RAINBOW VILLAGE, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024 AND 2023

Warren Averett
CPAs AND ADVISORS
www.warrenaverett.com

The report accompanying this deliverable was issued by Warren Averett, LLC.

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AND SUBSIDIARY
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Warren Averett
CPAs AND ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Rainbow Village, Inc. and Subsidiary

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying consolidated financial statements of Rainbow Village, Inc. and Subsidiary (the Organization), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, 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.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 and *Government 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 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 Summarized Comparative Information

We have previously audited the Organization's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 5, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis, and is not a required part of the basic 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Warren Averett, LLC

Atlanta, Georgia
July 22, 2025

RAINBOW VILLAGE, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Cash and cash equivalents	$ 3,503,561	$ 1,654,658
Restricted cash	76,716	92,177
Investments	21,932	494,770
Investments held by others	1,750,103	687,232
Pledges receivables, net	1,011,200	-
Grant receivables	832,538	115,891
Prepaid expenses	28,409	20,314
Property and equipment, net	7,615,341	7,067,125
TOTAL ASSETS	$ 14,839,800	$ 10,132,167
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 135,467	$ 70,139
Resident deposits and savings	105,366	107,177
TOTAL LIABILITIES	240,833	177,316
NET ASSETS		
Without donor restrictions	9,225,282	8,922,162
With donor restrictions		
Restricted by purpose or time	4,380,617	1,032,689
Restricted in perpetuity	993,068	-
Total net assets with donor restrictions	5,373,685	1,032,689
TOTAL NET ASSETS	14,598,967	9,954,851
TOTAL LIABILITIES AND NET ASSETS	$ 14,839,800	$ 10,132,167

See notes to the consolidated financial statements.

RAINBOW VILLAGE, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024
(with comparative totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE				
Contributions	$ 606,306	$ 195,586	$ 801,892	$ 875,081
Capital campaign contributions	-	4,468,997	4,468,997	1,015,000
Grant revenue	907,399	-	907,399	392,497
Rental income	231,298	-	231,298	213,386
Other program income	5,065	-	5,065	7,437
Special events income, (net of direct costs of $161,670 and $151,717, respectively)	590,898	-	590,898	736,753
Investment income	190,839	(6,932)	183,907	118,073
Contributions – nonfinancial assets	23,933	-	23,933	50,283
Total public support and revenue	2,555,738	4,657,651	7,213,389	3,408,510
NET ASSETS RELEASED FROM RESTRICTIONS	316,655	(316,655)	-	-
EXPENSES				
Program services	1,701,699	-	1,701,699	1,571,118
Management and general	241,639	-	241,639	313,521
Fundraising	625,935	-	625,935	580,900
Total expenses	2,569,273	-	2,569,273	2,465,539
CHANGE IN NET ASSETS	303,120	4,340,996	4,644,116	942,971
NET ASSETS AT:				
BEGINNING OF YEAR	8,922,162	1,032,689	9,954,851	9,011,880
END OF YEAR	$ 9,225,282	$ 5,373,685	$ 14,598,967	$ 9,954,851

See notes to the consolidated financial statements.

RAINBOW VILLAGE, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(with comparative totals for 2023)

