



RANDLE & ASSOCIATES, LLC
Certified Public Accountants

**RAINBOW VILLAGE PROPERTIES, INC. AND
RAINBOW FOUNDATION FUND, INC.**

CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED

**RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW
FOUNDATION FUND, INC.**

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RANDLE & ASSOCIATES, LLC, CPA

Certified Public Accountant

(314) 731-8085

www.randlecpa.com

70 Black Jack Ct.
Florissant, MO 63033

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated statements of financial position of Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc., as of December 31, 2025 and 2024, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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 Properties, Inc. and Rainbow Foundation Fund, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Properties, Inc. and Rainbow Foundation Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rainbow Village Properties, Inc. and Rainbow Foundation Fund, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statement of activities is presented for purposes 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 accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Randall & Associates, LLC, CPAs

Florissant, Missouri

June 10, 2026

**RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW
FOUNDATION FUND, INC.**

Identification of Lead Auditor

Name: Jeffery Randle, CPA
Title: Managing Member
Telephone: (314) 731-8085
Address: c/o Randle & Associates, LLC,
Certified Public Accountants
70 Black Jack Ct.
Florissant, MO 63033

RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 21,055	\$ 424,990
Other receivables	6,738	496
Due from other entity	15,592	-
Total current assets	43,385	425,486
Cash and cash equivalents-restricted	506,498	605,832
Investments, Fair Market Value	6,198,529	5,558,634
Operating lease right of use asset	16,383	20,401
Construction in progress	130,608	-
Property and Equipment		
Land	2,031,263	1,869,810
Buildings	13,821,077	14,421,220
Furniture and equipment	767,737	313,986
Vehicles	253,552	223,933
Total property and equipment	16,873,629	16,828,949
Less accumulated depreciation	(5,908,750)	(6,066,937)
Net property and equipment	11,095,487	10,762,012
Tenant security deposits held in trust	42,871	42,004
Total assets	\$ 17,903,153	\$ 17,414,369
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 6,167	\$ 32,182
Accrued expenses	10,027	18,688
Prepaid rent	18,879	17,355
Line of credit	50,000	111,126
Notes and mortgages payable-current	303,081	206,604
Right use lease liability - current	4,161	4,018
Total current liabilities	392,315	389,973
Tenant security deposits	45,028	43,153
Right use lease liability - long term	12,222	16,383
Notes and mortgages payable-long term	2,683,417	2,896,499
Total Liabilities	3,132,982	3,346,008
Net assets		
With donor restrictions	2,303,696	1,990,444
Without donor restrictions:		
Net investment in property and equipment	11,095,487	10,762,012
Board designated	337,786	166,546
Other without donor restrictions	1,033,202	1,149,359
Total net assets	14,770,171	14,068,361
Total liabilities and net assets	\$ 17,903,153	\$ 17,414,369

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

RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
CONSOLIDATED STATEMENT OF ACTIVITY
For the Year Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Public support						
Contributions and grants	\$ 125,512	\$ 790,138	\$ 915,650	\$ 480,063	\$ 327,807	\$ 807,870
Special events (net of direct expenses of \$84,824 for 2024)	84,102	-	84,102	128,351	-	128,351
Revenue			1,130,026			1,276,614
Rental income	1,130,026	-	1,130,026	1,276,614	-	1,276,614
Interest and dividends	101,610	41,262	142,872	100,683	39,746	140,429
Other rental, pool and gym fees	174,815	-	174,815	49,543	-	49,543
Other revenue	198,969	-	198,969	183,747	-	183,747
Gain (loss) on sale of assets	(355,549)	-	(355,549)	280,583	-	280,583
Gain (loss) on investments	481,781	259,490	741,271	258,599	137,035	395,634
Total	1,941,266	1,090,890	3,032,156	2,758,183	504,588	3,262,771
Net assets released from restrictions	777,638	(777,638)	-	181,156	(181,156)	-
Total public support and revenue	2,718,904	313,252	3,032,156	2,939,339	323,432	3,262,771
EXPENSES						
Administrative and general	1,029,973	-	1,029,973	1,177,212	-	1,177,212
Utilities	162,089	-	162,089	144,855	-	144,855
Operating and maintenance	292,917	-	292,917	356,600	-	356,600
Taxes, insurance, and benefits	313,543	-	313,543	294,619	-	294,619
Interest	67,292	-	67,292	74,610	-	74,610
Depreciation	464,532	-	464,532	417,392	-	417,392
Total expenses	2,330,346	-	2,330,346	2,465,288	-	2,465,288
Change in net assets	388,558	313,252	701,810	474,051	323,432	797,483
Interfund Transfers						
Net Assets, Beginning of Year	12,077,917	1,990,444	14,068,361	12,807,004	1,667,012	14,474,016
Prior Period Adjustment	-	-	-	(1,203,138)	-	(1,203,138)
Net Assets, Beginning of Year-Restated	12,077,917	1,990,444	14,068,361	11,603,866	1,667,012	13,270,878
Net Assets, End of Year	\$ 12,466,475	\$ 2,303,696	\$ 14,770,171	\$ 12,077,917	\$ 1,990,444	\$ 14,068,361

