

THE RAINBOW CONNECTION
(A Nonprofit Organization)

FINANCIAL STATEMENTS

DECEMBER 31, 2019
(With Independent Auditor's Report Thereon)

THE RAINBOW CONNECTION
(A Nonprofit Organization)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Rainbow Connection
(A Nonprofit Organization)

We have audited the accompanying financial statements of The Rainbow Connection (A Nonprofit Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses 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.

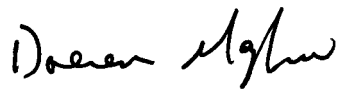
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Responsibility (Continued)

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 The Rainbow Connection (A Nonprofit Organization) as of December 31, 2019 and 2018, and the 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.



Troy, Michigan
April 14, 2020

THE RAINBOW CONNECTION
(A Nonprofit Organization)

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents (note 1)	\$ 861,443	\$ 485,646
Investment equity securities (notes 1 and 4)	1,255,219	802,711
Receivables:		
Donations receivable (notes 3 and 5)	46,100	8,791
Interest receivable	1,683	1,992
Grants receivable (note 1)	30,000	30,000
Deposits	11,200	1,000
Total current assets	2,205,645	1,330,140
Grants receivable (note 1)	-	30,000
Property and equipment:		
At cost, less accumulated depreciation of \$431,397 in 2019 and \$393,917 in 2018 (note 6)	525,246	516,926
Total assets	\$ 2,730,891	\$ 1,877,066
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 2,663	\$ 8,272
Accrued expenses	9,069	8,766
Current portion of capital lease (notes 6 and 7)	351	683
Deferred revenue (note 5)	13,142	19,622
Total current liabilities	25,225	37,343
Long-term liabilities:		
Capital lease (notes 6 and 7)	-	350
Net assets (notes 1 and 8):		
Without donor restrictions	2,629,149	1,720,234
With donor restrictions	76,517	119,139
Total net assets	2,705,666	1,839,373
Total liabilities and net assets	\$ 2,730,891	\$ 1,877,066

See accompanying notes to financial statements

THE RAINBOW CONNECTION
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STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019				2018			
	Without Donor Restrictions	With Donor Restrictions	Total	%	Without Donor Restrictions	With Donor Restrictions	Total	%
Revenues and support:								
Public support:								
Contributions	\$ 959,768	\$ -	\$ 959,768	26.7	\$ 629,826	\$ 90,014	\$ 719,840	23.4
Donated assets and services (note 2)	1,142,760	-	1,142,760	31.8	1,105,893	-	1,105,893	41.0
Memorials and bequests	220,196	-	220,196	6.1	8,885	-	8,885	.4
Special event revenue	1,114,459	30,500	1,144,959	31.0	988,285	29,125	1,017,410	36.7
Total public support	3,437,183	30,500	3,467,683	95.6	2,732,889	119,139	2,852,028	101.5
Interest income	46,354	-	46,354	1.3	43,543	-	43,543	1.6
Loss on disposition of property and equipment	-	-	-	-	(1,337)	-	(1,337)	-
Unrealized and realized gain (loss) on investments	108,452	-	108,452	2.9	(80,486)	-	(80,486)	(3.1)
Total revenues and support	3,591,989	30,500	3,622,489	<u>99.8</u>	2,694,609	119,139	2,813,748	<u>100.0</u>
Expenses:								
Program services	2,307,194	-	2,307,194	64.2	2,254,242	-	2,254,242	83.7
Fundraising	153,766	-	153,766	4.3	133,910	-	133,910	5.0
Special event expense	192,152	-	192,152	5.3	134,746	-	134,746	5.0
General and administrative	103,084	-	103,084	2.9	105,994	-	105,994	3.9
Total expenses	2,756,196	-	2,756,196	<u>76.7</u>	2,628,892	-	2,628,892	<u>97.6</u>
Release of net assets from restrictions	73,122	(73,122)	-		-	-	-	
Changes in net assets	908,915	(42,622)	866,293		65,717	119,139	184,856	
Net assets - beginning	1,720,234	119,139	1,839,373		1,654,517	-	1,654,517	
Net assets - ending	<u>\$ 2,629,149</u>	<u>\$ 76,517</u>	<u>\$ 2,705,666</u>		<u>\$ 1,720,234</u>	<u>\$ 119,139</u>	<u>\$ 1,839,373</u>	

