

REDWOOD COMMUNITY ACTION AGENCY, INC.

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2020

REDWOOD COMMUNITY ACTION AGENCY, INC.
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AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

Redwood Community Action Agency, Inc.

Eureka, California

Report on Financial Statements

We have audited the accompanying financial statements of Redwood Community Action Agency, Inc., which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Redwood Community Action Agency, Inc. as of December 31, 2020, and the respective 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2020 on our consideration of the Redwood Community Action Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Redwood Community Action Agency, Inc.'s internal control over financial reporting and compliance.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

Rancho Cordova, California
November 9, 2021



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Together as One. Grant Bennett Associates is a Member of the Alliot Global Alliance of independent professional firms.

REDWOOD COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 1,078,186
Grants/Contracts Receivable	1,211,229
Prepays	21,607
Inventory	48,815
Total Current Assets	<u>2,359,837</u>

Deposits, Reserves and Custodial 602,102

Long-Term Grants/Contracts Receivable 183,037

Revolving Loans 676,552

Fixed Assets

Land	1,123,255
Buildings	4,737,551
Leasehold Improvement	867,500
Equipment	643,642
Vehicles	525,157
Accumulated Depreciation	<u>(5,940,473)</u>
Total Fixed Assets	<u>1,956,632</u>

TOTAL ASSETS \$ 5,778,160

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 222,951
Current Portion of Long-Term Debt	30,070
Accrued Expenses	266,432
Deferred Revenue	1,409,892
Line of Credit	-
Total Current Liabilities	<u>1,929,345</u>

Long Term Liabilities

Security Deposits Payable	212,480
Deferred Revolving Loans	676,552
Long Term Debt less Current Portion	<u>3,873,089</u>
Total Long Term Liabilities	<u>4,762,121</u>

TOTAL LIABILITIES 6,691,466

Net Assets

Without Donor Restrictions	(913,306)
With Donor Restrictions	-
TOTAL NET ASSETS	<u>(913,306)</u>

TOTAL LIABILITIES AND NET ASSETS \$ 5,778,160

See notes to the financial statements

REDWOOD COMMUNITY ACTION AGENCY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>WITHOUT DONOR</u> <u>RESTRICTIONS</u>	<u>WITH DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE, GAINS AND OTHER SUPPORT			
Grant	\$ 7,205,841	\$ -	\$ 7,205,841
Contributions	36,433	-	36,433
Rents	556,786	-	556,786
Program Service Fees	23,558	-	23,558
Miscellaneous	5,609	-	5,609
Net Assets Released from Restrictions			
Satisfaction of Restrictions	-	-	-
Total Revenue	7,828,227	-	7,828,227
EXPENSES			
Program Services	5,905,372	-	5,905,372
Management and General	1,855,704	-	1,855,704
Fundraising	-	-	-
Total Expenses	7,761,076	-	7,761,076
CHANGES IN NET ASSETS			
	67,151	-	67,151
Net Assets at Beginning of the Year	(962,891)	-	(962,891)
Fixed Assets Purchased with Grant Funds	55,147	-	55,147
Depreciation on Fixed Assets Purchased with Grant Funds	(72,713)	-	(72,713)
NET ASSETS AT END OF THE YEAR	\$ (913,306)	\$ -	\$ (913,306)

See notes to the financial statements

REDWOOD COMMUNITY ACTION AGENCY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in Net Assets	\$ 67,151
Depreciation Expense	86,888
Fixed Assets Purchased with Grant Funds	55,147

(Increase)/Decrease In:

Grants/Contracts Receivable	305,496
Revolving Loans	(5,875)
Prepays	8,824
Inventory	(9,716)
Deposits, Reserves and Custodial	(136,589)

Increase/(Decrease) In:

Accounts Payable	(372,440)
Accrued Expenses	(6,549)
Security Deposits Payable	39,709
Deferred Revenue	294,032
Deferred Revolving Loans	5,875

Net Cash Provided by Operations	<u>331,953</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Fixed Asset Purchases	(55,147)
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Net Cash Used by Investing Activities	<u>(55,147)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES

Payments on Line of Credit	(100,000)
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Proceeds of Long Term Debt	40,944
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Net Cash Used by Financing Activities	<u>(59,056)</u>
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NET INCREASE IN CASH	217,750
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Cash and Cash Equivalents Balance at 12/31/19	860,436
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CASH AND CASH EQUIVALENTS BALANCE AT 12/31/20	<u>\$ 1,078,186</u>
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SUPPLEMENTAL DISCLOSURES

Cash paid for interest	<u>\$ 18,304</u>
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See notes to the financial statements