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

RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
 STATEMENTS OF CASH FLOWS
 For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 701,810	\$ (405,655)
Depreciation	464,532	417,392
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Prior period adjustment	-	37,008
(Gain)/loss on sale of fixed assets	355,549	(280,583)
Unrealized gain on investments	(724,705)	(395,634)
Increase in accounts receivable	(21,834)	(96)
Increase in tenant security deposits	1,875	2,861
Increase in prepaid expenses	-	52,464
Increase in prepaid rent	1,524	3,154
Increase/(Decrease) in accounts payable	(26,015)	22,692
Increase in accrued expenses	(8,661)	18,688
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>744,075</u>	<u>(527,709)</u>
CASH FLOWS USED FOR INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,304,484)	(1,034,739)
Property and equipment disposed or sold	150,928	490,454
Purchase of investments	(130,190)	(115,185)
Sale of investments	215,000	211,000
NET CASH USED FOR INVESTING ACTIVITIES	<u>(1,068,746)</u>	<u>(448,470)</u>
CASH FLOWS USED/(PROVIDED) FOR FINANCING ACTIVITIES:		
Proceeds from loans and line of credit	121,825	154,000
Prior period adjustment-debt	-	1,166,130
Loan repayments and forgiveness	(299,556)	(174,592)
NET CASH USED BY FINANCING ACTIVITIES	<u>(177,731)</u>	<u>1,145,538</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(502,402)</u>	<u>169,359</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,072,826</u>	<u>903,467</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 570,424</u></u>	<u><u>\$ 1,072,826</u></u>

