows (Continued)
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of change in net assets (deficit) to net cash provided		
by (used in) operating activities		
3250 Change in total net assets from operations	\$ (7,621)	\$ (8,112)
Adjustments to reconcile change in net assets to net cash provided		
by (used in) operating activities		
6600 Depreciation	35,308	25,587
S1200-486 Amortization of debt issuance costs	297	223
S1200-490 Decrease (increase) in tenant/member accounts receivable	-	245
S1200-520 Decrease (increase) in prepaid expenses	-	16,768
S1200-530 Decrease (increase) in cash restricted for tenant security deposits	(198)	43
S1200-540 Increase (decrease) in accounts payable	(88,973)	200,658
S1200-560 Increase (decrease) in accrued liabilities	11	22
S1200-570 Increase (decrease) in accrued interest payable	615	1,472
S1200-580 Increase (decrease) in tenant security deposits held in trust	(310)	(30)
	\$ (60,871)	\$ 236,876
S1200-610 Net cash provided by (used in) operating activities	\$ (60,871)	\$ 236,876

Rainbow Village, Inc.
HUD Project No. 085-EH003-NP-WDDHD035

**Supporting Data Required by HUD –
Other Information and Replacement Reserves December 31, 2020**

1320P	Balance at beginning of the year	\$ 85,293
1320ODT	Other deposits - self funded	9,634
1320INT	Interest on replacement reserve account	107
1320OWT	Other withdrawals - self funded	<u>(61)</u>
1320	Balance at end of the year	<u>\$ 94,973</u>
1320R	Deposits suspended or waived indicator	Yes

Schedule of Residual Receipts

1340P	Balance at beginning of the year	\$ 49,225
1340INT	Interest on residual receipts account	<u>11</u>
1340	Balance at end of the year	<u><u>\$ 49,236</u></u>

Rainbow Village, Inc.
HUD Project No. 085-EH003-NP-WDDHD035

Supporting Data Required by HUD – Computation of Surplus Cash
December 31, 2020

Computation of Surplus Cash, Distributions, and Residual Receipts (Annual)

Account	Description	Value
S1300-010	Cash	\$ 13,739
1135	Accounts receivable - HUD	\$ -
S1300-030	Other - entity cash	\$ -
S1300-040	Total cash	\$ 13,739
S1300-050	Accrued mortgage (or bond) interest payable	\$ 2,207
S1300-060	Delinquent mortgage (or bond) principal payments	\$ -
S1300-070	Delinquent deposits to reserve for replacements	\$ -
S1300-075	Accounts payable - 30 days	\$ 116,137
S1300-080	Loans and notes payable (due within 30 days)	\$ -
S1300-090	Deficient tax insurance or mip escrow deposits	\$ -
S1300-100	Accrued expenses (not escrowed)	\$ -
2210	Prepaid revenue	\$ -
2191	Tenant/patient deposits held in trust (contra)	\$ 7,212
S1300-110	Other current obligations	\$ -
S1300-140	Total current obligations	\$ 125,556
S1300-150	Surplus cash (deficiency)	\$ (111,817)
S1300-160	Annual distribution earned during fiscal period covered by this statement	\$ -
S1300-170	Distribution accrued and unpaid as of the end of the prior fiscal period	\$ -
S1300-180	Distributions and entity expenses paid during fiscal period covered by this statement	\$ -
S1300-190	Distribution earned but unpaid	\$ -
S1300-200	Amount available for distribution during next fiscal period	\$ -
S1300-203	Incentive performance fee payable	\$ -
S1300-204	Percentage surplus cash split	\$ -
S1300-205	Surplus cash available for second mortgage payments	\$ -
S1300-206	Surplus cash available for distribution	\$ -
S1300-210	Deposit due residual receipts	\$ -

Rainbow Village, Inc.
HUD Project No. 085-EH003-NP-WDDHD035

**Supporting Data Required by HUD –
Fixed Assets and Accumulated Depreciation December 31, 2020**

Change in Fixed Assets

<u>Fixed Assets</u>	December 31 <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	December 31 <u>2020</u>
1410 Land	\$ 11,020	\$ -	\$ -	\$ 11,020
1420 Buildings	1,869,885	54,108	-	1,923,993
1450 Furniture for project/tenant use	242,261	-	-	242,261
1490 Miscellaneous fixed assets	31,004	-	-	31,004
	<u>\$ 2,154,170</u>	<u>\$ 54,108</u>	<u>\$ -</u>	<u>\$ 2,208,278</u>

	December 31 <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	December 31 <u>2020</u>
1495 Accum. Deprec.	\$ 1,539,418	\$ 35,308	\$ -	\$ 1,574,726

Fixed asset additions for the year ended December 31, 2020:

Multi-building remodel	<u>\$ 54,108</u>
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Rainbow Village, Inc.
HUD Project No. 085-EH003-NP-WDDHD035

Mortgagor's Certification

We hereby certify that we have examined the accompanying financial statements and supplementary information of Rainbow Village, Inc., and, to the best of our knowledge and belief, the same is complete and accurate.

Erin Eberhard, Executive Director

March 9, 2021

Date

Board Member

March 9, 2021

Date

Rainbow Village, Inc.
HUD Project No. 085-EH003-NP-WDDHD035

Management Agent's Certification

We hereby certify that we have examined the accompanying financial statements and supplementary information of Rainbow Village, Inc., and, to the best of our knowledge and belief, the same is complete and accurate.

March 9, 2021

Erin Eberhard, Executive Director
Rainbow Village Properties
1240 Dautel Lane
St Louis, MO 63146

Date

EIN: 43-6071313

Property Manager