

REACHING MAXIMUM INDEPENDENCE, INC.

SAN ANTONIO, TEXAS

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR

THE YEAR ENDED JUNE 30, 2020)

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## **Independent Auditor's Report**

Board of Trustees  
Reaching Maximum Independence, Inc.  
San Antonio, Texas

We have audited the accompanying financial statements of Reaching Maximum Independence, Inc. (RMI)(a nonprofit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended and 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 RMI as of June 30, 2021, and the changes in 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RMI 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.

### **Responsibility of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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 condition or events, considered in the aggregate, that raise substantial doubt about RMI's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 the Association'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 finding, and certain internal control related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited the comparative statements of Reaching Maximum Independence, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 25, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Brehm Havel and Company, L.L.P.  
Certified Public Accountants

San Antonio, TX  
August 31, 2021

REACHING MAXIMUM INDEPENDENCE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021

	ASSETS	
	2021	2020
Cash	\$ 1,338,303	\$ 1,338,522
Accounts receivable (no allowance)	570,436	475,904
Prepays	500	10,440
Endowment funds	384,662	320,260
Note receivable	70,945	72,823
Officers' cash surrender value	4,699	4,355
Client funds	197,375	179,974
Property and equipment (net of accumulated depreciation of \$1,889,965 - 2021 and \$1,804,125 - 2020)	2,727,534	1,565,268
ICF License	100,000	100,000
Total assets	<u>\$ 5,394,454</u>	<u>\$ 4,067,546</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Credit card loans payable	\$ 66,959	\$ 46,817
Accounts payable	66,661	60,980
Accrued liabilities:		
Payroll taxes and withholding	71,553	57,543
Salaries	25,413	17,434
Compensated absences	79,491	88,781
Client funds held in trust	196,558	181,053
Prepaid rents, other and deferred revenue	3,455	3,455
Property tax, insurance and interest	19,570	3,216
Unearned - Stimulus Provider Fund Income	94,997	-
Note payable - PPP loan	-	597,300
Notes payable	1,720,559	744,589
Total liabilities	<u>2,345,216</u>	<u>1,801,168</u>
Net assets:		
Without donor restrictions		
Undesignated	2,642,731	1,892,729
Board designated - replacement reserves	230,345	230,345
With donor restrictions	176,162	143,304
Total net assets	<u>3,049,238</u>	<u>2,266,378</u>
Total liabilities and net assets	<u>\$ 5,394,454</u>	<u>\$ 4,067,546</u>

See accompanying notes and independent auditor's report

REACHING MAXIMUM INDEPENDENCE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Revenue, gains and other support:				
Fees, subsidies and reimbursement	\$ 4,828,361	\$ -	\$ 4,828,361	\$ 4,661,896
Program service fees	175,043	-	175,043	193,711
Fundraising				
Other, interest and investment appreciation (depreciation)	97,936	64,401	162,337	267,085
Contributions, grants and other:				
Other donations and revenue	282,913	-	282,913	373,765
PPP loan forgiveness	597,300	-	597,300	-
Net assets released from restrictions	64,401	(64,401)	-	-
Total revenues, gains and other support	<u>6,045,954</u>	<u>-</u>	<u>6,045,954</u>	<u>5,496,457</u>
Operating expenses:				
Program	4,910,889	-	4,910,889	5,019,985
Fundraising	79,554	-	79,554	59,983
Supporting services	272,651	-	272,651	339,741
Total operating expenses	<u>5,263,094</u>	<u>-</u>	<u>5,263,094</u>	<u>5,419,709</u>
Change in net assets for year ending June 30,	782,860	-	782,860	76,748
Net assets at beginning of year	<u>2,090,216</u>	<u>176,162</u>	<u>2,266,378</u>	<u>2,189,630</u>
Net assets at end of year	<u>\$ 2,873,076</u>	<u>\$ 176,162</u>	<u>\$ 3,049,238</u>	<u>\$ 2,266,378</u>

See accompanying notes and independent auditor's report

REACHING MAXIMUM INDEPENDENCE, INC.

