



GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

Rural Development Initiatives, Inc.

Financial Statements and Other Information
as of and for the Year Ended December 31, 2020
and Report of Independent Accountants

RURAL DEVELOPMENT INITIATIVES, INC.

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REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Directors
Rural Development Initiatives, Inc.:*

We have audited the accompanying financial statements of Rural Development Initiatives, Inc., which comprise the statement of financial position as of December 31, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we 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. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization'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 Rural Development Initiatives, Inc. as of December 31, 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.

Summarized Comparative Information

We have previously audited Rural Development Initiatives, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "CPA #10.44". The signature is fluid and cursive, with the letters "CPA" being the most prominent.

March 8, 2021

RURAL DEVELOPMENT INITIATIVES, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

(WITH COMPARATIVE AMOUNTS FOR 2019)

	2020	2019
Assets:		
Cash and cash equivalents	\$ 1,411,319	784,214
Grants receivable (<i>note 4</i>)	220,778	957,801
Accounts receivable	12,890	–
Prepaid expenses and other assets	74,987	185,147
Property and equipment (<i>note 5</i>)	10,324	12,631
Total assets	\$ 1,730,298	1,939,793
Liabilities:		
Accounts payable and accrued expenses	29,137	16,803
Accrued payroll and related expenses	52,613	42,496
Deferred revenue	9,908	3,000
Refundable advance – Paycheck Protection Program (<i>note 6</i>)	178,932	–
Note payable (<i>note 7</i>)	150,000	–
Total liabilities	420,590	62,299
Net assets:		
Without donor restrictions:		
Available for programs and general operations	237,330	227,327
Net investment in capital assets	10,324	12,631
Total net assets without donor restrictions	247,654	239,958
With donor restrictions (<i>note 8</i>)	1,062,054	1,637,536
Total net assets	1,309,708	1,877,494
Commitments and contingencies (<i>notes 4, 6, 11, 12, 13, 14, 15, and 16</i>)		
Total liabilities and net assets	\$ 1,730,298	1,939,793

See accompanying notes to financial statements.

RURAL DEVELOPMENT INITIATIVES, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020		Total	2019
	Without donor restrictions	With donor restrictions		
Revenues, gains, and other support:				
Grants and contributions (<i>note 9</i>)	\$ 298,582	905,451	1,204,033	2,624,488
Contract and program revenues	44,392	—	44,392	4,185
Net increase in the beneficial interest in assets held by the Oregon Community Foundation	—	—	—	6,198
Interest income	4,088	—	4,088	4,773
Other	808	—	808	1,637
Total revenues and gains	347,870	905,451	1,253,321	2,641,281
Net assets released from restrictions (<i>note 10</i>)	1,480,933	(1,480,933)	—	—
Total revenues, gains, and other support	1,828,803	(575,482)	1,253,321	2,641,281
Expenses:				
Program services:				
Rural economies	764,529	—	764,529	622,279
Rural leadership	570,854	—	570,854	614,710
Networking and program development	301,672	—	301,672	56,621
Rural voices and priorities	54,960	—	54,960	106,939
Total program services	1,692,015	—	1,692,015	1,400,549
Supporting services:				
Management and general	125,090	—	125,090	129,280
Fundraising	4,002	—	4,002	10,692
Total supporting services	129,092	—	129,092	139,972
Total expenses	1,821,107	—	1,821,107	1,540,521
Increase (decrease) in net assets	7,696	(575,482)	(567,786)	1,100,760
Net assets at beginning of year	239,958	1,637,536	1,877,494	776,734
Net assets at end of year	\$ 247,654	1,062,054	1,309,708	1,877,494

See accompanying notes to financial statements.

