RELIGIOUS COALITION FOR REPRODUCTIVE CHOICE

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Religious Coalition for Reproductive Choice
Washington, DC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Religious Coalition for Reproductive Choice, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 Religious Coalition for Reproductive as of December 31, 2021 and 2020, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Religious Coalition for Reproductive Choice and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Board of Directors
Religious Coalition for Reproductive Choice

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 Religious Coalition for Reproductive Choice'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 Religious Coalition for Reproductive Choice'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
February 17, 2023

RELIGIOUS COALITION FOR REPRODUCTIVE CHOICE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash - Checking	$ 438,831	$ 290,926
Certificates of Deposit	-	245,000
Money Market Funds	9,488	900,468
Bequests and Accounts Receivable	-	63,250
Prepaid Expenses	35,537	28,471
Total Current Assets	483,856	1,528,115
PROPERTY AND EQUIPMENT		
Furniture and Equipment	27,192	33,345
Leasehold Improvements	76,886	76,886
Total Property and Equipment	104,078	110,231
Less: Accumulated Depreciation and Amortization	(60,767)	(51,894)
Total Property and Equipment, Net	43,311	58,337
DEPOSITS	3,803	3,803
INVESTMENTS	5,556,188	4,465,326
Total Assets	$ 6,087,158	$ 6,055,581
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 27,759	$ 7,269
Accrued Expenses	16,655	14,273
Total Current Liabilities	44,414	21,542
DEFERRED RENT AND IMPROVEMENT ALLOWANCE	65,314	74,167
Total Liabilities	109,728	95,709
NET ASSETS		
Without Donor Restrictions - Undesignated	5,914,550	5,868,372
With Donor Restrictions:		
Purpose Restrictions	62,880	91,500
Total Net Assets With Donor Restrictions	62,880	91,500
Total Net Assets	5,977,430	5,959,872
Total Liabilities and Net Assets	$ 6,087,158	$ 6,055,581

See accompanying Notes to Financial Statements.

RELIGIOUS COALITION FOR REPRODUCTIVE CHOICE
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUES						
Foundation	$ 45,000	$ 10,000	$ 55,000	$ 450,448	$ -	$ 450,448
Individual Donors	360,374	-	360,374	250,105	-	250,105
Bequests	165,474	-	165,474	167,579	54,000	221,579
Government	77,537	-	77,537	95,885	-	95,885
Interest Income	3,262	-	3,262	26,909	-	26,909
Miscellaneous	150	-	150	3,000	-	3,000
Net Assets Released from Restrictions:						
Satisfaction of Purpose Restrictions	38,620	(38,620)	-	37,500	(37,500)	-
Satisfaction of Time Restrictions	-	-	-		-	-
Total Public Support and Revenues	690,417	(28,620)	661,797	1,031,426	16,500	1,047,926
EXPENSES						
Program Services:						
Public Witness	378,343	-	378,343	383,468	-	383,468
Education/Visibility	235,666	-	235,666	237,009	-	237,009
Supporting Services:						
Administration	68,531	-	68,531	54,976	-	54,976
Fundraising	105,899	-	105,899	131,197	-	131,197
Total Expenses	788,439	-	788,439	806,650	-	806,650
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	(98,022)	(28,620)	(126,642)	224,776	16,500	241,276
OTHER ITEMS						
Investment Gain, Net	144,200	-	144,200	202,558	-	202,558
Total Other Items	144,200	-	144,200	202,558	-	202,558
CHANGE IN NET ASSETS	46,178	(28,620)	17,558	427,334	16,500	443,834
Net Assets - Beginning of Year	5,868,372	91,500	5,959,872	5,441,038	75,000	5,516,038
NET ASSETS - END OF YEAR	$ 5,914,550	$ 62,880	$ 5,977,430	$ 5,868,372	$ 91,500	$ 5,959,872

See accompanying Notes to Financial Statements.

