



**GaryMcGee & Co. LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

## **Rural Development Initiatives, Inc.**

Financial Statements and Other Information  
as of and for the Year Ended December 31, 2021  
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.:*

### *Opinion*

We have audited the accompanying financial statements of Rural Development Initiatives, Inc., which comprise the statement of financial position as of December 31, 2021, and the related 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 financial position of Rural Development Initiatives, Inc. as of December 31, 2021, 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.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Rural Development Initiatives, 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 these financial statements in accordance with accounting principles generally accepted in the United States, 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 Rural Development Initiatives, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

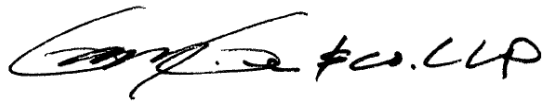
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Rural Development Initiatives, 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 Rural Development Initiatives, 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.

*Summarized Comparative Information*

We have previously audited Rural Development Initiatives, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 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 "C. J. ... & Co. LLP".

March 21, 2022

## RURAL DEVELOPMENT INITIATIVES, INC.

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(WITH COMPARATIVE AMOUNTS FOR 2020)

	2021	2020
Assets:		
Cash and cash equivalents	\$ 743,702	1,411,319
Grants receivable ( <i>note 4</i> )	644,825	220,778
Accounts receivable	12,452	12,890
Prepaid expenses and other assets	13,535	74,987
Property and equipment ( <i>note 5</i> )	11,301	10,324
<b>Total assets</b>	<b>\$ 1,425,815</b>	<b>1,730,298</b>
Liabilities:		
Accounts payable and accrued expenses	17,475	29,137
Accrued payroll and related expenses	51,647	52,613
Deferred revenue	4,256	9,908
Refundable advance – Paycheck Protection Program ( <i>note 6</i> )	–	178,932
Note payable ( <i>note 7</i> )	–	150,000
<b>Total liabilities</b>	<b>73,378</b>	<b>420,590</b>
Net assets:		
Without donor restrictions:		
Available for programs and general operations	478,397	237,330
Net investment in capital assets	11,301	10,324
<b>Total net assets without donor restrictions</b>	<b>489,698</b>	<b>247,654</b>
With donor restrictions ( <i>note 8</i> )	862,739	1,062,054
<b>Total net assets</b>	<b>1,352,437</b>	<b>1,309,708</b>
Commitments and contingencies ( <i>notes 4, 11, 12, 13, and 14</i> )		
<b>Total liabilities and net assets</b>	<b>\$ 1,425,815</b>	<b>1,730,298</b>

See accompanying notes to financial statements.

RURAL DEVELOPMENT INITIATIVES, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Without donor restrictions	With donor restrictions	Total	
Revenues, gains, and other support:				
Grants and contributions ( <i>note 9</i> )	\$ 303,887	949,170	1,253,057	1,204,033
Contract and program revenues	149,730	–	149,730	44,392
Paycheck Protection Program loan forgiveness ( <i>note 6</i> )	178,932	–	178,932	–
Interest income	1,508	–	1,508	4,088
Other	931	–	931	808
Total revenues and gains	634,988	949,170	1,584,158	1,253,321
Net assets released from restrictions ( <i>note 10</i> )	1,148,485	(1,148,485)	–	–
Total revenues, gains, and other support	1,783,473	(199,315)	1,584,158	1,253,321
Expenses:				
Program services:				
Rural economies	714,891	–	714,891	764,529
Rural leadership	537,433	–	537,433	570,854
Rural voices and priorities	115,013	–	115,013	54,960
Networking and program development	29,872	–	29,872	301,672
Total program services	1,397,209	–	1,397,209	1,692,015
Supporting services:				
Management and general	123,431	–	123,431	125,090
Fundraising	20,789	–	20,789	4,002
Total supporting services	144,220	–	144,220	129,092
Total expenses	1,541,429	–	1,541,429	1,821,107
Increase (decrease) in net assets	242,044	(199,315)	42,729	(567,786)
Net assets at beginning of year	247,654	1,062,054	1,309,708	1,877,494
Net assets at end of year	\$ 489,698	862,739	1,352,437	1,309,708

See accompanying notes to financial statements.