REDWOOD COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Subtotal	
Salaries & Wages	\$ 1,890,125	\$ 811,370	\$ -	\$ 811,370	\$ 2,701,495
Employee Benefits	353,259	176,691	-	176,691	529,950
Payroll Taxes	267,161	104,953	-	104,953	372,114
Professional Fees	1,145,288	90,247	-	90,247	1,235,535
Contract Services	221,311	120,010	-	120,010	341,321
Supplies	805,757	44,209	-	44,209	849,966
Communications	89,502	34,626	-	34,626	124,128
Postage	8,063	3,039	-	3,039	11,102
Occupancy	263,587	189,332	-	189,332	452,919
Equipment & Software	155,128	17,238	-	17,238	172,366
Travel	56,535	8,919	-	8,919	65,454
Insurance	81,905	53,714	-	53,714	135,619
Professional Development	18,298	3,934	-	3,934	22,232
Client Support	527,559	-	-	-	527,559
Interest	-	89,476	-	89,476	89,476
Depreciation & Amortization	-	86,888	-	86,888	86,888
Miscellaneous	21,894	21,058	-	21,058	42,952
Total Functional Expenses	\$ 5,905,372	\$ 1,855,704	\$ -	\$ 1,855,704	\$ 7,761,076

See notes to the financial statements

REDWOOD COMMUNITY ACTION AGENCY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Redwood Community Action Agency, Inc. (RCAA) was designated the Community Action Agency for Humboldt County on July 1, 1980. The purpose of this organization is to mobilize and coordinate anti-poverty resources within Humboldt County and to preserve land for scenic, scientific educational and open space opportunities.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts / Contracts / Grants Receivable

The Organization considers accounts / contracts / grants receivable to be fully collectable; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Revenue Recognition

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

REDWOOD COMMUNITY ACTION AGENCY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from state income taxes under Section 23701(d) of the California Revenue and Taxation Code.

Management believes RCAA has no uncertain tax positions as of December 31, 2020.

Inventory

At December 31, 2020 inventory is comprised of supplies used by the Agency in its energy weatherization programs. The inventory is stated at cost determined on the FIFO method.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and amortization and occupancy, which are allocated on a square footage basis.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of, assets and liabilities, disclosure of contingent assets and liabilities and the reported revenue and expenses.

REDWOOD COMMUNITY ACTION AGENCY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets which range as follows:

Buildings	20 to 30 years
Equipment	3 to 5 years
Vehicles	3 to 5 years

Depreciation expense for the fiscal year ended December 31, 2020 amounted to \$86,888, for general operations and \$72,713 for grant fixed assets.

Assets purchased or donated to general operation funds are capitalized and depreciated as an operating expense. Assets purchased with grant funds are recorded as operating expenditures in the period in which they were purchased. Capitalization and depreciation for assets purchased with grant funds are accounted for as adjustments under the Changes in Net Assets, in the Statement of Activities.

NOTE B: CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

RCAA maintains its cash balances in various financial institutions. The balances at the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. While RCAA maintains cash in amounts which at times, exceed the federally insured limits, RCAA has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk on cash.

REDWOOD COMMUNITY ACTION AGENCY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE C: GRANTS/CONTRACTS RECEIVABLE

Grant/Contracts receivable represents the amount due for revenues earned but not yet reimbursed at December 31, 2020.

<u>Account</u>	<u>Description</u>	<u>Amount</u>
1200312	STREET OUTREACH	\$ 10,836
1200316	BasicCntr 19-22	40,543
1200320	CARES SUPP	13,675
2115316	DOE HUB	22,812
22002020	LIHEAP CARES	59,669
22002113	21B-5009 Hum	5,327
2200400	OCAP	12,072
2200402	CalHome 0088	1,005
2200823	CSBG 2020	101,645
2200910	CSBG CARES CP	19,303
3600516	WCB KNOTWEED	8,832
3600522	Bikes on Bay	6,532
3600524	Little River Tr	88,279
3600525	WCB MARTIN SL	5,252
36503218	FW Off Channel	17,701
36503241	SCC-Martin	61,497
36503243	OPC Martin Slough	299,711
36503245	M River Estuary	5,000
36503246	MS SCC Phase 4	50,871
36503248	EEMP Martin	10,668
4450415	Title 19 YSB	1,236
4450522	THP-NMD	3,747
4450524	HHAP - AFS	29,550
4551220	Pact 20-21	74,587
4557420	ES CalFresh 20	8,818
4557520	CF 2020 YSB	3,065
4557620	CALFRESH 20 NRS	14,017
50504025	DTI 18-20	129,823
50504030	MOBILE MEN. HEA	5,392
50504031	AFACTR 19-21	72,463
50504035	HHAP YSB	1,787
50504039	HEAP	12,282
50504040	CESH	21,374
5055130	S Fortuna ATP 2	3,583
5056156	HCOE Env Litera	3,034