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

RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2025 and 2024

2025

2024

	Rainbow Village Properties, Inc.	Rainbow Foundation Fund, Inc.	Total	Rainbow Village Properties, Inc.	Rainbow Foundation Fund, Inc.	Total
General Operations:						
Salaries	\$ 304,969	\$ -	\$ 304,969	\$ 330,860	\$ -	\$ 330,860
Employee benefits	33,384	-	33,384	62,081	-	62,081
Payroll taxes	23,437	-	23,437	28,477	-	28,477
Advertising and marketing	-	-	-	9,402	-	9,402
Operations and maintenance expenses	292,917	-	292,917	356,600	-	356,600
Conferences and continued education	-	-	-	4,165	-	4,165
Technology, computer and hardware	-	-	-	25,241	-	25,241
Depreciation and amortization expense	464,532	-	464,532	417,392	-	417,392
Insurance	155,410	-	155,410	169,399	-	169,399
Miscellaneous	28,678	-	28,678	130,606	-	130,606
Utilities	162,089	-	162,089	144,855	-	144,855
Postage	-	-	-	1,507	-	1,507
Interest expense	67,292	-	67,292	74,069	-	74,069
Professional fees	-	16,567	16,567	31,380	16,199	47,579
Supplies and equipment	-	-	-	6,255	-	6,255
Telephone and internet	-	-	-	3,093	-	3,093
Contributions	-	215,000	215,000	-	211,000	211,000
Auto and travel expenses	-	-	-	27,968	-	27,968
Total program expense by function	<u>1,532,708</u>	<u>231,567</u>	<u>1,764,275</u>	<u>1,823,350</u>	<u>227,199</u>	<u>2,050,549</u>
Administrative:						
Salaries	292,124	-	292,124	204,148	-	204,148
Employee benefits	93,544	-	93,544	38,306	-	38,306
Payroll taxes	20,457	-	20,457	17,571	-	17,571
Advertising and marketing	15,720	-	15,720	-	-	-
Conferences and continued education	1,216	-	1,216	1,243	-	1,243
Technology, computer and hardware	55,264	-	55,264	28,256	-	28,256
Supplies and equipment	9,608	-	9,608	-	-	-
Postage	38,474	-	38,474	28,809	-	28,809
Interest expense	1,732	-	1,732	7,192	-	7,192
Auto and travel expenses	-	-	-	213	-	213
Professional fees	4,561	-	4,561	45,643	-	45,643
Total administrative by function	<u>51,825</u>	<u>-</u>	<u>51,825</u>	<u>366,381</u>	<u>-</u>	<u>366,381</u>
Fundraising and development:						
Salaries	163,827	-	163,827	168,950	-	168,950
Employee benefits	1,704	-	1,704	31,701	-	31,701
Payroll taxes	12,263	-	12,263	14,542	-	14,542
Conferences and continued education	-	-	-	808	-	808
Technology, computer and hardware	-	-	-	5,369	-	5,369
Miscellaneous	18,752	-	18,752	18,726	-	18,726
Postage	-	-	-	868	-	868
Interest expense	-	-	-	328	-	328
Professional fees	-	-	-	18,067	-	18,067
Total fundraising and development	<u>196,546</u>	<u>-</u>	<u>196,546</u>	<u>259,358</u>	<u>-</u>	<u>259,358</u>
Total expense	<u>\$ 2,313,779</u>	<u>\$ 231,567</u>	<u>\$ 2,515,457</u>	<u>\$ 2,449,089</u>	<u>\$ 227,199</u>	<u>\$ 2,676,288</u>

RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 – Summary of Significant Accounting Policies

Nature of Activities

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

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

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

Change in Accounting Principles

For the year ended December 31, 2024, the Organization 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 Organization's December 31, 2024 financial statements, but did not have an effect on the beginning net assets.

Principles of Consolidation

The accompanying consolidated financial statements for the years ended December 31, 2024 include the accounts of Rainbow Village Properties, Inc. and Rainbow Village Foundation Fund, Inc. collectively. All significant inter-organization transactions and balances have been eliminated in the consolidation.

Basis of Accounting

The Organization 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.

RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The Organization 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.

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 Organization 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 Organization 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 Organization 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 Organization's expenses. The Organization holds these funds for residents until their departure from the property or forfeited from violating lease terms.

Right to Use Leased Asset

The Organization has recorded right to use lease assets as a result of implementing ASU 2016-02, Leases (Topic 842). The right to use assets are initially measured at an amount to the initial measurement of the related lease liability. The right to use assets are amortized on a straight-line basis over the life of the related lease.

RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Interest and dividends and both realized and unrealized gains and losses on investments are recorded in investment earnings, net of investment fees in the statements of activities.

Marketable securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Operating Lease Right of Use Asset

The Organization has recorded operating lease right of use asset as a result of implementing ASU 2016-02, Leases (Topic 842). The right to use assets are initially measured at an amount of the related lease liability. The right to use assets are amortized on a straight-line basis over the life of the related lease.

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, 2025 and 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 PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Contributions receivable

Contributions receivables are recorded at their net realizable value in the period received.

Revenue Recognition for Contracts With Customers

The Organization 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 Organization 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 Organization'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 Organization recognized the revenue over a period of time if the customer receives and consumes the benefit the Organization provided, or if the Organization 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 Organization expects to be entitled. In some situations, the Organization bills customers and collects cash prior to the satisfaction of performance obligation, which results in the Organization recognizing contract liabilities upon receipt of payment.

Prepaid Expenses

Prepaid expenses include insurance, deposits, and other unexpired fees. Upon the expiration of the costs, the prepayments are expensed.