See accompanying notes to financial statements

THE RAINBOW CONNECTION
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STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019				2018			
	Program Services	Fundraising	General and Administrative	Total	Program Services	Fundraising	General and Administrative	Total
Employee compensation:								
Salaries - administrative	\$ 424,980	\$ 95,120	\$ 44,915	\$ 565,015	\$ 420,768	\$ 85,537	\$ 40,147	\$ 546,452
Payroll taxes	30,828	6,900	3,258	40,986	29,841	6,116	2,972	38,929
Total employee compensation	455,808	102,020	48,173	606,001	450,609	91,653	43,119	585,381
Other expenses:								
Rainbow wishes	585,476	-	-	585,476	590,152	-	-	590,152
Donated services (note 2)	1,076,726	-	21,974	1,098,700	1,065,257	-	28,936	1,094,193
Promotion expense	68,543	7,616	-	76,159	34,934	3,882	-	38,816
Automotive expense	9,873	520	-	10,393	8,180	431	-	8,611
Bank service charge	5,238	26,192	3,493	34,923	4,153	20,766	2,769	27,688
Depreciation expense	19,115	375	17,990	37,480	19,214	190	18,643	38,047
Insurance	5,077	1,269	2,115	8,461	3,530	882	1,470	5,882
Miscellaneous	3,137	588	196	3,921	2,554	479	160	3,193
Office expense	13,730	2,575	858	17,163	15,522	2,910	970	19,402
Postage and shipping	7,341	1,376	459	9,176	6,576	1,233	411	8,220
Professional fees	6,300	2,100	2,100	10,500	6,000	2,000	2,000	10,000
Repairs and maintenance	7,984	1,996	3,326	13,306	11,858	2,965	4,941	19,764
Equipment lease expense	3,648	684	202	4,534	3,894	730	243	4,867
Telephone	9,577	1,127	563	11,267	10,678	1,257	628	12,563
Special response expenses	1,755	-	-	1,755	1,784	-	-	1,784
Scholarship expense	24,000	-	-	24,000	15,500	-	-	15,500
Fundraising expense	-	4,361	-	4,361	-	3,570	-	3,570
Interest expense	-	-	25	25	-	-	101	101
Utilities	3,866	967	1,610	6,443	3,847	962	1,603	6,412
Total functional expenses (note 1)	<u>\$ 2,307,194</u>	<u>\$ 153,766</u>	<u>\$ 103,084</u>	<u>\$ 2,564,044</u>	<u>\$ 2,254,242</u>	<u>\$ 133,910</u>	<u>\$ 105,994</u>	<u>\$ 2,494,146</u>

See accompanying notes to financial statements

THE RAINBOW CONNECTION
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STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Changes in net assets	\$ 866,293	\$ 184,856
Adjustments:		
Depreciation	37,480	38,047
Unrealized and realized (gain) loss on investments	(108,452)	80,486
Donated building improvements and equipment	(45,000)	(11,700)
Loss on disposition of property and equipment	-	1,337
Changes in assets and liabilities:		
Increase in donations and interest receivable	(37,000)	(1,293)
Decrease (increase) in grants receivable	30,000	(60,000)
(Increase) decrease in deposits	(10,200)	9,000
Decrease in accounts payable	(5,609)	(25,433)
Increase in accrued expenses	303	460
(Decrease) increase in deferred revenue	(6,480)	13,372
Total adjustments	(144,958)	44,276
Net cash provided from operating activities	721,335	229,132
Cash flows from investing activities:		
Acquisition of property and equipment	(800)	(3,129)
Proceeds from sale of investments	355,795	31,587
Purchase of investments	(656,471)	-
Interest income on investments	(43,380)	(42,911)
Net cash used in investing activities	(344,856)	(14,453)
Cash flows from financing activities:		
Repayments on capital lease	(682)	(2,797)
Net increase in cash and cash equivalents	375,797	211,882
Cash and cash equivalents - beginning	485,646	273,764
Cash and cash equivalents - ending	\$ 861,443	\$ 485,646
<u>Disclosure of Cash Flow Information</u>		
Donated equipment	\$ 45,000	\$ 11,700
Cash paid for interest	\$ 25	\$ 101