RURAL DEVELOPMENT INITIATIVES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020								2019
	Program services				Total	Supporting services		Total	
	Rural economies	Rural leadership	Networking and program development	Rural voices and priorities		Management and general	Fund-raising		
Salaries and related costs	\$ 320,184	246,868	112,775	44,745	724,572	130,404	3,355	858,331	943,086
Travel	9,572	5,509	565	1,261	16,907	1,888	–	18,795	113,011
Consultants	221,004	233,637	6,506	1,500	462,647	–	–	462,647	217,972
Grants	152,000	15,000	150,075	–	317,075	–	–	317,075	54,000
Information technology	9,990	3,202	1,930	65	15,187	36,659	–	51,846	57,645
Occupancy and rentals	610	710	–	–	1,320	37,870	–	39,190	44,793
Conference and training catering	1,424	6,991	–	–	8,415	–	–	8,415	41,907
Professional fees	–	–	–	–	–	22,234	–	22,234	20,400
Office expenses	902	1,863	1,890	2	4,657	6,016	457	11,130	8,267
Curriculum materials	4,512	4,209	6,225	26	14,972	115	45	15,132	14,843
Depreciation and amortization	–	–	–	–	–	3,307	–	3,307	6,412
Staff development	–	2,513	–	215	2,728	79	–	2,807	10,138
Marketing	–	496	–	–	496	1,255	–	1,751	2,098
Insurance	–	–	–	–	–	6,221	–	6,221	5,949
Interest	–	–	–	–	–	2,226	–	2,226	–
Total expenses before allocation of shared costs	720,198	520,998	279,966	47,814	1,568,976	248,274	3,857	1,821,107	1,540,521
Allocation of shared costs	44,331	49,856	21,706	7,146	123,039	(123,184)	145	–	–
Total expenses	\$ 764,529	570,854	301,672	54,960	1,692,015	125,090	4,002	1,821,107	1,540,521

See accompanying notes to financial statements.

RURAL DEVELOPMENT INITIATIVES, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
Cash flows from operating activities:		
Cash received from contractors, grantors, contributors, and others	\$ 1,980,274	1,788,048
Proceeds received from the Paycheck Protection Program <i>(note 6)</i>	178,932	–
Cash received from interest	4,088	4,773
Cash paid to employees and suppliers	(1,685,189)	(1,716,564)
Net cash provided by operating activities	478,105	76,257
Cash flows from investing activities:		
Distributions received from beneficial interest in assets held by the Oregon Community Foundation	–	65,646
Purchase of capital assets	(1,000)	(9,445)
Net cash provided by (used in) investing activities	(1,000)	56,201
Cash flows from financing activities:		
Receipt of loan proceeds <i>(note 7)</i>	150,000	–
Net cash provided by financing activities	150,000	–
Net increase in cash and cash equivalents	627,105	132,458
Cash and cash equivalents at beginning of year	784,214	651,756
Cash and cash equivalents at end of year	\$ 1,411,319	784,214

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

1. Organization

Rural Development Initiatives, Inc. (“RDI”) strengthens rural people, places, and economies in the Pacific Northwest.

RDI is a Pacific Northwest-based 501(c)(3) non-profit established in 1991 with headquarters in Coburg, Oregon. RDI’s main priorities include developing networks of rural leaders, revitalizing rural economies, and elevating rural voices and priorities. RDI strives to help rural people and communities achieve their visions and goals and holds the uncompromised belief that solutions and priorities, driven by local people, are key to achieving them.

RDI facilitates collaboration among neighboring regions, innovative partners, and resource providers to achieve strong and sustainable rural communities. RDI provides the training, networking opportunities, and connection to resources to help rural communities thrive. Since its inception, RDI has trained, planned with, and supported over 10,000 rural leaders working for community and economic vitality from more than 350 rural communities throughout the Pacific Northwest.

2. Program Services

During the year ended December 31, 2020, RDI incurred program service expenses in the following major categories:

Revitalize Rural Economies – *Services that move communities and regions to action and implement innovative strategies to build community wealth, jobs, and prosperity.* RDI supports residents of rural communities who are actively working to improve the economic well-being of their communities by strengthening local businesses, fostering productive economic development ecosystems, enhancing local markets, and attracting investments.

Develop Networks of Rural Leaders – *Services that provide capacity-building and educational activities for individuals in rural communities.* RDI work ensures there is a critical mass of rural leaders in the Pacific Northwest who are diverse, inclusive, highly skilled, and well connected. Rural people take lead on issues, projects, and with organizations whose impacts mean the most to them.

