



**RANDLE & ASSOCIATES, LLC**  
**Certified Public Accountants**

**RAINBOW VILLAGE, INC.**  
**HUD PROJECT NO. 085-EH003-NP-WDDHD035**

**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**  
**WITH SUPPLEMENTAL INFORMATION**

**RAINBOW VILLAGE, INC.**  
**HUD PROJECT NO. 085-EH003-NP-WDDHD035**

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## **RANDLE & ASSOCIATES, LLC, CPA**

Certified Public Accountant

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70 Black Jack Ct.  
Florissant, MO 63033

### **Independent Auditor's Report**

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

#### **Opinion**

We have audited the accompanying financial statements of Rainbow Village, Inc. which comprise the statements of financial position as of December 31, 2024 and the related statements of activities and changes in net assets (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rainbow Village, Inc. as of December 31, 2024 and the changes in its net assets (deficit) 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 Audit of the Financial Statements section of our report. We are required to be independent of Rainbow Village, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rainbow Village, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rainbow Village, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis as required by Uniform Financial Reporting Standards issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Par 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purpose of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 account and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in addition to the financial statements as a whole.

*Randall & Associates, LLC, CPAs*

October 9, 2025  
Florissant, MO

**RAINBOW VILLAGE, INC.**  
**HUD PROJECT NO. 085-EH003-NP-WDDHD035**

**Identification of Lead Auditor**

Name: Jeffery J. Randle, CPA

Title: Managing Member

Telephone: (314) 731-8085

Firm ID Number: 43-1909596

Address: Randle & Associates, LLC  
Certified Public Accountants  
70 Black Jack Ct.  
Florissant, MO 63033

UJI Number:

RAINBOW VILLAGE, INC.  
HUD PROJECT NO. 085-EH003-NP-WDDHD035  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2024

|                                       | <u>2024</u>              |
|---------------------------------------|--------------------------|
| <b>ASSETS</b>                         |                          |
| Current assets                        |                          |
| Cash - Operations                     | \$ 61,753                |
| Total current assets                  | <u>61,753</u>            |
| Deposits Held in Trust                |                          |
| Tenant deposits held in trust         | 8,281                    |
| Restricted Deposits                   |                          |
| Replacement reserve                   | 137,416                  |
| Residual receipts reserve             | <u>20,257</u>            |
| Total restricted deposits             | <u>157,673</u>           |
| Property and Equipment                |                          |
| Land                                  | 11,020                   |
| Buildings                             | 2,022,711                |
| Furniture and equipment               | 242,261                  |
| Miscellaneous fixed assets            | <u>31,004</u>            |
| Total property and equipment          | 2,306,996                |
| Less accumulated depreciation         | <u>(1,719,894)</u>       |
| Net property and equipment            | <u>587,102</u>           |
| Total assets                          | <u><u>\$ 814,809</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>     |                          |
| Current liabilities                   |                          |
| Accounts payable-operations           | \$ 7,310                 |
| Miscellaneous current liabilities     | 40,641                   |
| Notes and mortgages payable-current   | <u>17,108</u>            |
| Total current liabilities             | 65,059                   |
| Tenant security deposits              | 7,661                    |
| Notes and mortgages payable-long term | 381,203                  |
| Debt issuance costs (net)             | <u>(1,264)</u>           |
| Total Liabilities                     | <u>452,659</u>           |
| Net assets                            |                          |
| Without donor restrictions            | <u>362,150</u>           |
| Total net assets                      | <u>362,150</u>           |
| Total liabilities and net assets      | <u><u>\$ 814,809</u></u> |

The accompanying notes are an integral part of the financial statements.

RAINBOW VILLAGE, INC.  
STATEMENT OF ACTIVITY  
For the Year Ended December 31, 2024

|                                                                                  | <u>2024</u>                           |
|----------------------------------------------------------------------------------|---------------------------------------|
|                                                                                  | <u>Without Donor<br/>Restrictions</u> |
| INCOME                                                                           |                                       |
| Rental income                                                                    | 374,711                               |
| Interest and dividends                                                           | 3,273                                 |
| Other income                                                                     | 15,107                                |
| Total                                                                            | <u>393,091</u>                        |
| EXPENSES                                                                         |                                       |
| Administrative and general                                                       | 150,853                               |
| Utilities                                                                        | 53,023                                |
| Operating and maintenance                                                        | 29,110                                |
| Taxes, insurance, and benefits                                                   | 50,826                                |
| Total cost of operations before depreciation                                     | <u>283,812</u>                        |
| Change in net assets (deficit) without donor<br>restrictions before depreciation | 109,279                               |
| Depreciation expense                                                             | <u>41,345</u>                         |
| Change in net assets (deficit) without donor restrictions                        | 67,934                                |
| Prior period adjustment                                                          | -                                     |
| Net Assets, Beginning of Year                                                    | <u>294,216</u>                        |
| Net Assets, End of Year                                                          | <u><u>\$ 362,150</u></u>              |

The accompanying notes are an integral part of the financial statements.