	2024				2023
		Supporting Services			
	Program Services	Management and General	Fund Raising	Total Expenses	Total Expenses
Salaries and wages	$ 741,712	$ 41,780	$ 186,515	$ 970,007	$ 987,022
Payroll taxes	56,661	3,071	14,324	74,056	78,706
Employee benefits	47,987	2,148	10,493	60,628	53,823
Total salaries and related expenses	846,360	46,999	211,332	1,104,691	1,119,551
Bank/merchant fees	99	23	15,594	15,716	16,053
Resident and rental assistance	114,935	-	13,158	128,093	122,044
Other program costs	-	-	-	-	24,424
Youth program costs	6,053	-	-	6,053	4,107
Depreciation	237,234	3,483	7,242	247,959	252,599
Equipment rental	4,423	-	2,105	6,528	12,924
Facility management	62,500	-		62,500	-
Insurance	54,401	6,532	15,597	76,530	61,647
Interest	-	-	129	129	1,708
Memberships	4,316	3,144	12,045	19,505	8,987
Office	6,626	4,415	1,124	12,165	21,431
Postage	61	1,574	567	2,202	2,845
Professional development	-	600	-	600	1,625
Professional fees	20,420	150,175	121,100	291,695	257,171
Promotional materials and service	-	-	8,345	8,345	11,618
Repairs and maintenance	150,154	1,602	6,301	158,057	97,600
Special events	-	-	181,176	181,176	170,908
Supplies	13,008	12,870	433	26,311	23,027
Taxes	133	20	8,091	8,244	6,075
Technology	30,182	8,366	12,090	50,638	57,013
Telephone	13,100	331	1,855	15,286	16,947
Utilities	137,694	1,505	7,651	146,850	175,235
TOTAL EXPENSES	$ 1,701,699	$ 241,639	$ 625,935	$ 2,569,273	$ 2,465,539

See notes to the consolidated financial statements.

RAINBOW VILLAGE, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 4,644,116	$ 942,971
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	247,959	252,599
Net gains on investments	(73,057)	(75,839)
Contributions restricted for capital acquisition	(4,468,997)	(1,015,000)
(Increase) decrease in assets:		
Resident receivables	-	2,774
Pledges receivables	(1,011,200)	-
Grant receivables	(716,647)	(60,376)
Prepaid expenses	(8,095)	(11,558)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	65,328	(30,141)
Resident deposits and savings	(1,811)	36,113
Net cash (used in) provided by operating activities	(1,322,404)	41,543
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(796,175)	(68,781)
Investments	(516,976)	(201,103)
Net cash used in investing activities	(1,313,151)	(269,884)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for capital acquisition	4,468,997	1,015,000
Net cash provided by financing activities	4,468,997	1,015,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,833,442	786,659
CASH AND CASH EQUIVALENTS AT:		
BEGINNING OF YEAR	1,746,835	960,176
END OF YEAR	$ 3,580,277	$ 1,746,835
Cash and cash equivalents – unrestricted	$ 3,503,561	$ 1,654,658
Cash and cash equivalents – restricted	76,716	92,177
	$ 3,580,277	$ 1,746,835

See notes to the consolidated financial statements.

1. DESCRIPTION OF ORGANIZATION

Rainbow Village, Inc. (Rainbow Village or the Organization) is a not-for-profit organization based in Duluth, Georgia, with a mission to bring help, hope, housing, and healing to families experiencing homelessness. Founded in 1991, Rainbow Village serves families with minor children who are facing housing insecurity due to circumstances such as job loss, domestic violence, generational poverty, or health crises. Through a comprehensive, trauma-informed approach, the Organization provides a safe place to live while equipping residents with the tools and resources needed to achieve long-term stability and independence.

Our model is grounded in five pillars that support family transformation: well-being, financial literacy, career and employment, education and training, and family stability. Rainbow Village offers transitional housing in a community setting, with access to wraparound services including mental health counseling, workforce development, academic enrichment for children, and individualized success coaching. Families typically stay in the program for 12 to 24 months, during which they actively work toward personal goals such as securing full-time employment, increasing income, improving credit, and preparing for permanent housing.

Rainbow Village is a 501(c)(3) tax-exempt organization governed by a volunteer Board of Directors and supported by a diverse funding base of individuals, foundations, corporations, and faith-based partners. The Organization serves more than 30 families annually and is currently expanding to accommodate 66 families through its “Building Homes. Building Hope.” capital campaign. With nearly 35 years of experience, Rainbow Village remains a trusted leader in the region’s response to family homelessness, offering not just shelter, but a pathway to thriving futures.