REDWOOD COMMUNITY ACTION AGENCY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE C: GRANTS/CONTRACTS RECEIVABLE

<u>Account</u>	<u>Description</u>	<u>Amount</u>
5056158	Manilia Vision	9,061
5056159	Ocean Dr. Walk	4,780
61038	Onyx Housing Sv	9,775
621015	BV Client Svcs	3,178
643	Blue Vic	4,000
72017	Bed Fee Hum	6,194
72018	Website	1,935
72020	Turner House	2,800
72118	PPPS	56,095
7240522	HBPP Enviro	34,320
7260125	Arcata Spartina	4,000
N/A	Misc Under \$1000	32,140
	Total Receivable	<u>\$ 1,394,266</u>

NOTE D: DEFERRED REVENUE

Deferred revenue represents the excess of funds advanced less earned revenue for ongoing programs at December 31, 2020.

<u>Account</u>	<u>Description</u>	<u>Amount</u>
0	No Specific Rev	\$ 310,296
1050109	Revolve Loan Fd	158,833
1150216	EFS AFS	9,786
1150516	EFS YSB	19,416
22002013	20B-2009 Humb	105,573
22004111E	11B-5748 ER	8,193
2200828	CSBG 2020 Disc	8,000
2200902	CSBG CARES ADMI	94,086
3500209	Mobile Rev Loan	37,843
350021	CalHome06 Revol	105,488
350022	CalHOME08 Revol	61,581
4450518	THP+ 17-20	7,317
5055123	WhiteSloughSprt	6,591
600	NRS Excess Rev	16,745
61030	HAF Corcoran FD	1,450
6105317	CBI Coaching	5,712

REDWOOD COMMUNITY ACTION AGENCY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE D: DEFERRED REVENUE

<u>Account</u>	<u>Description</u>	<u>Amount</u>
6105319	Sam Pen CBI Imp	70,574
610818	HumSponsAFS2018	2,415
610822	Care for Poor	8,525
610856	StJoes YSB SW	5,293
621016	HAF Onyx Apts	9,860
630415	Gulch TO Bay	4,497
630417	Science Redwood	4,349
646	NRS Misc A/R	7,092
72024	Rotary Club Rav	5,861
72025	CARE 17-18	1,900
72028	Housing 828 G	12,316
72029	17th Str. Rent	1,782
72111	PacifiCorp WX	36,761
72115	Northcoast Insp	2,000
72116	Emer. Pre. Pilo	10,153
7260123	SPARTINA 2020	2,408
7260128	PGE DMM Spartin	202,915
7260400	MR Water Qual.	45,000
728114	Henderson Garde	2,605
728115	Bike Kitchen	15,104
	Misc Under \$1000	1,572
	Total Deferred Revenue	<u><u>\$ 1,409,892</u></u>

NOTE E: NOTES PAYABLE

Redwood Community Action Agency, Inc. has the following notes payables:

**California Department of Housing and
Community Development – HOME LOANS:**

Interest Rate: 3% per annum, simple interest	\$ 777,650
Maturity Date: 40 years from Certificate of Occupancy, projected at September 2034.	
Collateral: Apartment Building, Fortuna, California	
Restricted Covenant: Provide regulated rent housing until loan is paid in full.	

REDWOOD COMMUNITY ACTION AGENCY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE E: NOTES PAYABLE (CONTINUED)

Interest Rate: 3% per annum, simple interest	1,283,500
Maturity Date: 40 years from Certificate of Occupancy, projected at December 2033	
Collateral: Duplexes, McKinleyville, California	
Restrictive Covenant: Provide regulated rent housing until loan is paid in full.	

Interest Rate: 3% per annum, simple interest	606,800
Maturity Date: March 2035	
Collateral: 1015 Loni Drive, Fortuna, California	
Restricted Covenant: Provide regulated rent housing until loan is paid in full.	

Interest Rate: 3% per annum, simple interest	460,277
Annually beginning Jan. 2006	
Maturity Date: July 2036	
Collateral: 829 C Street, Eureka, California	
Restrictive Comment: Provide regulated rent housing until loan is paid in full.	

Interest Rate: 3% per annum, simple interest	52,875
Annually beginning February 2019	
Maturity Date: February 2049	
Collateral: 829 C Street, Eureka, California	
Restrictive Comment: Provide regulated rent housing until loan is paid in full.	

