

THE RAINBOW CONNECTION
(A Nonprofit Organization)

FINANCIAL STATEMENTS

DECEMBER 31, 2021
(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)

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of The Rainbow Connection, which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Rainbow Connection as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of The Rainbow Connection and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Report on the Audits of the Financial Statements (Continued)

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Rainbow Connection's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Rainbow Connection's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Rainbow Connection'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.



Troy, Michigan
April 28, 2022

THE RAINBOW CONNECTION
(A Nonprofit Organization)

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 1,788,600	\$ 1,606,281
Investment equity securities (note 4)	2,188,527	1,591,605
Receivables:		
Donations receivable (notes 3 and 5)	66,500	31,223
Interest receivable	1,446	1,097
Deposits	26,500	600
Total current assets	4,071,573	3,230,806
Property and equipment:		
At cost, less accumulated depreciation of \$512,260 in 2021 and \$469,610 in 2020 (note 6)	503,624	517,161
Total assets	<u>\$ 4,575,197</u>	<u>\$ 3,747,967</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 6,452	\$ 5,512
Accrued expenses	17,991	15,969
Deferred revenue (note 5)	6,300	5,243
Paycheck Protection Program loan (note 7)	-	115,500
Total current liabilities	30,743	142,224
Net assets (note 8):		
Without donor restrictions	4,490,426	3,499,762
With donor restrictions	54,028	105,981
Total net assets	4,544,454	3,605,743
Total liabilities and net assets	<u>\$ 4,575,197</u>	<u>\$ 3,747,967</u>

See accompanying notes to financial statements

THE RAINBOW CONNECTION
(A Nonprofit Organization)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021				2020			
	Without Donor Restrictions	With Donor Restrictions	Total	%	Without Donor Restrictions	With Donor Restrictions	Total	%
Revenues and support:								
Public support:								
Contributions	\$ 796,655	\$ 58,817	\$ 855,472	21.9	\$ 798,820	\$ 77,700	\$ 876,520	33.9
Donated assets and services (note 2)	1,298,288	-	1,298,288	33.2	610,066	-	610,066	23.8
Memorials and bequests	105,838	-	105,838	2.7	122,896	-	122,896	4.7
Special event revenue	1,206,470	10,500	1,216,970	31.1	830,235	15,825	846,060	32.0
Total public support	3,407,251	69,317	3,476,568	88.9	2,362,017	93,525	2,455,542	94.4
Interest income	132,447	-	132,447	3.4	43,669	-	43,669	1.7
Loss on disposition of property and equipment	(992)	-	(992)	-	(490)	-	(490)	-
Paycheck Protection Program loan forgiveness (note 7)	231,000	-	231,000	5.9	-	-	-	-
Unrealized and realized gain on investments	71,418	-	71,418	1.8	99,498	-	99,498	3.7
Total revenues and support	3,841,124	69,317	3,910,441	<u>100.0</u>	2,504,694	93,525	2,598,219	<u>99.8</u>
Expenses:								
Program services	2,601,562	-	2,601,562	66.5	1,417,817	-	1,417,817	55.1
Fundraising	149,094	-	149,094	3.8	129,734	-	129,734	5.1
Special event expense	101,085	-	101,085	2.6	49,546	-	49,546	1.9
General and administrative	119,989	-	119,989	3.1	101,045	-	101,045	4.0
Total expenses	2,971,730	-	2,971,730	<u>76.0</u>	1,698,142	-	1,698,142	<u>66.1</u>
Release of net assets from restrictions	121,270	(121,270)	-		84,061	(84,061)	-	
Changes in net assets	990,664	(51,953)	938,711		890,613	9,464	900,077	
Net assets - beginning	3,499,762	105,981	3,605,743		2,609,149	96,517	2,705,666	
Net assets - ending	<u>\$ 4,490,426</u>	<u>\$ 54,028</u>	<u>\$ 4,544,454</u>		<u>\$ 3,499,762</u>	<u>\$ 105,981</u>	<u>\$ 3,605,743</u>	