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 is 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.

RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 – Summary of Significant Accounting Policies (Continued)

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 Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Service Code. As such, the Organization is only taxed on income from activities unrelated to its charitable purpose. There was no unrelated business income for 2025 and 2024; therefore, the statements do not include any provision for income taxes.

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

The Organization continually evaluates the effects of all tax positions taken, including expiring statutes of limitations, tax eliminations, unrelated business income and new authoritative rulings. The Organization files federal information returns (Form 990). The statutes of limitations for information returns filed for years ended December 31, 2022 through 2025 have not expired and therefore are subject to examination.

Donated Services

No amounts have been reflected in the financial statements for the year ended December 31, 2025 and 2024 for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization in providing its mission.

New Accounting Standards Implemented

In June 2016, the US Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments*. This ASU created a new model for recognizing losses on financial instruments, the Current Expected Credit Loss (CECL) model. The CECL model aims to provide more timely recognition of credit losses. It requires entities to recognize credit losses on receivables based on expected future losses, as opposed to the incurred loss model where losses are booked when probable. This shift in approach aims to provide a more forward-looking and timely approach to recognizing credit loss to the users of financial statements. The Corporation adopted this standard which did not have a material impact on the financial statements.

RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2025 and 2024

NOTE 2 – Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash 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.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 21,055	\$ 424,990
Restricted cash	<u>549,369</u>	<u>647,836</u>
Total cash, cash equivalents, and restricted cash	\$ <u>570,424</u>	\$ <u>1,072,826</u>

NOTE 3 – Tenant Receivables

Tenant receivables are included in accounts receivable and represents amounts due from tenants occupying property owned by the Organization. No allowance for doubtful accounts has been established, however, if the tenant continues to be delinquent, it may result in forfeiture of their security deposit and eviction in which the balance will be directly written off. The balance as of December 31, 2025 and 2024 was \$0 and \$496, respectively.

NOTE 4 – Contributions Receivables

Contributions receivable consists of:

	<u>2025</u>	<u>2024</u>
Unconditional promises to give	\$ <u>6,738</u>	\$ <u>-</u>
Amounts due in:		
Less than one year	\$ 6,738	\$ -
One to five years	<u>-</u>	<u>-</u>
	\$ <u>6,738</u>	\$ <u>-</u>

NOTE 5 – Investments and Fair Value Measurements

Investments are stated at fair value and at December 31, 2025 and 2024 consist of the following:

	<u>2025</u>		<u>2024</u>	
Cash and cash investments	\$ 70,060	1%	\$ 32,963	1%
Fixed income	1,504,768	24%	1,441,598	26%
Mutual funds	<u>4,623,700</u>	<u>75%</u>	<u>4,084,073</u>	<u>73%</u>
	\$ <u>6,198,528</u>	100%	\$ <u>5,558,634</u>	100%

Financial accounting standards established a framework for measuring fair value. That framework provides 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 5 – Investments and Fair Value Measurements (continued)

The three levels of the fair value of hierarchy are described as follows:

- **Level 1:** Valuations based on unadjusted quoted prices available for identical assets in active markets that the Organization has the ability to access.
- **Level 2:** Valuations based on quoted prices in markets which are not active, or for which all significant inputs are observable, either directly or indirectly, or derived principally from or corroborated by observable market data by correlation or other means.
- **Level 3:** Inputs to the valuation methodology are significantly, unobservable inputs.

The asset or liability's fair valuation measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying combined statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Certificates of deposits: Recorded based on their carrying value, which approximates fair value.

Fixed income funds: Valued at the most recent bid price of the quoted yield for such securities (or those comparable maturity, quality, and type).

Corporate stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Valued at the net assets value (NAV) of shares held at year end.

Corporate bonds/government bond and notes: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities or issuers with similar credit ratings.

Management determines the fair value measurement valuation policies and procedures, which are subject to Board assessment and approval. At least annually, management determines if the current valuation techniques used are fair value measurements and are still appropriate.

The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. There were no transfers between levels for the years ended December 31, 2025 and 2024.

RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2025 and 2024

NOTE 5 – Investments and Fair Value Measurements (continued)

Fair value of assets measured on a recurring basis at December 31, 2025 and 2024 are as follows:

December 31, 2025	Fair Value Measurements Using			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Cash and cash investments	\$ 70,060	\$ 70,060		
Fixed income accounts	1,504,768	1,504,768	-	-
Mutual funds	<u>4,623,700</u>	<u>4,623,700</u>	-	-
Total	\$ <u>6,198,528</u>	\$ <u>6,198,528</u>	\$ -	\$ -

December 31, 2024	Fair Value Measurements Using			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Cash and cash investments	\$ 32,963	\$ 32,963		
Fixed income accounts	1,441,598	1,441,598	-	-
Mutual funds	<u>4,084,073</u>	<u>4,084,073</u>	-	-
Total	\$ <u>5,558,634</u>	\$ <u>5,558,634</u>	\$ -	\$ -

NOTE 6 – Property and Equipment

Property and equipment consist of the following:

	December 31,	
	2025	2024
Land	\$ 2,031,263	\$ 1,869,810
Buildings and improvements	13,821,077	14,421,220
Furniture and equipment	767,737	313,986
Construction-in-progress	130,608	-
Vehicles	<u>253,552</u>	<u>223,933</u>
	17,004,237	16,828,949
Accumulated Depreciation	<u>(5,908,750)</u>	<u>(6,066,977)</u>
Property & Equipment, Net	\$ <u>11,095,487</u>	\$ <u>10,761,972</u>

Depreciation expense amounted to \$464,532 and \$417,392 for December 31, 2025 and 2024, respectively.

NOTE 7 – Accrued Expenses

Accrued expenses consist of the following as of December 31,

	2025	2024
Payroll liabilities	\$ <u>10,027</u>	\$ <u>18,688</u>

RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2025 and 2024

NOTE 8 – Long-Term Debt

Long-term debt as of December 31, 2025, consist of the following:

Various Mortgage notes payable to Productive Living Board at a rate of 0% annually. Payments for the notes have been deferred by the lender until various dates ranging from June 30, 2026 through June 30, 2054. The loans are secured by various residential properties.	\$ 1,750,762
Various mortgage notes payable to Enterprise Bank and Trust with monthly installments ranging from \$154 to \$431 at rates ranging from 3% to 3.5% annually. The loans are secured by various residential properties with maturity dates ranging from January 10, 2030 to October 14, 2031.	65,387
Various mortgage notes payable to Montgomery Bank, N.A. with monthly installments ranging from \$184 to \$684 at rates ranging from 3.0% to 3.99% annually. The loans are secured by various residential properties and have maturity dates ranging from March 20, 2027 through May 10, 2033	246,116
Various mortgage notes payable to Simmons Bank with monthly installments ranging from \$312 to \$346 at a rate of 3% annually. The loans are secured by various residential properties and have maturity dates ranging from February 10, 2031 through July 10, 2031.	59,673
Various mortgage notes payable to Central Bank of St. Louis with monthly installments ranging from \$263 to \$567 at rates ranging from 3.0% to 3.5% annually. The loans are secured by various residential properties and have maturity dates ranging from October 1, 2027 through August 31, 2028.	248,947
Commercial loan with Central Bank of St. Louis with a 15-year amortization and a fixed rate of 5.97% annually. The loan is secured by residential property and matures December 12, 2032 with a final ballon payment of \$227,268	615,613
Total Payments	2,986,498
Less current maturities of long-term debt	<u>(303,081)</u>
Total Long-Term Debt	<u>2,683,417</u>

RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2025 and 2024

NOTE 8 – Long-Term Debt (continued)

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

2026	\$	303,081
2027		210,031
2028		198,917
2029		187,065
2030		174,250
Thereafter		<u>1,913,154</u>
	\$	<u>2,986,498</u>

NOTE 9 – Line of Credit

On July 22 2016, the Organization entered into a bank line of credit of \$250,000. The line of credit renews annually and currently has a maturity date of December 24, 2026. The line of credit bears interest at variable rates based on the Wall Street Journal prime rate minus .5% published on any outstanding balance and is secured by various properties held by the Organization. The amount outstanding under the line of credit at December 31, 2025 and 2024 was \$50,000 and \$111,126, respectively.

