

RRAF

FINANCIAL STATEMENTS

JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors

RRAF

We have audited the accompanying financial statements of **RRAF** (a not-for-profit corporation), which comprise the Statement of Financial Position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibility (Cont.)

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **RRAF** as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

William C. Jordan, CPA

Northfield, Illinois
December 20, 2020

RRAF
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

Cash - Without donor restrictions		\$ 185,437
Prepaid expenses		3,400
Accounts receivable		2,420
Property and equipment	\$ 786,236	
Less accumulated depreciation	328,757	

Net Property and Equipment		457,479
Other assets		806

TOTAL ASSETS		\$ 649,542
		=====

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses		\$ 8,382
U.S. Small Business Administration Paycheck Protection Program loan payable		25,515
Bank loan payable		229,139
U.S. Small Business Administration loan payable		118,600
Vehicle loans payable		39,225

Total Liabilities		420,861
NET ASSETS - Without donor restrictions		228,681

TOTAL LIABILITIES AND NET ASSETS		\$ 649,542
		=====

See accompanying notes.

RRAF
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

CHANGES IN NET ASSETS

WITHOUT DONOR RESTRICTIONS

Revenue and gains

Total fees for service	\$ 145,550
Contributions	59,769
Fundraisers, - net of \$ 4,984 direct expenses	13,745

Total revenue and gains - without donor restrictions	219,064
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Expenses and losses -

Program and agency expenses	242,964
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Net program and agency expenses	(23,900)
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Other Revenues -

U.S. Small Business Administration Economic Injury Disaster Loan Advance	3,000
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EXCESS EXPENSES	(20,900)
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NET ASSETS WITHOUT DONOR RESTRICTIONS

AT BEGINNING OF YEAR	249,581
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BALANCE, NET ASSETS WITHOUT DONOR RESTRICTIONS

AT END OF YEAR	\$ 228,681
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See accompanying notes.

RRAF
STATEMENT OF CASH FLOWS - UNRESTRICTED CASH
YEAR ENDED JUNE 30, 2020

OPERATING ACTIVITIES

Excess of expenses over revenues	\$ (20,900)
Adjustments to reconcile excess of revenues over expenses provided by operating activities:	
Depreciation and amortization	27,238
Changes in operating assets and liabilities:	
Decrease in prepaid expenses	473
Decrease in due from third party payer and accounts receivable	9,844
Decrease in accounts payable and accrued expenses	(1,026)

Net Cash from Operating Activities	15,629

INVESTING ACTIVITIES

Purchase of property and equipment	(37,588)
Other	1

Net Cash Used for Investing Activities	(37,587)

FINANCING ACTIVITIES

Proceeds from U.S. Small Business administration loan - Net	118,600
Proceeds from U.S. Small Business Administration Paycheck Protection Program Loan	25,515
Proceeds from new vehicle loan payable	31,974
Principal payments of bank loan payable	(13,658)
Principal payments of vehicle loans payable	(7,976)

Net Cash from Financing Activities	154,455

INCREASE IN CASH WITHOUT DONOR RESTRICTIONS 132,497

CASH AT BEGINNING OF YEAR
WITHOUT DONOR RESTRICTIONS 52,940

CASH AT END OF YEAR
WITHOUT DONOR RESTRICTIONS \$ 185,437

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See accompanying notes.

RRAF
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	TOTAL	MANAGEMENT AND GENERAL	PROGRAM EXPENSES
	-----	-----	-----
Salaries and wages	\$ 115,596	\$ -	\$ 115,596
Payroll taxes	8,338		8,338
Insurance - health	13,819		13,819
Employee benefit programs	5,500		5,500
Other staff expenses	1,574		1,574
Consultants	2,700		2,700
Consumable supplies	5,047	5,047	
Occupancy			
Insurance	5,066		5,066
Repairs & maintenance	14,780		14,780
Telephone & communications	2,791		2,791
Utilities	4,755		4,755
Mortgage interest expense	12,027		12,027
Scavenger	1,365		1,365
Local transportation			
Fuel	3,988		3,988
Repairs & maintenance	1,587		1,587
Insurance	10,373		10,373
Bank loan interest expense	3,081		3,081
Activities expenses	840		840
Other program expenses	2,499		2,499
Depreciation and amortization	27,238		27,238
	-----	-----	-----
TOTAL EXPENSES	\$ 242,964	\$ 5,047	\$ 237,917
	=====	=====	=====

See accompanying notes.