STATEMENTS OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	Without Donor Restrictions		With Donor Restrictions	Total 2021	Total 2020
	Undesignated	Designated for Replacement Reserves			
Balances, July 1	\$ 1,859,871	\$ 230,345	\$ 176,162	\$ 2,266,378	\$ 2,189,630
Net change in net assets	782,860	-	-	782,860	76,748
Balances, June 30	<u>\$ 2,642,731</u>	<u>\$ 230,345</u>	<u>\$ 176,162</u>	<u>\$ 3,049,238</u>	<u>\$ 2,266,378</u>

See accompanying notes and independent auditor's report

REACHING MAXIMUM INDEPENDENCE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 782,860	\$ 76,748
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation expense	168,284	195,918
Loss (gain) on sale of assets	(11,264)	(2,246)
Increase (Decrease) in:		
Accounts receivable	(94,526)	(79,405)
Prepays	9,940	3,030
(Increase) Decrease in:		
Accounts payable and credit cards payable	25,817	(6,723)
Accrued liabilities	44,558	40,038
Unearned - Stimulus Provider Fund	94,997	-
Net cash provided (used) by operating activities	<u>1,020,666</u>	<u>227,360</u>
Cash flows from investing activities:		
Purchase of land and fixed assets (net of loans)	(302,891)	(80,961)
Change in client funds	(17,401)	(99,361)
Payment on note receivable	1,878	1,785
Change in endowment	(64,402)	(10,444)
Proceeds from sale of assets	13,605	4,395
Decrease (increase) in cash surrender value	(344)	422
Purchase of ICF license	-	(40,000)
Net cash provided (used) by investing activities	<u>(369,555)</u>	<u>(224,164)</u>
Cash flows from financing activities:		
New borrowings:		
PPP loan	-	597,300
Debt-reduction:		
Notes payable and long-term debt	(54,030)	(47,088)
PPP loan - forgiven	(597,300)	-
Net cash provided (used) by financing activities	<u>(651,330)</u>	<u>550,212</u>
Net increase (decrease) in cash	(219)	553,408
Cash at beginning of year	<u>1,338,522</u>	<u>785,114</u>
Cash at end of year	<u>\$ 1,338,303</u>	<u>\$ 1,338,522</u>
Schedule of noncash investing and financing transactions:		
Cost of assets	\$ 1,275,135	\$ 24,328
Less taxes prorated at closing	14,738	-
Less loan - net	1,030,000	24,328
Cash downpayment	<u>\$ 230,397</u>	<u>\$ -</u>
Schedule of supplemental information:		
Cash paid during the year for:		
Interest	\$ 32,505	\$ 46,262
Income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes and independent auditor's report



REACHING MAXIMUM INDEPENDENCE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	Program	Fundraising	Supporting Services	Total	
				2021	2020
Accounting, audit and consultants	\$ 13,368	\$ -	\$ 961	\$ 14,329	\$ 13,847
Automobile and transportation expenses	59,445	-	2,824	62,269	100,314
Bad debt expense	20	-	-	20	4,897
Cable television service	19,564	-	-	19,564	13,220
Client payroll and vocational rehab.	11,680	-	-	11,680	99,376
Contract and consulting services	886,908	-	6,141	893,049	841,360
Electricity and gas	42,450	-	1,194	43,644	40,681
Employee benefits	73,021	-	8,669	81,690	101,567
Food and household	157,245	-	1,216	158,461	175,978
Fundraising and grant expenses	-	49,554	-	49,554	9,983
Garbage collection	2,866	-	558	3,424	3,502
Inspections and permits	145,939	-	-	145,939	130,116
Insurance	91,205	-	4,584	95,789	76,284
Interest and finance charges	32,505	-	-	32,505	46,262
Office expenses	20,221	-	4,827	25,048	27,948
Personnel retention	14,774	-	1,602	16,376	13,947
Postage and shipping	2,557	-	666	3,223	5,322
Printing and publications	25,601	-	3,359	28,960	25,402
Property tax expense	-	-	-	-	373
Recreation	9,685	-	278	9,963	22,660
Rent expense - program houses	71,300	-	-	71,300	70,959
Repairs and maintenance	18,701	-	1,432	20,133	27,598
Residents' specific costs	1,629	-	-	1,629	2,148
Salaries and payroll taxes	2,891,785	30,000	188,464	3,110,249	3,210,531
Supplies	131,443	-	6,855	138,298	104,001
Telephone	39,269	-	2,140	41,409	38,801
Water and sewer service	16,230	-	75	16,305	16,714
Total expenses before depreciation	4,779,411	79,554	235,845	5,094,810	5,223,791
Depreciation	131,478		36,806	168,284	195,918
	<u>\$ 4,910,889</u>	<u>\$ 79,554</u>	<u>\$ 272,651</u>	<u>\$ 5,263,094</u>	<u>\$ 5,419,709</u>

See accompanying notes and independent auditor's report

REACHING MAXIMUM INDEPENDENCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

Note 1 – Summary of Significant Accounting Policies

Nature of Organization – Reaching Maximum Independence, Inc. (RMI) promotes independent living alternatives for persons with mental retardation and other related disabilities through the development and management of residential alternatives in the San Antonio, Texas area. Originally incorporated in the state of Texas as a non-profit organization in 1978, RMI did not receive notification of public charity status under Internal Revenue Code Section 501(c)(3) until November 1, 1990, effective for the year ending June 30, 1991.