See accompanying notes to financial statements

THE RAINBOW CONNECTION
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Nature of Business and Significant Accounting Policies

Nature of Business

The Rainbow Connection (A Nonprofit Organization) (the Organization) is a Michigan non-profit, public organization approved by the Internal Revenue Service to make dreams come true for Michigan children with life-threatening medical conditions and provide support services to the families. The Organization's sources of revenue are principally contributions and special fundraising events.

Cash and Cash Equivalents

The statements of cash flows classify changes in cash or cash equivalents (short-term, highly liquid investments readily convertible into cash with an original maturity of three months or less) according to operating, investing or financing activities. Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and temporary cash investments. The Organization maintains cash balances at high credit quality financial institutions. The Organization's accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization had cash balances of approximately \$399,200 and \$231,100 held at financial institutions in excess of the FDIC insurance limit for the years ended December 31, 2019 and 2018, respectively. The Organization places its temporary cash investments with high credit quality financial institutions and, by policy, limits the amount of credit exposure to any one financial institution. The Organization believes no significant concentration of credit risk exists with respect to these cash investments.

Basis of Accounting

The Organization records revenues and support and expenses in the accompanying financial statements using the accrual basis of accounting. Donations are recorded when received or at the time the Organization has an established right to the donation and the amount is measurable.

Revenue Recognition

Revenue is recognized at a point in time following completion of the performance obligation, which is the event occurring and the customer being admitted.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and measured at fair value. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other contributions are reported as net assets without donor restrictions.

Special Event

Special event revenue is generated through ticket sales and sponsorship agreements associated with the event. Revenue is recognized upon the event occurring and the customer being admitted. Any revenues received in advance of the event are reported as deferred revenue.

Investments

Generally accepted accounting principles established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurements

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Investments (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. See Note 4, Investments, for investment valuations.

Realized gains and losses on investment transactions are recorded as the difference between proceeds received and carrying value. Net unrealized appreciation or depreciation in the fair market value of investments is recorded as the change in carrying value of the investment portfolio from the beginning of the year or date of purchase to the end of the year.

Income Tax Status

The Organization is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Although the Organization was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income". No income tax was incurred during the years ended December 31, 2019 and 2018.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2016 - 2019.

Estimates

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

Functional Expenses

The costs of providing program and supporting services have been reported on a functional basis in the statements of activities and changes in net assets. In the statements of functional expenses, salaries and related expenses are allocated to program services and supporting services on the basis of actual or estimated time devoted to those activities. Program services includes \$28,068 and \$20,877 of special event expenses for wish families to attend the Organization's various special events during the years ended December 31, 2019 and 2018. Insurance, miscellaneous, office expense, postage and shipping, repairs and maintenance, equipment lease expense, telephone, and utilities are allocated based on employee activity. Depreciation expense is allocated based on square footage. Rainbow wishes, donated services, promotion expense, special response expenses, and scholarship expense are allocated based on actual usage.

THE RAINBOW CONNECTION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Grants Receivable

Grants receivable are stated based on contracted rates. No allowance for uncollectible accounts has been provided. Management has evaluated the accounts based on historical experience and review of current status and believes they are all collectible.