RAINBOW VILLAGE, INC.  
STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2024 and 2023

|                                                                                              | <u>2024</u>              |
|----------------------------------------------------------------------------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:                                                        |                          |
| Changes in net assets                                                                        | \$ 67,934                |
| Depreciation                                                                                 | 41,345                   |
| Amortization of debt issuance costs                                                          | 297                      |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: |                          |
| Increase in other current assets                                                             | 1,025                    |
| Decrease in accounts payable                                                                 | (1,795)                  |
| Decrease in accrued management fee                                                           | (1,554)                  |
| Decrease (increase) in tenant security deposits held in trust                                | (1,005)                  |
| Due to/from other entity                                                                     | <u>(2,729)</u>           |
| NET CASH PROVIDED BY OPERATING ACTIVITIES                                                    | 103,518                  |
| CASH FLOWS USED FOR INVESTING ACTIVITIES:                                                    |                          |
| Purchase of fixed assets                                                                     | <u>(51,575)</u>          |
| NET CASH USED FOR INVESTING ACTIVITIES                                                       | (51,575)                 |
| CASH FLOWS USED/(PROVIDED) FOR FINANCING ACTIVITIES:                                         |                          |
| Loan repayments and forgiveness                                                              | <u>(15,592)</u>          |
| NET CASH USED BY FINANCING ACTIVITIES                                                        | <u>(15,592)</u>          |
| NET INCREASE IN CASH AND CASH EQUIVALENTS                                                    | 36,351                   |
| CASH AND CASH EQUIVALENTS, Beginning of year                                                 | <u>191,356</u>           |
| CASH AND CASH EQUIVALENTS, End of year                                                       | <u><u>\$ 227,707</u></u> |

The accompanying notes are an integral part of the financial statements.

**RAINBOW VILLAGE, INC.**  
**HUD PROJECT NO. 085-EH003-NP-WDDHD035**  
**Notes to the Financial Statements**  
**December 31, 2024**

**NOTE 1 – Summary of Significant Accounting Policies**

*Nature of Activities*

Rainbow Village, Inc. (Corporation) is a 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. The Corporation consist 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.

*Change in Accounting Principles*

For the year ended December 31, 2024, the Corporation implemented FASB, *ASU 2016-02, Leases (Topic 842)*. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset. These changes were incorporated in the Corporation's December 31, 2024 financial statements, but did not have an effect on the beginning net assets.

*Basis of Accounting*

The Corporation maintains its accounting records on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligations are incurred.

*Basis of Presentation*

The Corporation reports 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.

**Net Assets without Donor Restrictions:** Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

**Net Assets with Donor Restrictions:** Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**RAINBOW VILLAGE, INC.**  
**HUD PROJECT NO. 085-EH003-NP-WDDHD035**  
**Notes to the Financial Statements**  
**December 31, 2024**

***NOTE 1 – Summary of Significant Accounting Policies (Continued)***

*Cash and Cash Equivalents*

Cash and cash equivalents include demand deposits, money market accounts and all highly liquid investments with initial maturities of three months or less. Excluded from this definition are cash held for residents.

The Corporation maintains cash balances at various domestic financial institutions which at times may exceed the federally insured limits. Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each financial institution. The Corporation has not experienced any losses in any accounts and believes it is not exposed to any significant losses on cash.

*Tenant Security Deposits-Restricted Cash*

The Corporation maintains a separate cash escrow account in which funds are held on behalf of residents. These funds are exclusively held for the residents and are not available to pay the Corporation's expenses. The Corporation holds these funds for residents until their departure from the property or forfeited from violating lease terms.

*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.

*Impairment of Long-Lived Assets*

Long lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and the carrying value of the asset. For the years ended December 31, 2024, management determined that no impairment loss needs to be recognized.

*Restricted and Unrestricted Revenue*

Contributions received are recorded as increases without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any restrictions. When restrictions expire (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 statement of activity and realized as net assets released from restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**RAINBOW VILLAGE, INC.**  
**HUD PROJECT NO. 085-EH003-NP-WDDHD035**  
**Notes to the Financial Statements**  
**December 31, 2024**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

*Revenue Recognition for Contracts With Customers*

The Corporation revenue streams under contracts with customers are comprised of rental and other tenant services which include property rental income and other income from tenants, which are all set forth in the tenant lease agreement. Rental income is recognized on a straight-line basis over the lease terms, which are generally more than one year. Other income is recognized in accordance with the terms of the lease contract.