RELIGIOUS COALITION FOR REPRODUCTIVE CHOICE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services			Supporting Services			
	Public Witness	Educational/ Visibility	Total Program Services	Administration	Fundraising	Total Supporting Services	2021 Total
Personnel	$ 270,013	$ 115,082	$ 385,095	$ 57,333	$ 42,782	$ 100,115	$ 485,210
Consultants	26,705	82,175	108,880	-	6,027	6,027	114,907
Occupancy	25,602	14,340	39,942	4,816	5,139	9,955	49,897
Professional Fees	14,231	7,270	21,501	2,946	2,413	5,359	26,860
Technology	3,153	7,292	10,445	121	15,873	15,994	26,439
Office Expenses	7,821	2,513	10,334	971	6,039	7,010	17,344
Honorarium/Sponsorships	14,700	400	15,100	-	-	-	15,100
Depreciation	7,964	4,057	12,021	1,653	1,352	3,005	15,026
Supplies and Materials	2,567	702	3,269	132	11,583	11,715	14,984
State Registration Fees	-	-	-	-	8,383	8,383	8,383
Fundraising Services	-	-	-	-	5,854	5,854	5,854
Insurance	1,587	809	2,396	329	270	599	2,995
Grants	2,500	-	2,500	-	-	-	2,500
Miscellaneous	1,105	563	1,668	230	184	414	2,082
Meetings	310	463	773	-	-	-	773
Travel	85	-	85	-	-	-	85
Total Functional Expenses	$ 378,343	$ 235,666	$ 614,009	$ 68,531	$ 105,899	$ 174,430	$ 788,439

See accompanying Notes to Financial Statements.

RELIGIOUS COALITION FOR REPRODUCTIVE CHOICE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services			Supporting Services			
	Public Witness	Educational/ Visibility	Total Program Services	Administration	Fundraising	Total Supporting Services	2020 Total
Personnel	$ 288,137	$ 138,991	$ 427,128	$ 41,109	$ 40,618	$ 81,727	$ 508,855
Professional Fees	12,921	7,703	20,624	2,236	1,988	4,224	24,848
Consultants	1,500	42,434	43,934	-	7,240	7,240	51,174
Fundraising Services	-	-	-	-	31,390	31,390	31,390
Meetings	829	8	837	2	2	4	841
Occupancy	29,623	17,889	47,512	5,127	5,307	10,434	57,946
Office Expenses	21,576	11,475	33,051	3,207	11,830	15,037	48,088
Insurance	1,478	881	2,359	256	326	582	2,941
Office Supplies	1,945	5,859	7,804	330	9,005	9,335	17,139
Technology	8,750	6,267	15,017	1,219	13,008	14,227	29,244
Depreciation	7,220	4,304	11,524	1,250	1,111	2,361	13,885
Grants	5,000	-	5,000	-	-	-	5,000
Honorarium/Sponsorship	200	-	200	-	-	-	200
Travel	3,399	318	3,717	86	76	162	3,879
Miscellaneous	890	880	1,770	154	137	291	2,061
State Registration Fees	-	-	-	-	9,159	9,159	9,159
Total	$ 383,468	$ 237,009	$ 620,477	$ 54,976	$ 131,197	$ 186,173	$ 806,650

See accompanying Notes to Financial Statements.

RELIGIOUS COALITION FOR REPRODUCTIVE CHOICE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 17,558	$ 443,834
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	15,026	13,885
Realized/Unrealized Gain on Investments	(100,979)	(182,342)
Donated Securities	(7,535)	(396,395)
Changes in Assets and Liabilities:		
Bequest and Accounts Receivable	63,250	(62,997)
Prepaid Expenses	(7,066)	(8,475)
Accounts Payable	20,490	(26,896)
Accrued Expenses	2,382	(15,775)
Deferred Rent and Improvement Allowance	(8,853)	(6,547)
Net Cash Used by Operating Activities	(5,727)	(241,708)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of Investments and Certificates of Deposit	6,109,715	2,504,448
Purchases of Investments and Certificates of Deposit	(5,956,083)	(2,390,830)
Purchases of Property and Equipment	-	(6,987)
Net Cash Provided by Investing Activities	153,632	106,631
NET CHANGE IN CASH	147,905	(135,077)
Cash - Beginning of Year	290,926	426,003
CASH - END OF YEAR	$ 438,831	$ 290,926

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Religious Coalition for Reproductive Choice (RCRC) is a nonprofit organization which educates religious leaders and communities around a range of reproductive health issues. Issues include access to family planning and contraception, comprehensive and inclusive sexuality education, and access to safe and legal abortion services. RCRC is supported primarily through foundation grants, bequests, and donor contributions. These categories represented 88% of revenue for each of the years ended December 31, 2021 and 2020.

Basis of Accounting

RCRC prepares its financial statements on the accrual basis of accounting. Revenue is recognized when earned and expense when the obligation is incurred.

Certificates of Deposit

Certificates of deposit are valued at their fair value in the statements of financial position.

Property and Equipment

Furniture and equipment in the amount of $1,000 or more are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives of 3 to 10 years.