NOTE 10 – Lease Commitments

Accounting for Operating Leases as Lessee

The Organization entered into a lease for office equipment under an agreement that is classified as an operating lease. The equipment under the operating lease is included in the statement of financial position with payments for 60 months.

The components of lease expense were as follows:

	For the Year Ending December 31,	
	2025	2024
Operating lease cost	\$ <u>4,406</u>	\$ <u>3,946</u>
Total operating cost	\$ <u>4,406</u>	\$ <u>3,946</u>

Supplemental statement of financial position related to leases are as follows:

	For the Year Ending December 31,	
	2025	2024
<i>Operating lease:</i>		
Operating leases right-of-use asset	\$ <u>16,383</u>	\$ <u>20,401</u>
Other current liabilities	\$ 4,161	\$ 4,018
Operating leases liabilities	<u>12,222</u>	<u>16,383</u>
Total operating lease liabilities	\$ <u>16,383</u>	\$ <u>20,401</u>

Weighted Average Remaining Lease Term

Operating lease	3.75 years	4.75 years
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Weighted Average Discount Rate

Operating lease	3.5%	3.5%
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RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2025 and 2024

NOTE 10 – Lease Commitments

Maturities of lease liabilities are as follows:

Year Ending December 31,	Operating Lease
2026	\$ 4,668
2027	4,668
2028	4,668
2029	<u>3,501</u>
Total lease payments	17,505
Less imputed interest	<u>(1,122)</u>
	16,383
Less current portion	<u>(4,161)</u>
Total	\$ <u>12,222</u>

Accounting for Operating Leases as a Lessor

The Organization leases various spaces within the headquarters building, which was constructed in 1997. Lease payments due to the Organization are generally fixed and paid over the term of the leases. The leases have renewal options to extend the term of the lease for (5) years each. Leases provided by the Organization does not contain variable payments that are based on an index or rate. Payments are recognized as revenue as earned. The Organization leases do not contain residual value guarantees or purchase options.

The balances of the underlying assets related to these leases, included in property and equipment in the statements of financial position, amounted to \$94,377 net of accumulated depreciation of \$66,850 and \$64,491 at December 31, 2025 and 2024, respectively. The depreciation expense of these underlying assets amounted to \$2,359 each of the years ended December 31, 2025 and 2024.

Rent income included in the statement of financial activities for the years ended December 31, 2025 and 2024 was \$107,996 and \$99,380, respectively.

Future undiscounted lease payments due to the Organization on operating leases are as follows:

2026	\$ 110,222
2027	112,373
2028	108,066
2029	105,561
2030	<u>98,536</u>
Total	\$ <u>534,758</u>

RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 11 – Donated Services, Materials, and Facilities

Significant other contributions of goods and services have been made to the Organization 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 consist of:

	December 31,	
	2025	2024
Net Assets Without Donor Restrictions:		
Undesignated	\$ 1,033,202	\$ 1,103,321
Net investment in property and equipment	11,095,487	10,808,050
Board designated	<u>337,786</u>	<u>166,546</u>
Total net assets without donor restrictions	<u>12,466,475</u>	<u>12,077,917</u>
Net Assets With Donor Restrictions:		
Purpose -restrictions		
Programs and support	<u>2,303,696</u>	<u>1,990,444</u>
Total Net Assets	\$ <u>14,770,171</u>	\$ <u>14,068,361</u>

NOTE 13 – Liquidity and Availability of Financial Assets

As of December 31, 2025 and 2024, financial assets available for general expenditures within one year consist of the following:

	2025	2024
Cash and cash equivalents	\$ 21,055	\$ 424,990
Accounts receivable	6,738	496
Due from related entities	<u>15,592</u>	<u>-</u>
Total financial assets	<u>43,385</u>	<u>425,486</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>43,385</u>	\$ <u>425,486</u>

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

RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 14 – Retirement Plan

The Organization 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 Organization will begin making a contribution after two years of service. The Organization contribution to the plan for the year ended December 31, 2025 and 2024 was \$5,379 and \$9,902, respectively.