The Rainbow Village Community Organization, LLC (the RV Community Organization) is a wholly owned subsidiary of Rainbow Village, Inc. This limited liability company was established in December 2014 and began operations in November 2015. The RV Community Organization was opened to help families handle the economic burden childcare creates for homeless working adults with children. The RV Community Organization also serves homeless children through before and after school programs, tutoring and other enrichment opportunities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 *Not-for-Profit-Entities*, since Rainbow Village has a controlling interest in the RV Community Organization, the entities were consolidated and collectively referred to herein as Rainbow Village or the Organization.

Basis of Consolidation
The accompanying consolidated financial statements include the accounts of Rainbow Village and the RV Community Organization. All inter-organization balances and transactions were eliminated in consolidation.

Basis of Presentation
The consolidated financial statements of Rainbow Village have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities at year-end. Net assets, revenues, expenses, gains and losses are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Rainbow Village and changes there-in are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may, or will be met, either by actions of the Organization and/or the passage of time, as well as net assets subject to donor-imposed stipulations that the Organization maintains in perpetuity. Earnings from the Organization's net assets held in perpetuity are restricted by donors to provide a permanent source of income for sustainability of the program.

Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of support and expenses during the reported period. Actual results could differ from those estimates.

Revenue Recognition
Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenues received, which are purpose restricted, are reported as increases in net assets with donor restrictions and subsequently released as the donor-stipulated time restriction ends or purpose restriction is accomplished. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Contributions subject to donor-imposed restrictions that the corpus is maintained in perpetuity are recognized as increases in net assets with donor restrictions.

Grant revenue is primarily recognized as revenue in the period received. Grants receivable are expected to be collected in the subsequent year.

An allowance for uncollectible receivables is provided based on management's evaluation of potential uncollectible promises receivable at year end. Management does not consider any amounts to be uncollectible at December 31, 2024 or 2023.

Contributions and Unconditional Promises to Give
Contributions, which include unconditional promises to give, are recorded and presented in accordance with FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional.

Unconditional promises to give are recorded as received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are due in future years are recorded at the present value of their net realizable value, using risk adjusted discount rates.

The Organization uses the allowance method to determine the uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises received. Since all pledges receivable were deemed to be collectible, there is no allowance for doubtful pledges at December 31, 2024. There were no pledges receivable as of December 31, 2023, and therefore no allowance for doubtful pledges at December 31, 2023.

Restrictions on contributions expire when a purpose or time restriction is accomplished. Upon satisfaction, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying consolidated statement of activities as net assets released from restrictions.

Restricted contributions received in the same year in which the restrictions are met are recorded as an increase in restricted support at the time of receipt and as net assets released from restrictions upon satisfaction of the donor restriction.

Contributions – Nonfinancial Assets
Contributions of services are recognized if the services received create or enhance nonfinancial assets, or if the services require specialized skills that are provided by individuals possessing such skills that would typically need to be purchased if not provided by donation. The Organization receives numerous volunteer hours each year that are not valued in the consolidated financial statements because the services do not meet the criteria. The Organization received more than 1,600 and 1,500 volunteer hours during the years ended December 31, 2024 and 2023.

For the year ended December 31, 2024 and 2023, contributed professional services totaled $23,933 and $50,283, respectively. Approximately $1,000 and $20,000, respectively, was used to support the programs of Rainbow Village, and the remainder was used to support general and administrative activities. The services were valued at fair value provided by the donor.

Cash and Cash Equivalents
Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of their short maturities. Restricted cash, which is required to be held in separate bank accounts, included amounts restricted for tenant savings accounts at December 31, 2024 and 2023.

Concentrations of Credit and Market Risk
Rainbow Village maintains its cash in bank deposit accounts at financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation for up to statutory limits. The cash balances periodically exceed the federally insured limit. At December 31, 2024 and 2023, the uninsured cash balance was approximately $245,000 and $79,000, respectively.