For rental and other tenant services identified, revenue recognition is subject to the completion of performance obligations. For each contract with a customer, the Corporation determined whether the performance obligations in the contracts are distinct or should be bundled. Factors to be considered include a pattern of transfer, whether customers can benefit from resources, and whether the resources are readily available. The Corporation's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a given point in time. The Corporation recognized the revenue over a period of time if the customer receives and consumes the benefit the Corporation provided, or if the Corporation performance does not create an asset with alternative use and has an enforceable right to payment for the performance.

The revenue is recognized at a given point in time when the control of the goods or services are transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods.

The transaction price is calculated as the amount of consideration to which the Corporation expects to be entitled. In some situations, the Corporation bills customers and collects cash prior to the satisfaction of performance obligation, which results in the Corporation recognizing contract liabilities upon receipt of payment.

*Tenant Receivables and Bad Debts*

Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move-out are charged with damages or cleaning fees, if applicable. Tenant receivables consist of amounts due for rental income, security deposit, or charges for damages and cleaning fees. The Corporation does not accrue interest on the tenant receivable balance.

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not material to the financial statements for the year then ended.

*Risks and Uncertainties*

The Corporation is subject to various risk 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.

**RAINBOW VILLAGE, INC.**  
**HUD PROJECT NO. 085-EH003-NP-WDDHD035**  
**Notes to the Financial Statements**  
**December 31, 2024**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

*Property and Equipment*

Property and equipment are reported at cost, if purchased, or fair value at the date of donation. Depreciation is computed on a straight-line basis of depreciation. Depreciation computed over the estimated useful life of the 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.

*Financial Instruments*

The carrying value of cash, notes receivable, and accrued expenses approximate fair value due to the short-term maturities of these instruments.

*Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Allocation of Expenses*

The cost of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Income Tax Status*

The Corporation is tax-exempt under Section 501(c)(3) of the Internal Revenue Service Code. As such, the Corporation is only taxed on income from activities unrelated to its charitable purpose. There was no unrelated business income for 2024; therefore, the statements do not include any provision for income taxes.

The Corporation has adopted the standards for accounting for uncertainty in income taxes and management is not aware of any uncertain tax provisions of the Corporation related to its tax filings.

The Corporation continually evaluates the effects of all tax positions taken, including expiring statutes of limitations, tax eliminations, unrelated business income and new authoritative rulings. The Corporation files federal information returns (Form 990). The statutes of limitations for information returns filed for years ended December 31, 2022 through 2024 have not expired and therefore are subject to examination.

**RAINBOW VILLAGE, INC.**  
**HUD PROJECT NO. 085-EH003-NP-WDDHD035**  
**Notes to the Financial Statements**  
**December 31, 2024**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

*Donated Services*

No amounts have been reflected in the financial statements for the year ended December 31, 2024 for donated services. The Corporation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Corporation in providing its mission.

*New Accounting Standards Implemented*

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842)*, which require a lessee to recognize assets and liabilities for leases with terms of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a financing or operating lease. However, unlike current GAAP-which requires only capital leases to be recognized on the statement of financial position- the new ASU will require both financing and operating leases to be recognized on the statement of financial position. Various subsequent accounting standards have been issued by the FASB that clarify, modify, or expand the guidance for Topic 842. For the year ended December 31, 2024, the Corporation implemented FASB, *ASU 2016-02, Leases (Topic 842)*.

The Financial Accounting Standards Board issued Accounting Standards Update *ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The ASU is applicable for the Corporation's fiscal year 2022. The new standards require that contributed nonfinancial assets are presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques.

*Regulatory Agreement*

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

Owner shall maintain a replacement reserve in a separate account by making monthly payments of \$813.

Owner shall not charge rents in excess of those established by HUD.

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

Owner shall establish and maintain a residual receipts fund by depositing a residual receipt, as defined, within 90-days after the end of the annual fiscal period. These funds shall be disbursed only on the direction of HUD.

**RAINBOW VILLAGE, INC.**  
**HUD PROJECT NO. 085-EH003-NP-WDDHD035**  
**Notes to the Financial Statements**  
**December 31, 2024**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

Regulatory Agreement (continued)

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) with 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.