Note 15 – Prior Period Adjustment

Prior period adjustments were made during the year ended December 31, 2024 to adjust accumulated depreciation and to add debt related to mortgages on the books. The net effect of the adjustments resulted in a decrease of net assets of \$1,198,638.

Note 16 – Commitments and Contingencies

The Organization entered into various contracts with the Productive Living Board for St. Louis County Citizens with Developmental Disabilities (PLB) which approved funding for various projects including the support of the design and construction of a universal apartment building and residential renovation and repair. The funding is conditional, PLB will reimburse the Organization for approved paid expenses toward the projects. Approximately \$283,108 in project cost have been expensed during the 2025 fiscal year.

Note 17 – Subsequent Events

The date to which events occurring after December 31, 2025 have been evaluated for possible adjustment to the financial statements or disclosure is June 10, 2026, which is the date on which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

RAINBOW VILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
Consolidating Statements of Financial Position
December 31, 2025 and 2024

	2025				2024			
	Rainbow Village Properties, Inc.	Rainbow Foundation Fund, Inc.	Eliminations	Total	Rainbow Village Properties, Inc.	Rainbow Foundation Fund, Inc.	Eliminations	Total
ASSETS								
Current assets								
Cash and cash equivalents	\$ 21,055	-	-	\$ 21,055	\$ 424,990	-	-	\$ 424,990
Other receivables	6,738	-	-	6,738	496	-	-	496
Due from other entity	15,592	-	-	15,592	-	-	-	-
Total current assets	43,385	-	-	43,385	425,486	-	-	425,486
Cash and cash equivalents-restricted	506,498	-	-	506,498	605,832	-	-	605,832
Investments, Fair Market Value	-	6,198,529	-	6,198,529	-	5,558,634	-	5,558,634
Tenant security deposits held in trust	42,871	-	-	42,871	42,004	-	-	42,004
Operating lease right of use asset	16,383	-	-	16,383	20,401	-	-	20,401
Construction in progress	130,608	-	-	130,608	-	-	-	-
Property and Equipment:								
Land	2,031,263	-	-	2,031,263	1,869,810	-	-	1,869,810
Buildings and improvements	13,821,077	-	-	13,821,077	14,421,220	-	-	14,421,220
Furniture and equipment	767,737	-	-	767,737	313,986	-	-	313,986
Vehicles	253,552	-	-	253,552	223,933	-	-	223,933
Total property and equipment	16,873,629	-	-	16,873,629	16,828,949	-	-	16,828,949
Less accumulated depreciation	(5,908,750)	-	-	(5,908,750)	(6,056,937)	-	-	(6,056,937)
Net property and equipment	11,095,487	-	-	11,095,487	10,762,012	-	-	10,762,012
Total Assets	11,704,624	6,198,529	-	17,903,153	11,855,735	5,558,634	-	17,414,369
LIABILITIES AND NET ASSETS								
Current Liabilities								
Accounts payable	6,167	-	-	6,167	32,182	-	-	32,182
Accrued expenses	10,027	-	-	10,027	18,688	-	-	18,688
Prepaid rent	18,879	-	-	18,879	17,355	-	-	17,355
Line of credit	50,000	-	-	50,000	111,126	-	-	111,126
Notes and mortgages payable-current	303,081	-	-	303,081	206,604	-	-	206,604
Right use lease liability - current	4,161	-	-	4,161	4,018	-	-	4,018
	392,315	-	-	392,315	389,973	-	-	389,973
Tenant security deposits	45,028	-	-	45,028	43,153	-	-	43,153
Right use lease liability - long term	12,222	-	-	12,222	16,383	-	-	16,383
Notes and mortgages payable-long term	2,683,417	-	-	2,683,417	2,896,499	-	-	2,896,499
Total Liabilities	3,132,982	-	-	3,132,982	3,346,008	-	-	3,346,008
Net assets								
With donor restrictions	-	2,178,794	-	2,178,794	133,844	1,856,600	-	1,990,444
Without donor restrictions:								
Net investment in property and equipment	11,095,487	-	-	11,095,487	10,808,050	-	-	10,808,050
Board designated	337,786	-	-	337,786	166,546	-	-	166,546
Other without donor restrictions	(2,861,631)	4,019,735	-	1,158,104	(2,598,713)	3,702,034	-	1,103,321
Total net assets	8,571,642	6,198,529	-	14,770,171	8,509,727	5,558,634	-	14,068,361
Total liabilities and net assets	11,704,624	6,198,529	-	17,903,153	11,855,735	5,558,634	-	17,414,369