RRAF
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

DESCRIPTION OF ORGANIZATION

RRAF was organized in 1981 pursuant to the Illinois Not-For-Profit Corporation Act. It operates an agency which provides services to adults with developmental disabilities.

ACCOUNTING POLICIES

PROPERTY AND EQUIPMENT, DEPRECIATION AND AMORTIZATION

Property and equipment is stated at cost. Depreciation and amortization are based upon the straight-line method and the estimated useful life of the property and equipment as follows:

Buildings and improvements	39 years
Furniture and equipment	5-7 years
Vehicles	5 years

GRANTS AND STATE FUNDING

The Agency records income from state grants and fees for service in the period designated by the grantor.

PROPERTY AND EQUIPMENT, AND DEPRECIATION

Property and equipment at June 30, 2020 is summarized as follows:

Buildings and improvements	\$ 460,717
Land and improvements	203,875
Furniture and equipment	61,469
Vehicles	60,175

Total	\$ 786,236
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Depreciation expense was \$ 26,955 for the year ended June 30, 2020.

RRAF
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

BANK LOAN PAYABLE, AND AMORTIZATION

The bank loan payable of \$ 229,139 resulted from the April 2018 refinancing of the then balance of \$ 256,846 upon the expiration of its term.

The current loan is payable \$ 2,140 monthly including interest at 5.0 % annually. It is due in April 2023, at which time the remaining principal balance will be due. Management expects to renew or refinance the loan balance at that future time.

The loan is collateralized by a mortgage on the Agency's buildings and land.

Amortization of loan costs was \$ 284 for the current year.

Future maturities are as follows:

Years ending June 30,	
2021	\$ 14,600
2022	15,300
2023	199,239

TOTAL	\$ 229,139
	=====

USE OF ESTIMATES

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles.

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

RRAF

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

U.S. SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION
PROGRAM LOAN PAYABLE AND U.S SBA EIDL ADVANCE

An EIDL advance payment of \$3,000 is included in other income. It was received pursuant to the U.S. SBA Economic Impact Disaster Loan Program without restrictions, and without any repayment obligation.

A SBA PPP loan of \$ 25,515 originated in May 2020 and is payable monthly beginning in January 2021, including interest at 1% annually, based upon a 24 month maturity to May 2022.

Net of the \$ 3,000 advance EIDL payment, \$22,515 and related interest is eligible to be forgiven by the lender upon application showing that the funds were used for payroll and occupancy expenses during the designated 6 month period following the funding date. Management believes that the Agency has complied with those forgiveness requirements.

VEHICLE LOANS PAYABLE

Credit agency loans, each collateralized by a transportation vehicle:

- Originated in May 2018, payable \$ 376 monthly including interest at 6.69% annually, and is due in April 2023	\$ 11,624
- Originated in August 2019, payable \$ 654 monthly including interest at 8.4% annually, and is due in August 2024	27,601

Total	\$ 39,225
	=====

Future maturities are as follows:

Years ending June 30,	
2021	\$ 9,700
2022	10,350
2023	10,474
2024	7,400
2025	1,301

TOTAL	\$ 39,225
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RRAF
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

U.S. SMALL BUSINESS ADMINISTRATION LOAN PAYABLE

An SBA loan of \$ 118,700, less a handling fee of \$ 100, originated in June 2020. Monthly payments of \$ 507 are due beginning June 2021 including interest at 2.75% annually. Any unpaid balance is due in June 2050.

The proceeds of this loan are required to be used solely as working capital to alleviate economic injury caused by disaster occurring in the month of January 2020 and continuing thereafter. Collateral is substantially all personal property and intangible assets of the Agency.