RURAL DEVELOPMENT INITIATIVES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)

	2021								2020
	Program services				Total	Supporting services		Total	
	Rural economies	Rural leadership	Rural voices and priorities	Networking and program development			Management and general		Fund-raising
Salaries and related costs	\$ 397,597	260,046	95,475	19,263	772,381	89,781	18,445	880,607	858,331
Consultants	188,965	205,885	6,740	–	401,590	2,625	–	404,215	462,647
Grants	64,000	17,000	–	4,500	85,500	–	–	85,500	317,075
Information technology	8,455	4,949	1,376	2,768	17,548	33,646	–	51,194	51,846
Travel	12,160	16,563	2,284	1,703	32,710	3,725	221	36,656	18,795
Occupancy and rentals	400	225	–	–	625	20,176	–	20,801	39,190
Professional fees	–	17	–	–	17	19,819	–	19,836	22,234
Curriculum materials	6,917	3,040	113	21	10,091	184	92	10,367	15,132
Office expenses	1,772	1,738	634	81	4,225	2,581	561	7,367	11,130
Conference and training catering	2,086	4,896	–	–	6,982	51	–	7,033	8,415
Insurance	–	–	–	–	–	6,608	–	6,608	6,221
Marketing	–	1,170	–	–	1,170	2,120	–	3,290	1,751
Staff development	845	1,175	780	–	2,800	309	–	3,109	2,807
Depreciation and amortization	–	–	–	–	–	3,094	–	3,094	3,307
Interest	–	–	–	–	–	1,752	–	1,752	2,226
Total expenses before allocation of shared costs	683,197	516,704	107,402	28,336	1,335,639	186,471	19,319	1,541,429	1,821,107
Allocation of shared costs	31,694	20,729	7,611	1,536	61,570	(63,040)	1,470	–	–
Total expenses	\$ 714,891	537,433	115,013	29,872	1,397,209	123,431	20,789	1,541,429	1,821,107

See accompanying notes to financial statements.

RURAL DEVELOPMENT INITIATIVES, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
Cash flows from operating activities:		
Cash received from contractors, grantors, contributors, and others	\$ 974,457	1,980,274
Proceeds received from the Paycheck Protection Program ( <i>note 6</i> )	–	178,932
Cash received from interest	1,508	4,088
Cash paid to employees and suppliers	(1,485,533)	(1,685,189)
Interest paid	(3,978)	–
Net cash provided by (used in) operating activities	(513,546)	478,105
Cash flows from investing activities:		
Purchase of capital assets	(4,071)	(1,000)
Net cash used in investing activities	(4,071)	(1,000)
Cash flows from financing activities:		
Receipt of loan proceeds ( <i>note 7</i> )	–	150,000
Principal payments on debt	(150,000)	–
Net cash provided by (used in) financing activities	(150,000)	150,000
Net increase (decrease) in cash and cash equivalents	(667,617)	627,105
Cash and cash equivalents at beginning of year	1,411,319	784,214
Cash and cash equivalents at end of year	\$ 743,702	1,411,319

See accompanying notes to financial statements.



NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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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, 2021, 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’s 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 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 7 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-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, 2021, no in-kind contributions were recorded.

Revenue Recognition from Exchange Transactions – Revenue from contracts with customers is recognized as performance obligations are satisfied. RDI’s revenue streams that are accounted for as exchange transactions include 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, 2021, RDI held \$87,625 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 21, 2022, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2020 – The accompanying financial information as of and for the year ended December 31, 2020 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

Grants receivable are summarized as follows at December 31, 2021:

<i>Unconditional promises</i>	
<i>expected to be collected in:</i>	
Less than one year	\$ 624,825
One year to five years	20,000
	\$ 644,825

#### *Conditional Gifts and Grants*

As of December 31, 2021, RDI had access to an additional \$128,359 in grants, the receipt of which was conditioned upon incurring allowable expenditures or raising matching funds. These grant revenues have not been included in the accompanying financial statements because the associated conditions had not been satisfied as of December 31, 2021.