**NOTE 2 – Cash, Cash Equivalents, and Restricted Cash**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash at December 31, 2024, reported on the accompanying statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

|                                                   |               |
|---------------------------------------------------|---------------|
| Cash and cash equivalents                         | \$ 61,753     |
| Tenant deposits held in trust                     | 8,281         |
| Replacement reserve                               | 137,416       |
| Residual receipts                                 | <u>20,257</u> |
| Total cash, cash equivalents, and restricted cash | \$ 227,707    |

**RAINBOW VILLAGE, INC.**  
**HUD PROJECT NO. 085-EH003-NP-WDDHD035**  
**Notes to the Financial Statements**  
**December 31, 2024**

**NOTE 3 – Management Agreement and Related Party Transactions**

The Corporation entered into a management agreement with Rainbow Village Properties, a related party to the Corporation. The management agreement entered into on May 1, 2021 allows for a management fee of \$45 per unit per month.

Management fees in the amount of \$21,344 were expensed during the year ending December 31, 2024.

**NOTE 4 – Property and Equipment**

Property and equipment consist of the following:

|                            | <b>December 31,<br/>2024</b> |
|----------------------------|------------------------------|
| Land                       | \$ 11,020                    |
| Buildings and improvements | 2,022,711                    |
| Furniture and equipment    | 242,261                      |
| Miscellaneous fixed assets | <u>31,004</u>                |
|                            | 2,306,996                    |
| Accumulated Depreciation   | <u>(1,719,894)</u>           |
| Property & Equipment, Net  | \$ <u>587,102</u>            |

Depreciation expense amounted to \$41,345 for December 31, 2024.

**NOTE 5 – Functional Expenses**

The functional expenses are as follows:

|                            | <b><u>2024</u></b> |
|----------------------------|--------------------|
| Management and general     | \$ 37,453          |
| Program services – housing | <u>287,704</u>     |
| Total expenses             | \$ <u>325,157</u>  |

**NOTE 6 – Revenue Concentration**

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.

**RAINBOW VILLAGE, INC.**  
**HUD PROJECT NO. 085-EH003-NP-WDDHD035**  
**Notes to the Financial Statements**  
**December 31, 2024**

**NOTE 7 – Debt Issuance Cost**

Debt issuance costs in the original amount of \$2,973 are being amortized over the life of the loan. Generally accepted accounting principles require that the effective yield method be used to amortize these costs; however, the effect of using the straight-line method is not material to the financial statements. Amortization of debt issuance costs included in interest expense during the year ended December 31, 2024. Accumulated amortization as of December 31, 2024 was \$297.

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

|      |    |              |
|------|----|--------------|
| 2025 | \$ | 297          |
| 2026 |    | 297          |
| 2027 |    | 297          |
| 2028 |    | 297          |
| 2029 |    | <u>77</u>    |
|      | \$ | <u>1,265</u> |

**NOTE 8 – 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 the behalf of the Corporation, to themselves or officers, directors, stockholders, trustees, partners, beneficiaries under a trust, or any of their nominees without prior written approval of HUD. Surplus Cash 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, 2024 is \$0. Withdraws from the Residual Receipts Fund may only be made with the approval of HUD.

**NOTE 9 – Long-Term Debt**

Long-term debt as of December 31, 2024, consist of the following:

|                                                                                                                                                                       |                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Promissory note with Montgomery Bank a 10-year amortization and a fixed rate of 5.50% annually. The loan is secured by residential property and matures May 10, 2029. | <u>398,311</u>  |
| Total Payments                                                                                                                                                        | 398,311         |
| Less current maturities of long-term debt                                                                                                                             | <u>(17,108)</u> |
| Total Long-Term Debt                                                                                                                                                  | <u>381,203</u>  |

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

|      |    |                |
|------|----|----------------|
| 2025 | \$ | 17,108         |
| 2026 |    | 18,087         |
| 2027 |    | 19,122         |
| 2028 |    | 20,154         |
| 2029 |    | <u>323,840</u> |
|      | \$ | <u>398,311</u> |

**RAINBOW VILLAGE, INC.**  
**HUD PROJECT NO. 085-EH003-NP-WDDHD035**  
**Notes to the Financial Statements**  
**December 31, 2024**

**NOTE 10 – Potential Contingent Liability**

On June 19, 2015 HUD issued a communication to owners of Section 202 and 811 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, as of December 31, 2024, a current liability of \$40,641 representing excess project funds has been recorded.

**NOTE 11 – Donated Services, Materials, and Facilities**

Significant other contributions of goods and services have been made to the Corporation by unpaid volunteers to assist in the ongoing activities and programs. The values of these contributions are not reflected in these financial statements due to it not being susceptible to objective measurement of valuation.