Elevate Rural Voices and Priorities – *Customized services responsive to the needs of rural communities, organizations, and governmental agencies.* RDI demands that rural priorities and interests, shaped by a diversity of rural people, are at the forefront of statewide and regional discussions and decisions. RDI strives to ensure rural leaders, voices, and issues are equitably represented in public discourse and decision-making. Services include leveraging our resources, networks, and organizational voice to advance rural vitality, heighten the capacity of the network of rural leaders to advocate on behalf of their interests, advance and promote rural priorities, contracts for strategic planning, community visioning processes, and more.

Networking and Program Development – *Services promoting RDI as a learning and collaborative organization.* RDI provides opportunities for people who work on behalf of rural interests to come together to learn from and support each other. Additionally, RDI builds successful, flexible collaborations with partners and stakeholders to solve complex community and regional issues. These relationships support and strengthen RDI’s work to benefit rural communities and work toward collective impact.

3. Summary of Significant Accounting Policies

The significant accounting policies followed by RDI are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation – Net assets, revenues, gains and losses are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of RDI and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. From time to time, RDI's Board of Directors may designate a portion of these net assets for particular purposes and objectives.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of RDI and/or the passage of time. This balance represents the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities, as directed by the donor.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities also 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-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, such differences, if any, would not be significant.

Cash Equivalents – For purposes of the financial statements, RDI considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Capital Assets and Depreciation – Property and equipment are carried at cost when purchased and initially at fair value when acquired by gift. Capital assets having a unit cost of \$1,000 or more and an estimated useful life of more than one year are capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally the shorter the of useful life of the asset or the term of the lease for leasehold improvements, 7 years for furniture and equipment, 3 years for web site development, and 3 to 5 years for software and computer equipment. Maintenance and repair costs are expensed as incurred.

Revenue Recognition – With regard to revenues from grants and contracts, RDI evaluates whether each transfer of assets is (1) an exchange (reciprocal) transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

- *Exchange Transactions* – If the transfer of assets is determined to be an exchange transaction, RDI recognizes revenue when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and when the customer obtains control of that good or service.
- *Contributions and Grants* – If the transfer of assets is determined to be a contribution, RDI evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds and (2) either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets.
- *Governmental Support* – Activities funded by governments are often carried out for the benefit of the general public, rather than to obtain goods or services for the government’s own use or proprietary benefit. Accordingly, if the primary beneficiary of the activity is the general public, rather than the government itself, the transaction is treated as nonreciprocal (i.e., a contribution).

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the donor’s commitment is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Conditional contributions with donor-imposed restrictions are recorded as net assets without donor restrictions if those conditions are met and restrictions are satisfied in the same reporting period.

Unconditional promises to give with payments due in future periods, are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows using credit adjusted discount rates which articulate to the collection period of the respective pledge. Such discount rates are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class.

Unconditional contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Promises to give are written off when deemed uncollectible.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire capital assets with such donor stipulations are reported as net assets with donor restrictions; the restrictions are considered to be released at the time long-lived assets are placed into service, in accordance with donors’ intent.

In-Kind Contributions – A number of unpaid volunteers have made significant contributions of their time to develop and implement RDI’s programs. Under generally accepted accounting principles, significant services received which create or enhance a non-financial asset or require specialized skills that the organization would have purchased if not donated are recognized in the statement of activities.

In-kind contributions of land, buildings, equipment, or other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of RDI’s activities.

During the year ended December 31, 2020, no in-kind contributions were recorded.

Revenue Recognition from Exchange Transactions – Revenue from contracts with customers is recognized as performance obligations are satisfied. RDI has a couple of revenue streams that are accounted for as exchange transactions, including program fees and contracted services. Contracted services are recognized as revenue over time as services are rendered. Program fees, which typically include training fees from workshops, are recognized as revenue when the workshops occur. Advance payments received on contract and program fees are reported as deferred revenue until services are rendered or until workshops take place.

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

Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses that are attributable to one or more program or supporting functions of the organization, and therefore, require allocation on a reasonable basis that is consistently applied. Those expenses include

depreciation and amortization, and other facility-related costs, salaries and wages, benefits, payroll taxes, travel, conference and training related costs, professional services, office expenses, insurance, and other expenses, which are allocated on the basis of estimates of time and effort.

Grants – Grants are accrued when awarded by the organization and unconditional. Grants are provided from available resources and in accordance with restrictions imposed by donors.

Advertising Expenses – Advertising and promotional costs are charged to expense as they are incurred.