Interest Rate: 3% per annum, simple interest	390,522
Maturity Date: August 2027	
Collateral: 1528 Third Street, Eureka, California	
Restrictive Comment: Provide regulated rent housing until loan is paid in full.	

If Redwood Community Action Agency, Inc. is in full compliance with the conditions set forth in the HOME loan agreements, the remaining principal balance and accrued interest will be forgiven and the loan and accrued interest shall become grant income. It is management's intent to comply with the loan restrictions throughout the terms of the loans.

REDWOOD COMMUNITY ACTION AGENCY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE E: NOTES PAYABLE (CONTINUED)

M&T BANK	28,055
Interest Rate: 7%	
Maturity Date: August 2028	
Collateral: 924 & 926 G Street, Eureka, California	
 Redwood Capital Bank:	
Interest Rate: 6.5%	81,949
Maturity Date: Until paid in full	
Collateral: 523 T Street and 3020 17 th Street, Eureka, California	
Restrictive Comment: Business and Real Estate Investment	
 Interest Rate: 6.5%	81,531
Maturity Date: Until paid in full	
Collateral: 539 T Street, Eureka, California	
Restrictive Comment: Business and Real Estate Investment	
 County of Humboldt	140,000
Interest Rate: 1%	
Maturity Date: Upon Sale of the property or intended use	
Collateral: 523 T Street, Eureka, California	
Restrictive Comment: RCAA intends for program use	
 Total Notes Payable	3,903,159
Less: Current Portion	30,070
Long-Term Notes Payable	\$ 3,873,089

Principal payments for the next five fiscal years are project as follows:

Year ended December 31:

2021	\$	30,070
2022		32,128
2023		34,328
2024		26,976
2025		28,083
Thereafter		<u>3,751,574</u>
Total Notes Payable	\$	<u>3,903,159</u>

REDWOOD COMMUNITY ACTION AGENCY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE F: LINE OF CREDIT

RCAA draws funds on a line of credit to pay program expenditures in cases where payments from funding sources have not been received in a timely manner. The line of credit is with Umpqua Bank. The line of credit balance is repaid when program funds are received from funding sources. Outstanding balances are secured by real property. Outstanding balances incur interest rates at 4.25%. The outstanding balance on the line of credit at December 31, 2020 was \$0. The line of credit matures in March 2021.

NOTE G: RETIREMENT PLAN

RCAA has established a profit sharing plan. A participant must have attained the age of 21, completed 12 months of service, and been credited with 1000 hours of service during the eligibility computation period. Each plan year, the Board of Directors will determine the amount of the employer base contribution (if any) that the employer will make for all eligible participants who are actively employed as of the last day of the plan year. Contributions will be allocated to the accounts of eligible participants on the basis of the ratio that each eligible participant's compensation bears to the total compensation of all participants for the plan year. This employer base contribution will be made whether or not eligible participants are making contributions. If a participant is not a key employee in any year in which the plan is top-heavy, the employer contribution must be at least 3% of the participant's compensation. A key employee is generally defined as an officer whose annual earnings are greater than \$160,000 for the 2020 plan year (adjusted annually). A plan will be considered top-heavy if the account balances for key employees exceeded 60% of the total account balances for all plan participants. Participants become vested 20% with 2 years of service, 40% with 3 years, 60% with 4 years, 80% with 5 years, and 100% with 6 years or more of service. For the year ended December 31, 2020 the Agency's contribution of \$51,954 is included with accrued expenses.

REDWOOD COMMUNITY ACTION AGENCY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE H: INTERFUND RECEIVABLE/PAYABLE – HOME PROPERTIES

RCAA's general fund provides the operating fund needs of the other programs as the situation may arise. RCAA is reimbursed upon receipts of funds under these programs from the grantors. Inter-fund payables and receivables for HOME Properties to the General fund as of December 31, 2020 is \$366,241. These funds are an accumulation of funds payable to RCAA beginning January 2009. These funds are being repaid to RCAA over time based upon available cash flow and HCD approval.

NOTE I: LEASE OBLIGATIONS

RCAA leases copier equipment with varying expirations ending in FY2021. Future minimum principle payments are as follows:

2021	\$	4,249
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NOTE J: CONTINGENCIES

RCAA received a substantial amount of its support from federal, state, and county governments. A significant reduction in the level of this support, if this were to occur, may have an effect on RCAA's program and activities.

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. RCAA deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of RCAA to the provisions of the grants. RCAA's management is of the opinion that RCAA has complied with the terms of all grants.