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

RAINBOWVILLAGE PROPERTIES, INC. AND RAINBOW FOUNDATION FUND, INC.
Consolidating Statements of Activity
for the Year Ending December 31, 2025 and 2024

	2025				2024			
	Rainbow Village Properties, Inc.	Rainbow Foundation Fund, Inc.	Eliminations	Total	Rainbow Village Properties, Inc.	Rainbow Foundation Fund, Inc.	Eliminations	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS								
Public Support and Revenue:								
Public support								
Contributions and grants	340,512	-	\$ (215,000)	\$ 125,512	691,063	-	\$ (211,000)	\$ 480,063
Special events (net of direct expenses \$99,089 and \$84,824 for 2025 and 2024, respectively)	84,102	-	-	84,102	128,351	-	-	128,351
Revenue	1,130,026	-	-	1,130,026	1,276,614	-	-	1,276,614
Rental income	25,181	76,429	-	101,610	21,852	78,831	-	100,683
Interest and dividends	174,815	-	-	174,815	49,543	-	-	49,543
Other rental, pool and gym fees	198,969	-	-	198,969	183,747	-	-	183,747
Other revenue	(355,549)	-	-	(355,549)	280,583	-	-	280,583
Gain (loss) on sale of assets	-	481,781	-	481,781	-	258,599	-	258,599
Gain (loss) on investments	1,598,056	558,210	(215,000)	1,941,266	2,631,753	337,430	(211,000)	2,758,183
Total public support and revenue	777,638	-	-	777,638	181,156	-	-	181,156
Net assets released from restrictions	2,375,694	558,210	(215,000)	2,718,904	2,812,909	337,430	(211,000)	2,939,339
Expenses:								
Administrative and general	1,013,406	231,567	(215,000)	1,029,973	1,161,013	227,199	(211,000)	1,177,212
Utilities	162,089	-	-	162,089	144,855	-	-	144,855
Operating and maintenance	292,917	-	-	292,917	356,600	-	-	356,600
Taxes, insurance, and benefits	313,543	-	-	313,543	294,619	-	-	294,619
Interest	464,532	-	-	464,532	74,610	-	-	74,610
Depreciation	2,313,779	231,567	(215,000)	2,330,346	2,449,089	227,199	(211,000)	2,465,288
Total expenses	61,915	325,643	-	388,558	363,820	110,231	-	474,051
Change in net assets without donor restrictions								
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS								
Revenue								
Contributions and grants	777,638	12,500	-	790,138	315,000	12,807	-	327,807
Interest and dividends	-	41,262	-	41,262	-	39,746	-	39,746
Gain (loss) on investments	-	259,490	-	259,490	-	137,035	-	137,035
Total	777,638	313,252	-	1,090,890	315,000	189,588	-	504,588
Net assets released from restrictions	(777,638)	-	-	(777,638)	(181,156)	-	-	(181,156)
Change in net assets with donor restrictions	-	313,252	-	313,252	133,844	189,588	-	323,432
Net Assets, Beginning of Year	8,509,727	\$ 5,558,634	-	14,068,361	9,215,201	\$ 5,258,815	-	14,474,016
Prior Period Adjustment	-	-	-	-	(1,203,138)	-	-	(1,203,138)
Net Assets, Beginning of Year-Restated	8,509,727	5,558,634	-	14,068,361	8,012,063	5,258,815	-	13,270,878
Net Assets, End of Year	\$ 8,571,642	\$ 6,198,529	\$ -	\$ 14,770,171	\$ 8,509,727	\$ 5,558,634	\$ -	\$ 14,068,361

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