See accompanying notes to financial statements

THE RAINBOW CONNECTION
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STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021				2020			
	Program Services	Fundraising	General and Administrative	Total	Program Services	Fundraising	General and Administrative	Total
Employee compensation:								
Salaries - administrative	\$ 446,576	\$ 82,637	\$ 48,449	\$ 577,662	\$ 453,836	\$ 72,353	\$ 37,954	\$ 564,143
Payroll taxes	32,310	5,979	3,505	41,794	32,641	5,204	2,730	40,575
Total employee compensation	478,886	88,616	51,954	619,456	486,477	77,557	40,684	604,718
Other expenses:								
Rainbow wishes	605,822	-	-	605,822	143,398	-	-	143,398
Donated services (note 2)	1,280,739	-	17,549	1,298,288	588,840	-	16,476	605,316
Promotion expense	23,436	2,604	-	26,040	14,678	1,631	-	16,309
Automotive expense	6,452	340	-	6,792	6,650	350	-	7,000
Bank service charge	6,033	30,163	4,021	40,217	4,868	24,341	3,245	32,454
Depreciation expense	23,004	228	22,321	45,553	20,039	198	19,445	39,682
Insurance	3,463	866	1,443	5,772	5,377	1,344	2,241	8,962
Miscellaneous	2,694	505	168	3,367	22,476	4,214	1,405	28,095
Office expense	15,554	2,916	972	19,442	8,988	1,685	562	11,235
Postage and shipping	5,651	1,060	353	7,064	6,021	1,129	376	7,526
Professional fees	-	2,200	8,800	11,000	-	2,100	8,400	10,500
Repairs and maintenance	24,086	6,021	10,035	40,142	14,261	3,565	5,942	23,768
Equipment lease expense	3,444	646	215	4,305	3,191	598	200	3,989
Telephone	10,659	1,254	627	12,540	10,152	1,194	598	11,944
Special response expenses	76,824	-	-	76,824	57,711	-	-	57,711
Scholarship expense	21,000	-	-	21,000	10,500	-	-	10,500
Grant research expense	10,140	-	-	10,140	10,660	-	-	10,660
Other events and benefits expense	-	10,757	-	10,757	-	8,946	-	8,946
Utilities	3,675	918	1,531	6,124	3,530	882	1,471	5,883
Total functional expenses	\$ 2,601,562	\$ 149,094	\$ 119,989	\$ 2,870,645	\$ 1,417,817	\$ 129,734	\$ 101,045	\$ 1,648,596

See accompanying notes to financial statements

THE RAINBOW CONNECTION
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STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Changes in net assets	\$ 938,711	\$ 900,077
Adjustments:		
Depreciation	45,553	39,682
Unrealized and realized gain on investments	(71,418)	(99,498)
Donated building improvements and equipment	-	(4,750)
Donated stock	(54,978)	(49,416)
Paycheck Protection Program loan forgiveness income	(231,000)	-
Loss on disposition of property and equipment	992	490
(Increase) decrease in:		
Donations and interest receivable	(35,626)	15,463
Grants receivable	-	30,000
Deposits	(25,900)	10,600
Increase (decrease) in:		
Accounts payable	940	2,849
Accrued expenses	2,022	6,900
Deferred revenue	1,057	(7,899)
Total adjustments	<u>(368,358)</u>	<u>(55,579)</u>
Net cash provided from operating activities	570,353	844,498
Cash flows from investing activities:		
Acquisition of property and equipment	(33,008)	(27,337)
Proceeds from sale of investments	196,504	160,496
Purchase of investments	(534,583)	(311,080)
Interest income on investments	<u>(132,447)</u>	<u>(36,888)</u>
Net cash used in investing activities	(503,534)	(214,809)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	115,500	115,500
Repayments on capital lease	<u>-</u>	<u>(351)</u>
Net cash provided from financing activities	<u>115,500</u>	<u>115,149</u>
Net increase in cash and cash equivalents	182,319	744,838
Cash and cash equivalents - beginning	<u>1,606,281</u>	<u>861,443</u>
Cash and cash equivalents - ending	<u><u>\$ 1,788,600</u></u>	<u><u>\$ 1,606,281</u></u>

See accompanying notes to financial statements

THE RAINBOW CONNECTION

(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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) and National Credit Union Administration (NCUA) up to \$250,000. The Organization had cash balances of approximately \$271,200 and \$765,000 held at financial institutions in excess of the FDIC insurance limit for the years ended December 31, 2021 and 2020, respectively. The Organization also has an Insured Cash Sweep (ICS) account which is fully secured by the FDIC. The Organization had cash balances of approximately \$4,000 and \$107,500 held at financial institutions in excess of the NCUA insurance limit for the years ended December 31, 2021 and 2020, 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.

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.

THE RAINBOW CONNECTION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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

The Organization's investments are classified as equity securities, which are measured at fair value as of the statement of financial position date.

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.

Fair Value Measurements

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.

THE RAINBOW CONNECTION
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Fair Value Measurements (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.

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, 2021 and 2020.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2018 - 2021.

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. 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, grant research expense, and scholarship expense are allocated based on actual usage.

THE RAINBOW CONNECTION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Paycheck Protection Program (PPP) Loan Accounting - Debt Model

The Organization elected to account for its PPP funds utilizing the Debt Accounting Model. Under the Debt Model, the PPP loan proceeds would be recorded as a liability and interest would also be recorded. At the time, the entity was legally released as the primary obligor from the creditor, the liability was derecognized and a gain on “PPP loan forgiveness” was recorded for the year ended December 31, 2021 as both PPP loans were forgiven during 2021.

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.

Reclassification

Certain amounts in the December 31, 2020 financial statements have been reclassified to conform to the presentation of the December 31, 2021 financial statements. These reclassifications had no effect on the December 31, 2020 net assets, changes in net assets or cash flows as previously reported.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 28, 2022, which is the date the financial statements were available to be issued.