**NOTE 12 – Net Assets**

Net assets without donor restrictions totaled \$362,150 as of December 31, 2024. There were no net assets with donor restrictions.

**NOTE 13 – Liquidity and Availability of Financial Assets**

As of December 31, 2024, financial assets available for general expenditures within one year consist of the following:

|                                                                                           |                         |
|-------------------------------------------------------------------------------------------|-------------------------|
|                                                                                           | <b>2024</b>             |
| Cash and cash equivalents                                                                 | \$ <u>227,707</u>       |
| Total financial assets                                                                    | <u>227,707</u>          |
| Less:                                                                                     |                         |
| Restricted cash                                                                           | <u>(165,954)</u>        |
| Financial assets available to meet cash needs<br>for general expenditures within one year | \$ <u><u>61,753</u></u> |

The Corporation's liquidity management practices include structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 14 – Retirement Plan**

The Corporation has established the Rainbow Village Retirement Plan, also known as a 403(b) plan or TSA (Tax Sheltered Annuity). To be eligible, employees must work at least 30 hours per week, in addition to 1,000 hours in a plan year, and are eligible immediately with immediate entry into the plan. The Corporation will begin making a contribution after two years of service. The Corporation contribution to the plan for the year ended December 31, 2024 was \$2,965.

**RAINBOW VILLAGE, INC.**  
**HUD PROJECT NO. 085-EH003-NP-WDDHD035**  
**Notes to the Financial Statements**  
**December 31, 2024**

**Note 15 – Subsequent Events**

The date to which events occurring after December 31, 2024 have been evaluated for possible adjustment to the financial statements or disclosure is October 9, 2025, which is the date on which the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

RAINBOW VILLAGE, INC.  
HUD PROJECT NO. 085-EH003-NP-WDDHD035  
Supporting Data Required by HUD - Statement of Financial Position  
For the Year Ended December 31, 2024

|                                   |                                         | <u>2024</u>              |
|-----------------------------------|-----------------------------------------|--------------------------|
| <b>ASSETS</b>                     |                                         |                          |
| Current assets                    |                                         |                          |
| 1120                              | Cash - Operations                       | \$ 61,753                |
|                                   | Total current assets                    | <u>61,753</u>            |
| Deposits Held in Trust            |                                         |                          |
| 1191                              | Tenant/patient deposits held in trust   | 8,281                    |
| Restricted Deposits               |                                         |                          |
| 1320                              | Replacement reserve                     | 137,416                  |
| 1340                              | Residual receipts reserve               | <u>20,257</u>            |
| 1300T                             | Total deposits                          | <u>157,673</u>           |
| Property and Equipment            |                                         |                          |
| 1410                              | Land                                    | 11,020                   |
| 1420                              | Buildings                               | 2,022,711                |
| 1450                              | Furniture for project/tenant use        | 242,261                  |
| 1490                              | Miscellaneous fixed assets              | <u>31,004</u>            |
| 1400T                             | Total fixed assets                      | 2,306,996                |
| 1495                              | Less accumulated depreciation           | <u>(1,719,894)</u>       |
| 1400N                             | Net property and equipment              | <u>587,102</u>           |
| <b>1000T</b>                      | <b>Total assets</b>                     | <b>\$ <u>814,809</u></b> |
| <b>LIABILITIES AND NET ASSETS</b> |                                         |                          |
| Current liabilities               |                                         |                          |
| 2110                              | Accounts payable-operations             | \$ 7,310                 |
| 2190                              | Miscellaneous current liabilities       | 40,641                   |
| 2174                              | Notes and mortgages payable-current     | <u>17,108</u>            |
| 2122T                             | Total current liabilities               | 65,059                   |
| Deposit Liabilities               |                                         |                          |
| 2191                              | Tenant security deposits                | <u>7,661</u>             |
| Long-term liabilities             |                                         |                          |
| 2310                              | Notes and mortgages payable-long term   | 381,203                  |
| 2340                              | Debt issuance costs                     | <u>(1,264)</u>           |
| 2300T                             | Total long-term liabilities             | <u>379,939</u>           |
| <b>2000T</b>                      | <b>Total liabilities</b>                | <b>452,659</b>           |
| Net assets                        |                                         |                          |
| 3131                              | Without donor restrictions              | <u>362,150</u>           |
| <b>3130</b>                       | <b>Total net assets</b>                 | <b><u>362,150</u></b>    |
| <b>2033T</b>                      | <b>Total liabilities and net assets</b> | <b>\$ <u>814,809</u></b> |