Other covenants and restrictions include record keeping, insurance, governance, and SBA oversight.

Future maturities are as follows:

Years ending June 30,	
2021	\$ -0-
2022	2,750
2023	2,800
2024	2,900
2025	2,950
2026 AND THEREAFTER	107,200

TOTAL	\$ 118,600
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STATEMENT OF FUNCTIONAL EXPENSES

The statement of Functional Expenses shows expenses reported by their natural expense category. Management and general expenses are shown in their entirety without any allocation to program expense.

Due to the nature of the staffing and related expense, premises and transportation expenses with regard to the Agency's program, there are no further allocations between program and support expenses.

RRAF
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

ADDITIONAL CASH FLOW INFORMATION

Cash payments for interest were \$ 15,108 for the year.

LIQUIDITY

RRAF has approximately \$ 185,000 of cash and approximately \$ 2,400 in receivables available within 1 year of the date of the Statement of Financial Position to meet cash needs for general expenditure. The Agency is expected to receive an additional \$ 60,000 in CARES Act grants in January 2021.

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure in within that 1 year period.

RRAF has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In addition, **RRAF** has a history of establishing bank lines of credit in connection with its real estate ownership and is constantly working with its bank. Thus, this good credit would result in available funds which it could draw upon in the event of an unanticipated liquidity need.

Liabilities include approximately \$ 144,000 of loans pursuant to the Small Business Administration CARES Act Program which have very low interest rates and very long-term maturities. Approximately \$ 22,000 of these loans is expected to qualify for forgiveness in mid-2021.

RRAF
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

INCOME TAXES

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision for income taxes is included in these financial statements.

SUBSEQUENT EVENTS - CARES ACT GRANT

Subsequent events have been evaluated through December 20, 2020 which is the date the financial statements were issued.

The Agency has been awarded a grant pursuant to the State of IL Emergency Solutions Grant Program under the Coronavirus Aid, Relief, and Economic Security (C.A.R.E.S.) Act through the U.S. Department of Housing and Urban Development. This grant was \$ 63,551.74, and was received in December 2020.

The funds are required to be used for program related expenses, which generally is staffing and occupancy.

BUSINESS INTERRUPTION

Due to the worldwide pandemic COVID-19, the State of Illinois mandated the closure of the Agency's facilities from Mid-March 2020 to July 31, 2020. During that time no services were provided, and staff attendance was extremely limited. Services were resumed August 1, 2020 with certain limited conditions.

SUPPLEMENTARY
INFORMATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

RRAF

The supplementary information that appears on page 16 is not a required part of the basic financial statements that appear on the preceding pages. It is presented for the purpose of additional analysis.

Our examination was made for the purpose of forming an opinion on the basic financial statements, taken as a whole. This supplementary information has not been subjected to the auditing procedures applied in our examination of the basic financial statements and, accordingly, we express no opinion on it.

William C. Jordan, CPA

Northfield, Illinois
December 20, 2020

RRAF
 SCHEDULE OF REVENUE AND SUPPORT BY SOURCE AND BY PROGRAM
 YEAR ENDED JUNE 30, 2020

	TOTAL AGENCY	FUND RAISING	OTHER	DHS DT NUMBER 31
	-----	-----	-----	-----
FEES FOR SERVICE				
Illinois Department of Human Services	\$ 130,056	\$ -	\$ -	\$ 130,056
Other	15,494			15,494
	-----	-----	-----	-----
Total Fees for Service	145,550			145,550
	-----	-----	-----	-----
OTHER REVENUES				
Contributions, without donor restrictions	59,769	59,769		
Fund raisers, net	13,745	13,745		
	-----	-----	-----	-----
Total Other Revenues	73,514	73,514	0	0
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TOTAL REVENUES	\$ 219,064	\$ 73,514	\$ -	\$ 145,550
	=====	=====	=====	=====

See Independent Auditor's Report dated December 20, 2020