Income Taxes – Starting with the year ended June 30, 1991, RMI is exempt from federal income taxes (except on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code and operates as a publicly supported organization under Section 509(a)(2). It is also exempt from Texas franchise tax under the Texas Non-Profit Corporation Act.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Comparative Presentation – The financial statements include certain prior-year summarized comparative information in total but not by net asset or liability class or activities and net assets. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Property and Equipment – Acquired property and equipment are carried at cost. Donated property and equipment are recorded at their estimated fair market value at the date of donation. Depreciation is computed using the straight-line and double declining methods over the estimated useful life of the assets. Asset lives are from three to thirty-two years. RMI follows the practice of capitalizing at cost all expenditures for fixed assets more than \$2,000. The net fixed asset balance has been recorded as a separate component in net assets without donor restriction.

Donated Services – Donated services have not been reflected in the accompanying financial statements since no objective basis is available to measure the value of such services.

Functional Expenses – Expenses are charged to the organization's program based on direct expenditures incurred. Any expenditure not completely chargeable to the program is allocated between program and supporting services classifications based on estimates made by the organization's management.

Advertising – Advertising costs, except for costs associated with direct-response advertising are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. There were no advertising costs incurred during the year ended June 30, 2021.

REACHING MAXIMUM INDEPENDENCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

Note 1 – Summary of Significant Accounting Policies – (continued)

Cash Equivalents and FDIC Limits – Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. Cash deposits in two of the bank accounts, exceeded the FDIC insured limit of \$250,000 for all of the fiscal year ended June 30, 2021.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments – The carrying amount of RMI’s cash and cash equivalents, receivables, prepaids, other assets, accounts payable, accrued expense, and Officers’ Cash Surrender Value (CSV) approximates fair value primarily because of the short maturity of these instruments. The Officers’ CSV is a life insurance policy on the Director of Operations at net surrender value as of June 15, 2021.

Basis of Presentation – RMI follows the reporting requirements of GAAP, which required that resource be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restriction. **Without Donor Restrictions** - includes normal operations of RMI and includes gifts/donations received without restrictions (including those designated by the Board of Trustees) whose donor-imposed restrictions (if any) were met during the fiscal year, as well as previously restricted gifts and grants for building and equipment that have been placed in service. **With Donor Restrictions** – includes net assets subject to donor-imposed restrictions that will be met either by actions of RMI or the passage of time, and those net assets that are permanently maintained by RMI.

Net Assets with Donor Restrictions – Prior to the current year, donors contributed \$143,304 (Note 8) to be used to supplement, enhance and/or support the creation of new programs by RMI or the operations of the new program for a period not to exceed one year. The intent for the initial contribution, was that the net earnings from the investments were to be used for the purpose indicated above.

Note 2 – FASB ASC 606 New Accounting Guidance Implementation

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). The standard proscribes a single model for revenue recognition, with a set of principles to be used for determining when revenue should be recognized. It also requires expanded disclosures about the nature, amount, and timing of revenue and cash flows. This standard became effective on January 1, 2020. The adoption of this new guidance will not have a material impact on RMI’s financial statements.

REACHING MAXIMUM INDEPENDENCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

Note 3 – Accounts Receivable and Credit Risk Concentration

Accounts receivable are due primarily from the Texas Department of Human Services, a state agency that receives federal funding, relevant to the revenue described in Note 5. There is no allowance for bad debt.

In May 2012, RMI sold one of their houses and took an \$85,000 note receivable with interest at 5.0% and monthly payments of \$456 through May 2042 as partial payment on the sale. The note is collateralized by the property sold. The balance was \$70,945 as of June 30, 2021. Other details of the sale have been omitted.

Note 4 – Operating Leases

RMI leases seven copiers on month to month lease plans with monthly payments of \$1,989. Total lease and other related costs for these leases for the fiscal year ended June 30, 2021 was \$23,111. Future minimum rental payments under these leases are \$23,865 for the fiscal year June 30, 2022 and \$19,887 for final lease payments (partial year) for the fiscal year ending June 30, 2023.