RAINBOW VILLAGE, INC.  
HUD PROJECT NO. 085-EH003-NP-WDDHD035  
Supporting Data Required by HUD-Statement of Activities  
for the Year Ended December 31, 2024

|                                              |                                                                             | <u>2024</u>      |
|----------------------------------------------|-----------------------------------------------------------------------------|------------------|
| <b>Project Revenue Accounts Rent Revenue</b> |                                                                             |                  |
| 5120                                         | Rent revenue-gross potential                                                | 170,843          |
| 5121                                         | Tenant assistance payment                                                   | <u>218,308</u>   |
| 5100T                                        | Total rent revenue                                                          | <u>389,151</u>   |
| <b>Vacancies</b>                             |                                                                             |                  |
| 5220                                         | Apartments                                                                  | <u>(14,440)</u>  |
| 5200T                                        | Total vacancies                                                             | <u>(14,440)</u>  |
| 5152N                                        | Net rental revenue (rent revenue less vacancies)                            | <u>374,711</u>   |
| <b>Financial revenue</b>                     |                                                                             |                  |
| 5430                                         | Revenue from investments - residual receipts reserve                        | 94               |
| 5440                                         | Revenue from investments - residual replacement reserve                     | <u>3,179</u>     |
| 5400T                                        | Total financial revenue                                                     | <u>3,273</u>     |
| <b>Other revenue</b>                         |                                                                             |                  |
| 5990                                         | Other miscellaneous revenue                                                 | <u>15,107</u>    |
| 5900T                                        | Total other revenue                                                         | <u>15,107</u>    |
| 5000T                                        | Total revenue                                                               | <u>393,091</u>   |
| <b>Project Expense Accounts</b>              |                                                                             |                  |
| <b>Administrative and general</b>            |                                                                             |                  |
| 6250                                         | Other renting expenses                                                      | 3,174            |
| 6310                                         | Office salaries                                                             | 57,764           |
| 6311                                         | Office expenses                                                             | (44,829)         |
| 6320                                         | Management fee                                                              | <u>21,344</u>    |
| 6263T                                        | Total administrative expenses                                               | <u>37,453</u>    |
| <b>Utilities</b>                             |                                                                             |                  |
| 6450                                         | Electricity                                                                 | 22,378           |
| 6451                                         | Water                                                                       | 11,357           |
| 6452                                         | Gas                                                                         | 9,492            |
| 6453                                         | Sewer                                                                       | 8,946            |
| 6234                                         | Telephone                                                                   | <u>151</u>       |
| 6400T                                        | Total utilities expense                                                     | <u>52,324</u>    |
| <b>Operating and maintenance</b>             |                                                                             |                  |
| 6510                                         | Payroll                                                                     | 91,457           |
| 6515                                         | Supplies                                                                    | 10,527           |
| 6520                                         | Contracts                                                                   | 18,026           |
| 6525                                         | Garbage and trash removal                                                   | 699              |
| 6546                                         | Heating/cooling repairs and maintenance                                     | 557              |
| 6580                                         | Lease Expense                                                               | <u>587</u>       |
| 6500T                                        | Total operating and maintenance expenses                                    | <u>121,853</u>   |
| <b>Taxes, insurance, and benefits</b>        |                                                                             |                  |
| 6711                                         | Payroll taxes (project's share)                                             | 11,801           |
| 6720                                         | Property and liability insurance                                            | 30,842           |
| 6722                                         | Workmen's compensation                                                      | 2,025            |
| 6723                                         | Health insurance and other employee benefits                                | <u>8,184</u>     |
| 6700T                                        | Total taxes and insurance                                                   | <u>52,852</u>    |
| <b>Financial expenses</b>                    |                                                                             |                  |
| 6830                                         | Interest on Notes Payable                                                   | 19,033           |
| 6890                                         | Miscellaneous financial expenses-loss due to recapture of residual receipts | <u>0</u>         |
| 6800T                                        | Total financial expenses                                                    | <u>19,033</u>    |
| <b>Operating Results</b>                     |                                                                             |                  |
| 6000T                                        | Total cost of operations before depreciation                                | <u>283,515</u>   |
| 5060T                                        | Change in net assets (deficit) before depreciation                          | <u>109,576</u>   |
| 6600                                         | Depreciation expense                                                        | 41,345           |
| 6610                                         | Amortization expense                                                        | <u>297</u>       |
| 5060N                                        | Operating profit or (loss)                                                  | <u>67,934</u>    |
| <b>Change in net assets (deficit)</b>        |                                                                             | <u>67,934</u>    |
| <b>Change in net assets from operations</b>  |                                                                             |                  |
| 3247                                         | Change in net assets without donor restrictions                             | 67,934           |
| 3250                                         | Change in net assets from operations                                        | <u>\$ 67,934</u> |