Leasehold improvements are recorded at cost and amortized over the shorter of the asset's useful life or the term of the lease period.

Investments

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statements of financial position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

Contributions

Contributions received, including unconditional promises to give, are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, RCRC reports the support as without donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restrictions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

Annual direct mail contributions are generally available for without donor restriction use in the year received unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, when deemed material, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Amortization of the discounts is included in contribution revenue.

RCRC recognizes and records contributions of donated noncash assets at their fair values in the period received. The value of in-kind donations recognized was $7,535 and $396,395 for the years ended December 31, 2021 and 2020, respectively.

Bequests

Bequests are recognized as contributions at the time of the donor's death when the intention to give becomes an unconditional promise to give. Bequests are typically complex and may be subject to series of settlements or litigations for a long period of time. Due to the complexities of these matters, there are times when management is unable to predict the ultimate outcome or the amount that will be collected. Management recognizes revenue when the amount that will be collected can be reasonably estimated or when the bequest funds are actually received, whichever is earlier.

Income Taxes

RCRC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Management evaluated RCRC’s tax positions and concluded that no uncertain tax positions had been taken that require adjustment to the financial statements to comply with the provisions of the guidance. RCRC’s income tax returns are subject to review and examination by federal, state, and local authorities.

Net Assets

Net assets and changes therein are classified into the following categories:

Net Assets Without Donor Restrictions – Undesignated - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed or grantor-imposed restrictions. Some donor-imposed or grantor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, office supplies, rent, accounting fees, and depreciation, which are allocated on the basis of estimates of time and effort.

Fair Value of Financial Instruments

Fair Value Measurements

RCRC accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. RCRC accounts for certain financial assets and liabilities at fair value under various accounting literature. RCRC also accounts for certain assets at fair value under applicable industry guidance.

Fair Value Hierarchy

RCRC has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that RCRC has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include, among others, quoted prices for similar assets or liabilities in active market or non-active market.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Measure of Operations

RCRC considers net investment gain/loss to be items not included in operations.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	2021	2020
Cash - Checking	$ 438,831	$ 290,926
Certificates of Deposit	-	245,000
Money Market Funds	9,488	900,468
Bequests and Accounts Receivable	-	63,250
Investments	5,556,188	4,465,326
Less: Net Assets with Donor Restrictions	(62,880)	(91,500)
Total	$ 5,941,627	$ 5,873,470

As part of RCRC's liquidity management plan, RCRC invests cash in excess of daily requirements in certificates of deposit and money market funds.

Pending Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. A lessee is required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The ASU is effective for RCRC in 2022. Management is evaluating the impact of this standard on its financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued is to improve the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. Nonfinancial assets are defined within the ASU as including fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amendments do not change the recognition and measurement of nonfinancial assets. The ASU is effective for RCRC in 2023. Early adoption is permitted. The ASU should be applied on a retrospective basis. Management is evaluating the impact of this standard on its financial statements.

Subsequent Events

In preparing these financial statements, RCRC has evaluated events and transactions for potential recognition or disclosure in the accompanying financial statements through February 17, 2023, the date the financial statements were available to be issued.

Based upon this evaluation, RCRC has determined that there are no subsequent events have occurred which require adjustment to or disclosure in the financial statements.

NOTE 2 CONCENTRATIONS OF RISK

Credit Risk

Financial instruments that subject RCRC to a concentration of credit risk consist of deposits placed in banks and brokerages. Funds in excess of federal insurance limits may be exposed to credit risk.

Market Value Risk

RCRC invests in diversified investments. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Concentration on Revenue

During 2021, one contributor accounted for approximately 24% of the total support and revenue. During 2020, another contributor accounted for approximately 38% of the total support and revenue.

NOTE 3 INVESTMENTS, MONEY MARKET FUNDS, AND CERTIFICATES OF DEPOSIT

Investments, money market funds, and certificates of deposit consist of the following at December 31:

	2021	2020
Cash and Sweep Balances	$ 19,012	$ 914,529
Certificates of Deposit	-	245,000
Fixed Income: Corporate Bonds	196,483	161,530
Fixed Income: U.S. Government	193,454	170,619
Funds: Open-End Mutual Funds	5,156,727	4,119,116
Total	$ 5,565,676	$ 5,610,794

Investment gain for the years ended December 31, 2021 and 2020, is summarized as follows:

	2021	2020
Interest and Dividends Income	$ 55,204	$ 29,906
Realized/Unrealized Gain	100,979	182,342
Investment Fees	(11,983)	(9,690)
Total	$ 144,200	$ 202,558

NOTE 4 FAIR VALUE HIERARCHY

The following tables present RCRC's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31:

	2021			
	Level 1	Level 2	Level 3	Total
Fixed Income: Corporate Bonds	$ 196,483	$ -	$ -	$ 196,483
Fixed Income: U.S. Government	-	193,454	-	193,454
Funds: Open-End Mutual Funds	5,156,727	-	-	5,156,727
Total Under Fair Value	$ 5,353,210	$ 193,454	$ -	5,546,664
Cash and Sweep Balances				19,012
Certificates of Deposit				-
Total Investments, Money Market Funds, and Certificates of Deposits				$ 5,565,676

	2020			
	Level 1	Level 2	Level 3	Total
Fixed Income: Corporate Bonds	$ 161,530	$ -	$ -	$ 161,530
Fixed Income: U.S. Government	-	170,619	-	170,619
Funds: Open-End Mutual Funds	4,119,116	-	-	4,119,116
Total Under Fair Value	$ 4,280,646	$ 170,619	$ -	4,451,265
Cash and Sweep Balances				914,529
Certificates of Deposit				245,000
Total Investments, Money Market Funds, and Certificates of Deposits				$ 5,610,794

NOTE 5 OPERATING LEASES

RCRC renewed a noncancellable operating lease for office space for a 10-year period effective April 1, 2016, expiring on March 31, 2026. The lease has escalating payments, leasehold improvements, and rent abatements, which are amortized over the life of the lease on a straight-line basis. As part of the terms of the lease, RCRC received six months of free rent and a tenant improvement allowance of $58,380. Rental expense for the years ended December 31, 2021 and 2020, was $46,947 and $54,984, respectively.

Future minimum lease payments for office space are as follows for the years ending December 31:

Year Ending December 31,	Amount
2022	$ 62,406
2023	64,902
2024	67,494
2025	70,191
2026	17,718
Total	$ 282,711

NOTE 6 FOUNDATION GRANTS

Certain foundation grants are contributed for such purposes as the partial funding of a specific program or the partial payment of an employee's salary. However, the total costs of the program or the total salary are reflected in their proper categories in the financial statements without regard to the partial funding source. When requested, management provides a separate accounting to the foundation for the expenditures allocated to that grant.

NOTE 7 RETIREMENT PLAN

RCRC has a defined contribution salary deferral plan covering employees with one year of service or more. Under the plan, RCRC contributes four percent of each eligible employee's salary. The plan is effective as of January 1, 1997. Plan expenses incurred by RCRC were $13,400 and $12,133 for the years ended December 31, 2021 and 2020, respectively.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following:

	2021	2020
Purpose Restriction - Internship	$ 54,000	$ 54,000
Purpose Restriction - SYRF Program	8,880	-
Purpose Restriction - Advocacy	-	37,500
Total	$ 62,880	$ 91,500

Net assets were released from donor restrictions by incurring expenses satisfying the time and purpose restrictions specified by the donors in the amounts of $38,620 and $37,500 for the years ended December 31, 2021 and 2020, respectively.

NOTE 9 PAYCHECK PROTECTION PROGRAM

On May 6, 2020, RCRC received proceeds in the amount of $95,885 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the First Draw PPP Loan), a federal program authorized under the CARES Act of 2020. On March 30, 2021, RCRC received a Second Draw PPP Loan of $77,537 as part of the Paycheck Protection Program.

NOTE 9 PAYCHECK PROTECTION PROGRAM (CONTINUED)

The PPP Loans may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. The loan agreement for each loan provides for interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five year, and is unsecured and guaranteed by the SBA. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if RCRC fails to apply for forgiveness within 10 months after the covered period., the payment of principal and interest would begin on that date. The PPP Loans may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

On April 8, 2021 and on December 20, 2021, the SBA authorized the full forgiveness of the First Draw PPP Loan and Second Draw PPP Loan, respectively.

In accordance with ASC 958-605*, Revenue Recognition (Not-for-Profit Entities)*, RCRC classified the PPP loans as conditional contributions for accounting purposes. RCRC recognized contribution revenue of $77,537 and $95,885 during the years ended December 31, 2021 and 2020, respectively, which represents the PPP Loan funds for which the performance barriers have been met during the respective year. These amounts are presented as “Government” in the accompanying statements of activities.

SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on RCRC’s financial position.