Long-term grants receivable represent amounts not expected to be collected from grantors within the next year.

Net Asset Classifications

Net assets of the Organization are classified as with or without donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets. The Organization reports contributions of cash or other assets as with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions with donor imposed time or purpose restrictions that are met in the same period as the gift are reported as net assets without donor restrictions.

Accountings Standards Adopted in 2019

In 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

As part of the adoption of the ASU, the Organization elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

THE RAINBOW CONNECTION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Accountings Standards Adopted in 2019 (Continued)

The Organization adopted the ASU using a modified retrospective approach. No adjustment to net assets was required as of January 1, 2019 as there was no impact to previously reported revenue or expenses associated with adopting ASC 606.

In 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-01, *Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. The changes to the current GAAP model primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirement for financial instruments. The accounting for other financial instruments, such as loans, investments in debt securities, and financial liabilities is largely unchanged. The classification and measurement guidance is effective for on-public business entities for fiscal years beginning after December 15, 2018.

The Organization adopted the ASU using the full retrospective approach. No adjustment to net assets was required as of January 1, 2018 as there was no impact to previously reported revenue or expenses associated with adopting ASU 2016-01.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 14, 2020, which is the date the financial statements were available to be issued.

Global efforts to contain the spread of COVID-19, often referred to as the Coronavirus, have significantly impacted many businesses and the economy. While the situation is evolving rapidly, and the full impact is not yet known, the disruption caused by the Coronavirus is affecting business and consumer activities worldwide—including disruption to major financial markets, supply chains, interruption of production, limited personnel, facility and store closures, and decreased demand from both business customers and consumers. As of April 14, 2020, the Organization is assessing the impact on its operation and cash flows but currently the disruption and uncertainty caused by the Coronavirus is far-reaching and the ultimate effects of this event is unknown.

THE RAINBOW CONNECTION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2 - Donated Assets and Services

Donated services and materials are reflected as contribution related expenses at their estimated fair values at the date of receipt. The Organization received revenue and the following donated services and materials during the years ended December 31, 2019 and 2018:

Description of Donation	2019	2018
Volunteer services at Wish parties, picnics and games for Wish children, Pathway of Angels maintenance, mailing and Board of Director services	\$ 86,385	\$ 84,611
Materials such as event tickets and other items that were then provided to current and previous Wish children and their families as part of the Wish Enhancement Program	<u>1,011,375</u>	<u>1,009,582</u>
Total	<u>\$ 1,097,760</u>	<u>\$ 1,094,193</u>

Donated assets and services revenue also includes \$45,000 and \$11,700 of donated building improvements and equipment that was capitalized and is included in property and equipment on the statements of financial position as of December 31, 2019 and 2018.

Note 3 - Donations Receivable

Donations receivable consist of unconditional promises to give that the Organization will collect in future periods. The receivable consists of the following at December 31, 2019 and 2018:

	2019	2018
Celebration of Dreams	\$ 43,650	\$ 420
Dream Makers Ball	1,000	-
General Donations	-	8,371
Detroit Uncorked	<u>1,450</u>	<u>-</u>
	<u>\$ 46,100</u>	<u>\$ 8,791</u>

THE RAINBOW CONNECTION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 4 - Investments

The tables below segregate all financial assets as of December 31, 2019 and 2018 that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date:

	December 31, 2019			
	Fair Value Based on			
Assets Measured At Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobserv- able Inputs (Level 3)	
Equity securities:				
Cash and money market	\$ 12,993	\$ -	\$ 12,993	\$ -
U.S. equities	608,577	608,577	-	-
International equities	129,571	129,571	-	-
Fixed income	336,984	336,984	-	-
Mixed assets	167,094	167,094	-	-
Total investments	<u>\$ 1,255,219</u>	<u>\$ 1,242,226</u>	<u>\$ 12,993</u>	<u>\$ -</u>

THE RAINBOW CONNECTION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 4 - Investments (Continued)