As of December 31, 2024, 73% of pledges receivable were related to one source and 19% of the Organization's 2024 contributions were attributable to one source.

There was no concentration of donor contributions during the year ended December 31, 2023.

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.

Property and Equipment
The Organization capitalizes all expenditures for property, furniture and equipment in excess of $5,000. Property and equipment are recorded at cost or fair value, if donated, and are depreciated using straight-line methods over their estimated useful lives as follows:

Buildings and improvements	15 – 30 years
Furniture and equipment	3 – 15 years
Vehicles	5 – 7 years

Compensated Absences
It is the Organization's policy to permit employees to accumulate earned, but unused, paid time off (PTO) benefits. In accordance with the provisions of FASB ASC 710-10-25, *Recognition of Compensated Absences*, no liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, the amounts of such payments cannot be reasonably estimated, nor are they paid if an employee leaves the Organization. All PTO is accrued when earned; a maximum of 40 hours can be carried over to the next fiscal year.

Functional Allocation of Expenses
The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, personnel and facilities costs have been allocated among the programs and supporting services benefited based on estimates of time and effort.

Tax Status
The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (IRC) and is classified as an organization which is not a private foundation under Section 509(a) of the IRC. The Organization qualifies for the charitable contribution deduction.

Fair Value of Financial Instruments
Financial instruments, primarily cash, receivables, and accounts payable, are reported at values which Rainbow Village believes are not significantly different from fair values. The Organization's investments are carried at fair value.

Events Occurring After Report Date
Management has evaluated events and transactions that occurred between December 31, 2024 and July 22, 2025, which is the date that the consolidated financial statements were available to be issued, for possible recognition in or disclosure in the financial statements. See Note 9.

3. INVESTMENTS

Investments Held by Others
The Organization invested assets with the Community Foundation of Northeast Georgia (the Community Foundation). The assets are held and managed by the Community Foundation and are a component of the financial statements of the Community Foundation. The assets are pooled with other funds held, and distributions are approved by the Community Foundation's Board. The Community Foundation has variance power and therefore could redirect the funds to another organization with similar or like programs if the Organization ceases to exist as a charitable entity. The investment is recorded as an asset of the Organization held by another organization in the statement of financial position, and any contributions that are received during the year are recorded as contribution revenue in the statement of activities and changes in net assets. Investment fees for the years ended December 31, 2024 and 2023 were approximately $10,000 and $9,000, respectively.

Other Investments
Investments are carried at fair value in accordance with FASB ASC 958-820, *Investments – Debt and Equity Securities for Not-For-Profit Organizations*. Under FASB 820, *Fair Value Measurements and Disclosures*, fair value measurements are disclosed by level within the fair value hierarchy.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2 – Valuations based on quoted prices in markets that are not active or based on valuation models for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Level 3 investments include situations where there is little, if any, market activity for the investments. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

The following table summarizes the valuation of Rainbow Village's financial instruments as of December 31, 2024 and 2023, by the fair value hierarchy levels described above:

	Fair Value Measurements as of December 31, 2024			
Investment	**Total**	**Level 1**	**Level 2**	**Level 3**
Fixed income	$ 21,932	$ -	$ 21,932	$ -
Investments held by others	1,750,103	-	-	1,750,103
	$ 1,772,035	$ -	$ 21,932	$ 1,750,103

	Fair Value Measurements as of December 31, 2023							
Investment		**Total**		**Level 1**		**Level 2**		**Level 3**
Fixed income	$	494,770	$	-	$	494,770	$	-
Investments held by others		687,232		-		-		687,232
	$	1,182,002	$	-	$	494,770	$	687,232

The fair value of money market funds is valued based on cost, which approximates fair value. The fair value of mutual funds, equities, bonds and exchange traded funds is valued at the closing price reported on an active market on which the security is traded.

These methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment income consists of the following as of December 31, 2024 and 2023:

		2024		**2023**
Interest and dividend income	$	120,985	$	51,349
Net realized and unrealized gains		73,057		75,839
Brokerage fees		(10,135)		(9,115)
	$	183,907	$	118,073

4. PLEDGES RECEIVABLE

Pledges receivable at December 31, 2024, are receivable as follows:

Year ending December 31,		
2025	$	396,400
2026		338,900
2027		275,900
Total pledges receivable	$	1,011,200

5. PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, and depreciation is computed using the straight-line method over the estimated useful lives of the assets (primarily five years). As of December 31, 2024 and 2023, property and equipment, net consisted of:

	2024	2023
Building	$ 8,373,311	$ 8,373,311
Land	983,123	565,952
Furniture and fixtures	451,718	437,718
Vehicles	36,570	36,570
Building - CIP	365,004	-
	10,209,726	9,413,551
Less accumulated depreciation	(2,594,385)	(2,346,426)
	$ 7,615,341	$ 7,067,125

Depreciation expense of $247,959 and $252,599 was recorded for the years December 31, 2024 and 2023, respectively.

6. LINE OF CREDIT

The Organization entered into a line of credit agreement with a bank in October 2023 with maximum available borrowings up to $500,000. The line has an interest rate of the prime rate minus .25% with a floor rate of 7.00% (7.50% at December 31, 2024). The line was renewed during 2024 and matures in October 2025. The line did not have a balance at December 31, 2024 or 2023.

7. COMPOSITION OF NET ASSETS

Endowment
The Board of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions the historical value of donor-restricted endowment funds, which includes: (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) changes to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is accumulated appreciation on donor-restricted endowment funds that are available for expenditure in a manner consistent with the standard of prudence prescribed by SPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Policy

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, the endowment assets are invested in a manner recommended by the finance committee and approved by the Board of Directors.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Organization has a policy of appropriating for distribution each year 5% of the average total market value of the endowment for the rolling three-year period ending December 31 unless otherwise approved by the Organization's Board of Directors. In making distributions, the Organization is authorized to use both the Net Income and Net Capital Appreciation (defined as realized and unrealized appreciation in the fair market value of the investments) in excess of the fund's Historic Dollar Value (i.e., corpus).

Any deviation from this annual disbursement rate requires explicit approval from the Board of Directors, ensuring that all decisions align with the long-term financial health and strategic priorities of the Organization. This policy allows Rainbow Village to maintain consistent and reliable funding for its critical programs while safeguarding the endowment's capacity to support future needs.

Endowment net asset composition by type of fund as of December 31, 2024, is as follows:

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains/Losses and Other	Total with Donor Restrictions
Schoen Foundation Endowment	$ 1,000,000	$ (6,932)	$ 993,068
Total funds	$ 1,000,000	$ (6,932)	$ 993,068

Changes in endowment net assets for the year ended December 31, 2024, are as follows:

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains/Losses and Other	Total with Donor Restrictions
Endowment net assets January 1, 2024	$ -	$ -	$ -
Contributions	1,000,000	-	1,000,000
Investment income, net	-	2,431	2,431
Net depreciation	-	(9,363)	(9,363)
Appropriated to cover loss	-	-	-
Endowment net assets December 31, 2024	$ 1,000,000	$ (6,932)	$ 993,068

Net Assets with Donor Restrictions
Net assets with donor restrictions consist of the following at December 31, 2024 and 2023:

	2024	2023
Capital campaign	$ 4,360,369	$ 978,427
Thrive Alumni program	8,078	-
Aspire program	-	36,357
Academy	12,170	17,905
Restricted in perpetuity	993,068	-
	$ 5,373,685	$ 1,032,689

Net assets released from donor restrictions are as follows:

	2024	2023
Thrive Alumni program	$ 56,899	$ 43,950
Capital campaign	87,055	81,573
Aspire program	86,177	267,426
Academy	86,524	65,395
	$ 316,655	$ 458,344

8. LIQUIDITY AND FUNDS AVAILABILITY

The following table reflects the Organization's financial assets as of December 31, 2024 and 2023, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one-year, perpetual endowments and accumulated earnings net of appropriations within one year.