THE RAINBOW CONNECTION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020:

<u>Description of Donation</u>	<u>2021</u>	<u>2020</u>
Volunteer services at Wish parties, picnics and games for Wish children, Pathway of Angels maintenance, mailing and Board of Director services	\$ 48,338	\$ 44,640
Donated building improvements and equipment	-	4,750
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>1,249,900</u>	<u>560,676</u>
Total	<u>\$ 1,298,288</u>	<u>\$ 610,066</u>

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, 2021 and 2020:

Celebration of Dreams	\$ 51,500	\$ 31,223
Special Response	10,000	-
Wish Enhancement	<u>5,000</u>	<u>-</u>
Total	<u>\$ 66,500</u>	<u>\$ 31,223</u>

THE RAINBOW CONNECTION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 4 - Investments

The tables below segregate all financial assets as of December 31, 2021 and 2020 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, 2021				
Fair Value Based on				
Assets Measured At Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Equity securities:				
Cash and money market	\$ 14,162	\$ -	\$ 14,162	\$ -
U.S. equities	1,101,995	1,101,995	-	-
International equities	240,510	240,510	-	-
Fixed income	767,446	767,446	-	-
Mixed assets	64,414	64,414	-	-
Total investments	<u>\$ 2,188,527</u>	<u>\$ 2,174,365</u>	<u>\$ 14,162</u>	<u>\$ -</u>
December 31, 2020				
Fair Value Based on				
Assets Measured At Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Equity securities:				
Cash and money market	\$ 11,715	\$ -	\$ 11,715	\$ -
U.S. equities	871,652	871,652	-	-
International equities	172,604	172,604	-	-
Fixed income	443,237	443,237	-	-
Mixed assets	92,397	92,397	-	-
Total investments	<u>\$ 1,591,605</u>	<u>\$ 1,579,890</u>	<u>\$ 11,715</u>	<u>\$ -</u>

THE RAINBOW CONNECTION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 4 - Investments (Continued)

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.

Note 5 - Contract Balances

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

	<u>Ending</u>	<u>Beginning</u>
<u>2021</u>		
Contract liabilities:		
Deferred revenue	\$ <u>6,300</u>	\$ <u>5,243</u>
<u>2020</u>		
Contract liabilities:		
Deferred revenue	\$ <u>5,243</u>	\$ <u>13,142</u>

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.

THE RAINBOW CONNECTION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 6 - Property and Equipment

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

	<u>2021</u>	<u>2020</u>
Building and building improvements	\$ 890,507	\$ 873,197
Furniture and equipment	86,695	85,574
Vehicles	<u>38,682</u>	<u>28,000</u>
Total cost	1,015,884	986,771
Less accumulated depreciation	<u>512,260</u>	<u>469,610</u>
Undepreciated cost	<u>\$ 503,624</u>	<u>\$ 517,161</u>

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, 2021 and 2020 amounted to \$45,553 and \$39,682, respectively.

Note 7 - Paycheck Protection Program Loan

On April 14, 2020, the Organization entered into a Loan Agreements and Promissory Note (SBA Loan) pursuant to the Paycheck Protection Program (PPP) under the recently enacted Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") administered by the U.S. Small Business Administration.

The Organization received total loan proceeds of \$115,500 in April 2020. The Organization used the proceeds in accordance with the guidelines outlined by the U.S. Small Business Administration and received full forgiveness of the loan in February 2021. In January 2021, the Organization received a second PPP loan with total proceeds of \$115,500, which was subsequently forgiven in full in August 2021. The Organization recognized a total of \$231,000 of Paycheck Protection Program loan forgiveness income at December 31, 2021 on the statements of activities and changes in net assets.

THE RAINBOW CONNECTION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2021 and 2020 are for the following purposes:

	<u>2021</u>	<u>2020</u>
Restricted for specific purposes:		
Impact kits	\$ -	\$ 28,749
Scholarships for wish children	11,325	21,825
Special response	37,703	30,557
Wish enhancement	5,000	-
Capital improvements	<u>-</u>	<u>24,850</u>
	<u>\$ 54,028</u>	<u>\$ 105,981</u>

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:

Total current assets	\$ 4,071,573	\$ 3,230,806
Less those unavailable for general expenditure within one year, due to:		
Restricted by donor with time or purpose restrictions	(54,028)	(105,981)
Less deposits	<u>(26,500)</u>	<u>(600)</u>
Total	<u>\$ 3,991,045</u>	<u>\$ 3,124,225</u>

Financial assets in the amount of \$3,991,045 are available for general expenditure without donor or other restrictions limiting their use for the year ended December 31, 2021. If funds to cover the cost of current liabilities are backed out, a net amount of \$3,960,302 is available. Should a severe shortage of liquid assets occur, the Organization could liquidate a portion of its investment portfolio, which totaled \$2,188,527 as of December 31, 2021.

* * * End of Notes * * *