**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.           | <hr/> <hr/>               |
| 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. | <hr/> <b>8,939</b> <hr/>  |
| S1000-030 | Replacement reserve, or residual receipts and releases which are included as expense items on the profit and loss statement.                                                           | <hr/> <b>29,220</b> <hr/> |
| S1000-040 | Project improve reserve releases under the flexible subsidy program that are included as expense items on the profit and loss statement.                                               | <hr/> <hr/>               |

RAINBOW VILLAGE, INC.  
HUD PROJECT NO. 085-EH003-NP-WDDHD035  
Supporting Data Required by HUD-Statements of Changes in Net Assets  
for the Year Ended December 31, 2024

|           |                                                     | <u><b>2024</b></u>    |
|-----------|-----------------------------------------------------|-----------------------|
| S1100-060 | Previous Year Net Assets Without Donor Restrictions | <b>294,216</b>        |
| 3247      | Changes in Net Assets Without Donor Restrictions    | <u><b>67,934</b></u>  |
| 3131      | Net Assets Without Donor Restrictions               | <u><b>362,150</b></u> |
| S1100-050 | Previous Year Total Net Assets                      | <b>294,216</b>        |
| 3250      | Changes in Total Net Asset from Operations          | <u><b>67,934</b></u>  |
| 3130      | Total Net Assets                                    | <u><b>362,150</b></u> |

RAINBOW VILLAGE, INC.  
HUD PROJECT NO. 085-EH003-NP-WDDHD035  
Supporting Data required by HUD-Statement of Cash Flows  
For the Year Ended December 31, 2024

|                                                                | <u>2024</u>      |
|----------------------------------------------------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                   |                  |
| S1200-010 Rental receipts                                      | \$ 375,736       |
| S1200-020 Interest receipts                                    | <u>3,273</u>     |
| S1200-040 Total receipts                                       | <u>379,009</u>   |
| S1200-050 Administrative                                       | (39,422)         |
| S1200-070 Management fees                                      | 22,898           |
| S1200-090 Utilities                                            | 52,324           |
| S1200-100 Salaries and wages                                   | 149,221          |
| S1200-110 Operating and maintenance                            | 16,993           |
| S1200-140 Property insurance                                   | 30,842           |
| S1200-150 Miscellaneous taxes and insurance                    | 22,010           |
| S1200-160 Tenant security deposits                             | 1,005            |
| S1200-180 Mortgage interest                                    | <u>19,033</u>    |
| S1200-230 Total disbursements                                  | <u>274,904</u>   |
| S1200-240 Net cash provided by (used in) operating activities  | <u>104,105</u>   |
| <b>CASH FLOWS USED FOR INVESTING ACTIVITIES:</b>               |                  |
| S1200-250 Net deposits to the reserve for replacement account  | (11,346)         |
| S1200-255 Net deposits to other reserves                       | 1,541            |
| S1200-260 Net usage of residual receipts account               | 29,134           |
| S1200-330 Net purchase of fixed assets                         | <u>(51,575)</u>  |
| S1200-350 Net cash provided by (used in) investing activities  | <u>(32,246)</u>  |
| <b>CASH FLOWS USED/(PROVIDED) FOR FINANCING ACTIVITIES:</b>    |                  |
| S1200-370 Principal payments on loans or notes payable         | <u>(15,592)</u>  |
| S1200-460 Net cash provided by (used in) financing activities  | <u>(15,592)</u>  |
| S1200-470 Net Increase (Decrease) in Cash and Cash Equivalents | 56,267           |
| S1200-480 CASH AND CASH EQUIVALENTS, Beginning of year         | <u>6,073</u>     |
| S1200T CASH AND CASH EQUIVALENTS, End of year                  | <u>\$ 62,340</u> |

RAINBOW VILLAGE, INC.  
HUD PROJECT NO. 085-EH003-NP-WDDHD035  
Supporting Data Required by HUD-Statement of Cash Flows (Continued)  
For the Years Ended December 31, 2024

|                                                                              |                                                                                                         | <u>2024</u>           |
|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-----------------------|
| <b>Reconciliation of change in net assets (deficit) to net cash provided</b> |                                                                                                         |                       |
| <b>by (used in) operating activities</b>                                     |                                                                                                         |                       |
| 3250                                                                         | Change in total assets from operations                                                                  | \$ 67,934             |
|                                                                              | Adjustments to reconcile change in net assets to net cash provided<br>by (used in) operating activities |                       |
| 6600                                                                         | Depreciation                                                                                            | 41,345                |
| 6610                                                                         | Amortization of debt issuance costs                                                                     | 297                   |
| S1200-540                                                                    | Decrease (increase) in accounts payable                                                                 | (1,795)               |
| S1200-560                                                                    | Decrease (increase) in accrued liabilities                                                              | (3,258)               |
| S1200-580                                                                    | Decrease (increase) in tenant security deposits held in trust                                           | <u>(1,005)</u>        |
| S1200-610                                                                    | Net cash provided by (used in) operating activities                                                     | <u><u>103,518</u></u> |