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 3,503,561	$ 1,654,658
Investments	1,772,035	494,770
Contribution receivables	1,011,200	-
Grant receivables	832,538	115,891
Financial assets, at year end	7,119,334	2,265,319
Less assets unavailable for general expenditures within one year:		
Net assets with donor purpose restrictions	4,380,617	1,032,689
Net assets restricted in perpetuity	993,068	-
Financial assets available to meet cash needs for general expenditures within one year	$ 1,745,649	$ 1,232,630

The Organization is substantially supported by contributions. Because a donor's restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to donors. Therefore, certain financial assets may not be available for general expenditures within one year.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

9. SUBSEQUENT EVENT

The Organization entered into a revolving line of credit agreement (loan) with a bank in April 2025 in the amount of $500,000 to be used to fund construction advances for new housing. The loan has an interest rate of the prime rate minus .25% with a floor rate of 7.0% and matures on December 31, 2026. The loan requires monthly interest payments followed by one final payment of accrued interest and principal at maturity. The existing unsecured working line of credit remains in place.

SUPPLEMENTARY INFORMATION

RAINBOW VILLAGE, INC.
AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2024

FEDERAL AGENCY/PASS-THROUGH GRANTOR/PROGRAM TITLE	Date of Service	Pass-Through Entity Identifying Number	Assistance Listing Number	Award Amount	Expenditures
U.S. Department of Treasury – Passed Through:					
Georgia Department of Treasury					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	12/2024-12/2026	N/A	21.027	4,600,000	$ 825,349
Total Assistance Listing Number 21.027					825,349
TOTAL EXPENDITURES OF FEDERAL AWARDS					$ 825,349

See notes to schedule of expenditures of federal awards.

RAINBOW VILLAGE, INC.
AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2024

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Rainbow Village, Inc. and Subsidiary (the Organization) under programs of the federal government for the year ended December 31, 2024, and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of the Organization.

2. INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

3. SUBRECIPIENTS

There were no expenditures to subrecipients during the year ended December 31, 2024.

Warren Averett
CPAs AND ADVISORS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Rainbow Village, Inc. and Subsidiary

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Rainbow Village, Inc. and Subsidiary (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 22, 2025.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Warren Averett, LLC

Atlanta, Georgia
July 22, 2025

Warren Averett
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Rainbow Village, Inc. and Subsidiary

Report on Compliance for each Major Federal Program

Opinion on each Major Federal Program

We have audited Rainbow Village, Inc. and Subsidiary (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2024. The Organization's major federal program is identified in the Summary of Auditors' Results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Atlanta, Georgia
July 22, 2025

RAINBOW VILLAGE, INC.
AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2024

Section 1 Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:	**Unmodified**	
Internal control over financial reporting:		
Material weaknesses identified?	Yes ___	No _√_
Significant deficiencies identified?	Yes ___	None reported _√_
Noncompliance material to financial statements noted?	Yes ___	No _√_

Federal Awards

Internal control over major programs:		
Material weaknesses identified?	Yes ___	No _√_
Significant deficiencies identified?	Yes ___	None reported _√_
Type of auditors' report issued on compliance for major programs:	**Unmodified**	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes ___	No _√_

Identification of Major Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	**$ 750,000**	
Auditee qualified as low-risk auditee?	Yes ___	No _√_

Section 2 Financial Statement Findings Reported in Accordance with *Government Auditing Standards*

We noted no findings or questioned costs which are required to be reported under *Government Auditing Standards* for the year ended December 31, 2024.

Section 3 Federal Award Findings and Questioned Costs

We noted no findings or questioned costs which are required to be reported under Section 2 CFR 200.516(a), *Audits of States, Local Governments, and Non-Profit Organizations* for the year ended December 31, 2024.