Concentrations of Credit Risk – RDI’s financial instruments consist primarily of cash equivalents and money market funds, which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (“FDIC”).

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2020, RDI held \$845,236 in excess of the FDIC-insured limits.

Certain receivables may also, from time to time, subject the organization to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, the organization’s management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Income Taxes – RDI is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. RDI derives its public charity status as an organization described in Section 170(b)(1)(A)(vi) of the Internal Revenue Code.

Subsequent Events – Subsequent events have been evaluated by management through March 8, 2021, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2019 – The accompanying financial information as of and for the year ended December 31, 2019 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

4. Grants Receivable

Contributions and grants at December 31, 2020 represent unconditional promises to be collected in less than one year totaling \$220,778.

Conditional Gifts and Grants

As of December 31, 2020, RDI had access to an additional \$169,060 in grants, the receipt of which was conditioned upon incurring allowable expenditures. These grant revenues have not been included in the accompanying financial statements because the associated conditions had not been satisfied as of December 31, 2020.

5. Property and Equipment

A summary of property and equipment at December 31, 2020 is as follows:

Computer equipment and software	\$ 46,215
Web development costs	34,999
Furniture and equipment	1,558
	82,772
Less accumulated depreciation and amortization	(72,448)
	\$ 10,324

6. Refundable Advance – Paycheck Protection Program

In April 2020, RDI obtained an unsecured loan from a commercial bank in the amount of \$178,932, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The bank’s loan is guaranteed by the U.S. Small Business Administration (“SBA”), and is designed to provide a direct incentive for organizations and other small businesses and nonprofits to keep their employees on payroll during the COVID-19 pandemic (see note 16). Qualifying businesses could spend loan proceeds to cover payroll, mortgage interest, rent, and utilities. PPP borrowers can qualify to have the loans forgiven if the proceeds are used to pay certain eligible costs. However, the amount of loan forgiveness will be reduced if less than 60% of the funds are spent on payroll, full-time headcount declines, or if salary levels decreases over a covered period of either eight weeks or 24 weeks.

The loan matures in April of 2022, and bears interest at a rate of 1.0 % per annum. However, pursuant to the Paycheck Protection Flexibility Act of 2020, the deferral period for loan payments has been extended to either (1) the date that SBA remits the borrower’s loan forgiveness amount to the lender, or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower’s loan forgiveness covered period.

In accordance with the provisions of the PPP and SBA’s promise of forgiveness, RDI used the loan for the qualifying expenses. RDI accounts for the loan as a conditional grant. The loan has not been recognized as grant income in the accompanying financial statements because the associated conditions had not been met at December 31, 2020.

Subsequent to December 31, 2020, SBA notified RDI that the entire loan was forgiven as of February 9, 2021.

7. Note Payable

In June 2020, RDI obtained another loan from the SBA in the amount of \$150,000, pursuant to the Economic Injury Disaster Loan program under Section 7(b) of the Small Business Act, a program designed to provide economic relief to nonprofit organizations and businesses that are currently experiencing a temporary loss of revenue due to COVID-19.

The note bears interest at 2.75% and requires monthly payments of \$641 beginning in June of 2021, to be applied initially to accrued interest and interest and principal thereafter. Final payment of interest and principal is due in June of 2050. The note is secured by all of the organization's tangible and intangible personal property. Future minimum principal payments under the note are as follows:

<i>Years ending December 31,</i>	
2021	\$ -
2022	2,017
2023	3,612
2024	3,703
2025	3,818
Thereafter	136,850
	<hr/>
	\$ 150,000

Interest expense totaling \$2,226 is accrued at December 31, 2020.

8. Net Assets with Donor Restrictions

RDI's net assets with donor-imposed restrictions at December 31, 2020 are restricted for the following purposes:

Rural Community Leadership	\$ 536,037
Rural Economic Vitality	439,485
Pasos al Éxito and Latinx Leadership	74,916
Other programs	11,616
	<hr/>
	\$ 1,062,054

9. Grants and Contributions

Grants and contributions received during the year ended December 31, 2020 are summarized as follows:

Foundations and corporations	\$ 955,451
Individuals	23,092
Government	225,490
	<hr/>
	\$ 1,204,033

10. Net Assets Released from Restrictions

During the year ended December 31, 2020, RDI incurred expenses in satisfaction of the restricted purpose, satisfied the restrictions by the occurrence of other events, or release of restrictions by donors. Accordingly, corresponding amounts have been reported as a reclassification from net assets with donor restrictions to those without donor restrictions in the accompanying statement of activities.