	December 31, 2018			
	Fair Value Based on			
Assets Measured At Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobserv- able Inputs (Level 3)	
Equity securities:				
Cash and money market	\$ 49,984	\$ -	\$ 49,984	\$ -
U.S. equities	177,357	177,357	-	-
International equities	85,608	85,608	-	-
Fixed income	255,872	255,872	-	-
Mixed assets	233,890	233,890	-	-
Total investments	\$ 802,711	\$ 752,727	\$ 49,984	\$ -

For the above equity securities, the fair value was determined by reference to quoted market prices in active markets (Level 1) and other relevant information generated by market transactions. Cash and money market are categorized as Level 2 investments since they are not actively traded.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 5 - Contract Balances

The following table summarizes our beginning and ending balances for donations receivable and contract liabilities associated with our contracts with customers.

	<u>Ending</u>	<u>Beginning</u>
<u>2019</u>		
Contract liabilities:		
Deferred revenue	\$ 13,142	\$ 19,622

Contract liabilities relate to deferred revenue for which the Organization has future performance obligations to the customer. Deferred revenue represents contributions received in advance for special events set to occur during future periods. The associated revenue will be recognized at the point in time the special events take place. The Organization does not have any contract assets as defined in ASC 606.

Note 6 - Property and Equipment

The principal categories of property and equipment may be summarized as follows:

	<u>2019</u>	<u>2018</u>
Land, building and building improvements	\$ 852,597	\$ 807,597
Furniture and equipment	76,046	75,246
Vehicles	28,000	28,000
Total cost	956,643	910,843
Less accumulated depreciation	431,397	393,917
Undepreciated cost	\$ 525,246	\$ 516,926

Property and equipment are recorded at cost. The Organization capitalizes assets with an initial cost of more than \$500. Depreciation is provided on a straight-line basis over the estimated useful lives (5 to 39 years) of the assets. Depreciation expense for the years ended December 31, 2019 and 2018 amounted to \$37,480 and \$38,047, respectively.

Included in furniture and equipment is a computer under a capital lease with a cost basis of \$1,959 and accumulated depreciation of approximately \$1,500 and \$800 as of December 31, 2019 and 2018, respectively.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 7 - Capital Lease Obligations Payable

The Organization maintains a capital lease for a computer requiring monthly payments of \$59 due through May 2020.

The future minimum lease payments under capital leases and the present value of the minimum lease payments as of December 31, 2019 are as follows:

2020		\$ <u>354</u>
	Total minimum lease payments	354
	Less: Amount representing interest	<u>3</u>
	Present value of minimum lease payments	<u>\$ 351</u>

At December 31, 2019, the present value of minimum lease payments due within one year is \$351.

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2019 and 2018 are for the following purposes:

	<u>2019</u>	<u>2018</u>
Restricted for specific purposes:		
Impact kits	\$ 60,017	\$ 90,014
Scholarships for wish children	16,500	10,000
Walk for Kids	<u>-</u>	<u>19,125</u>
	<u>\$ 76,517</u>	<u>\$ 119,139</u>

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THE RAINBOW CONNECTION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 9 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2019</u>	<u>2018</u>
Total current assets	\$ 2,205,645	\$ 1,330,140
Less those unavailable for general expenditure within one year, due to:		
Restricted by donor with time or purpose restrictions	(76,517)	(119,139)
Less deposits	<u>(11,200)</u>	<u>(1,000)</u>
Total	<u>\$ 2,117,928</u>	<u>\$ 1,210,001</u>

Financial assets in the amount of \$2,117,928 are available for general expenditure without donor or other restrictions limiting their use for the year ended December 31, 2019. If funds to cover the cost of current liabilities are backed out, a net amount of \$2,092,703 is available. Should a severe shortage of liquid assets occur, the Organization could liquidate a portion of its investment portfolio, which totaled approximately \$1,255,000 as of December 31, 2019.

* * * End of Notes * * *