RAINBOW VILLAGE, INC.  
HUD PROJECT NO. 085-EH003-NP-WDDHD035  
Supporting Data Required by HUD-  
Other Information and Replacement Reserves December 31, 2024

|         |                                         | <u>2024</u>       |
|---------|-----------------------------------------|-------------------|
| 1320P   | Balance at beginning of the year        | \$ 126,070        |
| 1320ODT | Other deposits-self funded              | 8,167             |
| 1320INT | Interest on replacement reserve account | <u>3,179</u>      |
| 1320    | Balance at end of the year              | \$ <u>137,416</u> |
| 1320R   | Deposits suspended or waived indicator  | Yes               |

**Schedule of Residual Receipts**

|         |                                       |                 |
|---------|---------------------------------------|-----------------|
| 1340P   | Balance at the beginning of the year  | \$ 49,391       |
| 1340INT | Interest on residual receipts account | 86              |
| 1340WT  | Approved Withdrawals                  | <u>(29,220)</u> |
| 1340    | Balance at the end of the year        | <u>20,257</u>   |

RAINBOW VILLAGE, INC.  
HUD PROJECT NO. 085-EH003-NP-WDDHD035  
Supporting Data Required by HUD-Computation of Surplus Cash  
December 31, 2024

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

| <b>Account</b> | <b>Description</b>                                                                    | <b>Value</b> |
|----------------|---------------------------------------------------------------------------------------|--------------|
| S1300-010      | Cash                                                                                  | \$ 70,034    |
| 1135           | Accounts receivable-HUD                                                               | -            |
| S1300-030      | Other-entity cash                                                                     | -            |
| S1300-040      | Total cash                                                                            | \$ 70,034    |
| S1300-050      | Accrued mortgage (or bond) interest payable                                           |              |
| S1300-060      | Delinquent mortgage (or bond) principal payments                                      |              |
| S1300-070      | Delinquent deposits to reserve for replacements                                       |              |
| S1300-075      | Accounts payable-30 days                                                              | \$ 7,310     |
| S1300-080      | Loans and notes payable (due within 30 days)                                          | \$ 17,108    |
| 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)                                        | \$ 7,661     |
| S1300-110      | Other current obligations                                                             | \$ 40,641    |
| S1300-140      | Total current obligations                                                             | \$ 72,720    |
| S1300-150      | Surplus cash (deficiency)                                                             | \$ (2,686)   |
| 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 the 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, 2024

| <b>CHANGE IN FIXED ASSETS</b>         |                          |                         |                          |                          |
|---------------------------------------|--------------------------|-------------------------|--------------------------|--------------------------|
| <b><u>Fixed Assets</u></b>            | <b>December 31, 2023</b> | <b><u>Additions</u></b> | <b><u>Deductions</u></b> | <b>December 31, 2024</b> |
| 1410 Land                             | 11,020                   | -                       | -                        | 11,020                   |
| 1420 Buildings                        | 1,971,134                | 43,206                  | -                        | 2,014,340                |
| 1450 Furniture for project/tenant use | 242,261                  | -                       | -                        | 242,261                  |
| 1490 Miscellaneous fixed assets       | 31,004                   | -                       | -                        | 31,004                   |
|                                       | <u>2,255,419</u>         | <u>43,206</u>           | <u>-</u>                 | <u>2,298,625</u>         |
|                                       | <b>December 31, 2023</b> | <b><u>Additions</u></b> | <b><u>Deductions</u></b> | <b>December 31, 2024</b> |
| 1495 Accumulated Depreciation         | 1,678,539                | 41,345                  | -                        | 1,719,884                |

**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.

\_\_\_\_\_  
Executive Director

\_\_\_\_\_  
Date

\_\_\_\_\_  
Board Member

\_\_\_\_\_  
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.

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Matt Elmore, Executive Director  
Rainbow Village Properties  
1240 Dautel Lane  
St. Louis, MO 63146  
Phone: 314-567-1522  
EIN: 43-6071313

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Date

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Property Manager