Total net assets released from restrictions are summarized as follows:

Satisfaction of restrictions	
for operating purposes	\$ 1,292,497
Release of restrictions by donors	
in response to COVID-19	188,436
	<hr/>
	\$ 1,480,933

11. Operating Leases

The organization leases its administrative offices under a non-cancelable operating lease that expires in 2023. Future minimum payments under these agreements for the years subsequent to December 31, 2020 are summarized as follows:

<i>Years ending December 31,</i>	
2021	\$ 15,000
2022	16,800
2023	12,000
	<hr/>
	\$ 43,800

Office rent expense for the year ended December 31, 2020 totaled \$32,070.

12. Commitments

RDI has made various funding commitments to grantee organizations to support certain project costs. These commitments are conditioned upon the RDI's approval of reports provided by the grantees in accordance with the grant agreements. Accordingly, these grant expenses have not been included in the accompanying financial statements because the associated conditions had not been met as of December 31, 2020. Conditional grants payable at December 31, 2020 totaled \$64,000.

13. Contingencies

Certain amounts received or receivable under the organization's governmental contracts are subject to audit and adjustment by the contracting agencies. Any expenditures or claims disallowed as a result of such audits would become a liability of the organization's general operating fund. In the opinion of the organization's management, any adjustments that might result from such audits would not be material to the organization's overall financial statements.

14. Unemployment Insurance

The organization is self-insured for unemployment claims under a plan administered by a third party. Annually, the administrator recommends the organization's contributions to the plan to pay future unemployment claims as they arise. For the year ended December 31, 2020, the organization had a deposit balance in the plan of \$1,857, reported among prepaid expenses and other assets. As of December 31, 2020, RDI has recorded no liability for future claim costs.

15. Retirement Plan

RDI provides employees with a qualified retirement plan, as described under Section 401(k) of the Internal Revenue Code. The plan covers all eligible employees who have reached the age of 18 and have completed six months of service with RDI. Participating employees may make voluntary contributions to the plan on either a pre-tax or after-tax basis, subject to limits allowed by law. In addition, RDI makes voluntary contributions up to 3.0% of the employee's annual salary. Both employer and employee contributions are 100% vested immediately. Retirement plan expense for the year ended December 31, 2020 totaled \$18,608.

16. Coronavirus Pandemic

The U.S. has renewed its declaration of a public health state of emergency in response to the COVID-19 pandemic and various restrictions remain on the use of public and private facilities in the jurisdictions in which RDI operates. RDI continues to adapt program delivery by converting existing workshops to virtual trainings as necessary and delivering certain in-person programming in accordance with social distancing recommendations.

It is anticipated that the effects of these events may continue for some time, and may include continued disruptions to RDI's patrons, customers, and other constituents to fully participate in our programs and continue their current level of financial support. At the present time, the ultimate future effects of these issues are unknown.

17. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at December 31, 2020:

<i>Total financial assets:</i>	
Cash and cash equivalents	\$ 1,411,319
Grants receivable	220,778
Accounts receivable	12,890
	<hr/>
	\$ 1,644,987

As part of its liquidity management, RDI has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

18. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the decrease in net assets (as reported on the statement of activities) to net cash provided by operating activities (as reported on the statement of cash flows):

Decrease in net assets	\$ (567,786)
<hr/>	
<i>Adjustments to reconcile decrease in net assets to net cash provided by operating activities:</i>	
Depreciation and amortization	3,307
<i>Net changes in:</i>	
Grants receivable	737,023
Accounts receivable	(12,890)
Prepaid expenses and other assets	110,160
Accounts payable and accrued expenses	12,334
Accrued payroll and related expenses	10,117
Deferred revenue	6,908
Refundable advance – Paycheck Protection Program	178,932
	<hr/>
Total adjustments	1,045,891
	<hr/>
Net cash provided by operating activities	\$ 478,105

RURAL DEVELOPMENT INITIATIVES, INC.

INQUIRIES AND OTHER INFORMATION

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