#### 5. Property and Equipment

A summary of property and equipment at December 31, 2021 is as follows:

Computer equipment and software	\$ 27,161
Web development costs	34,999
Furniture and equipment	858
	63,018
Less accumulated depreciation and amortization	(51,717)
	\$ 11,301

#### 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 was guaranteed by the U.S. Small Business Administration (“SBA”), and 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. The SBA promised to forgive the loans if the funds were used for payroll, rent, mortgage interest, and utilities, and certain other conditions were met.

In accordance with the provisions of the PPP and SBA’s promise of forgiveness, RDI used the loan for qualifying expenses and obtained full forgiveness of the loan, totaling \$178,932, during the year ended December 31, 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 bore interest at 2.75% and required monthly payments of \$641 beginning in June of 2021, to be applied initially to accrued interest and interest and principal thereafter. Interest expense on the note totaled \$1,752 for the year ended December 31, 2021.

During the year ended December 30, 2021, RDI made principal payments totaling \$150,000 and interest payments, totaling \$3,978, in full satisfaction of remaining obligations.

## 8. Net Assets with Donor Restrictions

RDI's net assets with donor-imposed restrictions at December 31, 2021 are restricted for the following purposes:

Rural Community Leadership	\$ 416,701
Rural Economic Vitality	314,782
Pasos al Éxito and Latinx Leadership	65,699
Other programs	65,557
	<hr/>
	\$ 862,739

## 9. Grants and Contributions

Grants and contributions received during the year ended December 31, 2021 are summarized as follows:

Foundations	\$ 992,570
Individuals and corporations	30,543
Government	229,944
	<hr/>
	\$ 1,253,057

## 10. Net Assets Released from Restrictions

During the year ended December 31, 2021, RDI incurred \$1,148,485 in expenses in satisfaction of the restricted purpose specified by donors, or satisfied the restrictions by the occurrence of other events. 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.

## 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, 2021 are summarized as follows:

<i>Years ending December 31,</i>	
2022	\$ 16,800
2023	12,000
	<hr/>
	\$ 28,800

Office rent expense for the year ended December 31, 2021 totaled \$15,000.

## 12. Contingencies

Certain amounts received or receivable under the RDI'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 RDI's management, any adjustments that might result from such audits would not be material to the RDI's overall financial statements.

### 13. Unemployment Insurance

RDI 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. As of December 31, 2021, RDI had a deposit balance in the plan of \$2,974, reported among prepaid expenses and other assets. As of December 31, 2021, RDI has recorded no liability for future claim costs.

### 14. 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, 2021 totaled \$19,445.

### 15. 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, 2021:

<i>Total financial assets:</i>	
Cash and cash equivalents	\$ 743,702
Grants receivable	644,825
Accounts receivable	12,452
	<hr/>
	1,400,979

*Less financial assets not available within the year ending December 31, 2022:*

Grants receivable to be collected in more than one year	(20,000)
	<hr/>
	\$ 1,380,979

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.

### 16. Statement of Cash Flows Reconciliation

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

Increase in net assets	\$ 42,729
<hr/>	
<i>Adjustments to reconcile increase in net assets to net cash used in operating activities:</i>	
Depreciation and amortization	3,094
<i>Net changes in:</i>	
Grants receivable	(424,047)
Accounts receivable	438
Prepaid expenses and other assets	61,452
Accounts payable and accrued expenses	(11,662)
Accrued payroll and related expenses	(966)
Deferred revenue	(5,652)
Refundable advance – Paycheck Protection Program	(178,932)
	<hr/>
Total adjustments	(556,275)
	<hr/>
Net cash used in operating activities	\$ (513,546)

RURAL DEVELOPMENT INITIATIVES, INC.

INQUIRIES AND OTHER INFORMATION

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