Note 5 – Fees, Subsidies and Reimbursements from Governmental Agencies

Residents living in the RMI houses qualify for rent subsidies and program fees from various state and federal government agencies. Program revenue from these agencies totaled \$4,661,896 during the year ended June 30, 2021, as follows:

Medicaid	<u>\$4,828,361</u>
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Note 6 – Sale and Leaseback of Residential Properties

During February 2008 RMI sold two of their residential properties to Foundation for the Challenged with the understanding that RMI would lease them back for a period of five years (initial term) with two five year renewal terms. Total monthly rent for these two properties went from \$2,875 to \$2,942 beginning January 1, 2021. Total payment during the year ended June 30, 2021 totaled \$35,125

REACHING MAXIMUM INDEPENDENCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

Note 7 – Long -Term Debt

Long-term debt consists of the following at June 30, 2021:

Six notes payable to a local bank, secured by six residential real properties, payable \$6,250 monthly including interest at 3.99 % (refinanced in July 2020), with maturities through December 2031 on three of the notes, and maturities on February 2032, June 2033, and December 2034 on the other notes.

\$ 682,043

A note payable to a local bank, secured by property at 8242 Vicar Dr, San Antonio, TX, originating on June 15, 2021 with the first monthly payment of interest only at 3.99% per annum to begin on July 15, 2021 and continue for a total of twelve months, then 107 monthly principal and interest payments of \$10,954 beginning July 15, 2022 and one principal and interest payment of \$1,176,194 due on June 15, 2031. RMI may make prepayments without penalty. (An additional \$770,000 can be borrowed for improvements. Other parts of this agreement have been omitted.)

1,030,000

A capital lease with Dell Financial Services related to the purchase of office equipment, payable \$729 monthly including interest at 4.993%, maturing in June 2022.

8,516

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1,720,559

Less amount due in one year

(57,180)

Long-term portion

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\$ 1,663,379

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Future principal maturities of long-term debt is as follows:

Year Ending June 30,

2022	\$ 57,180
2023	142,661
2024	148,459
2025	154,492
2026	160,770
Thereafter	<u>1,056,997</u>
	<u>\$ 1,720,559</u>

Interest expense on these and other notes for the year ended June 30, 2021 (including those paid off during the year) was \$32,505.

REACHING MAXIMUM INDEPENDENCE, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021

Note 8 – Net Assets with Donor Restrictions

During the year ended June 30, 2006, RMI recognized an endowment held and managed by the San Antonio Area Foundation (The Foundation). The fair value of this endowment was \$384,662 at June 30, 2021 and has been provided to us by the Foundation with no specifics of individual investments. According to the restrictions of the contributor, distributions are only to be made to supplement, enhance and/or support the creation of new programs by RMI or the operations of the new program for a period not to exceed one year. According to records supplied by The Foundation, actual donor contributions were \$143,304 (with donor restrictions), earnings, additional contributions, and appreciation through June 30, 2021 totaled \$241,358. Total earnings/loss and appreciation for the year ended June 30, 2021 was a net increase of \$64,401. All investments, distributions, and other management decisions are performed by The Foundation. (Investment and management fees of \$3,586 for the fiscal year ended June 30, 2021 have been netted against the earnings/loss and appreciation noted above.) (Since RMI has opened several homes in the current and prior years, all restrictions have been satisfied.)

Fair value of the endowment was provided by San Antonio Area Foundation and is categorized as a Level 1 input.

Following is the fair value hierarchy of the investment as of June 30, 2021:

	Level 1	Level 2	Total
Investments measured at net asset value –			
Endowment Funds	\$ 384,662	\$ -	\$ 384,662

Note 9 – Deferred Compensation Plan

RMI sponsors the Reaching Maximum Independence 401(K) Plan (Plan) for its full-time employees. All employees employed for at least ninety days are eligible to participate. Each employee can contribute up to the IRS designated maximum dollar amount for this type of plan. RMI’s contribution is discretionary. RMI’s contribution into the plan was \$36,528 (including fees) for the period ended June 30, 2021. These amounts are included in the accompanying Statement of Functional Expenses under “Employee benefits”. (Other details of the Plan have been omitted.)

Note 10 – Payroll Protection Program Loan (PPP)

During 2020, RMI applied for and received funding from the Federal PPP loan program of \$597,300 which was included in the Statement of Financial Position as “Note Payable -PPP loan” for fiscal year ended June 30, 2020. The loan was forgiven during the fiscal year ended June 30, 2021, and is included in the “Statements of Activities and Changes in Net Assets” as “PPP loan forgiveness”. (The loan forgiveness is non-taxable income in accordance with Federal Guidelines. Other data related to this loan and forgiveness has been omitted.)

REACHING MAXIMUM INDEPENDENCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

Note 11 – Liquidity and Availability

As of June 30, 2021, financial assets and liquidity resources available within one year for general expenditure, such as operating expense and capital construction costs not financed with debt, were as follows:

Cash and cash equivalents	\$ 1,338,303
Accounts receivable	<u>570,430</u>
Total	<u>\$ 1,908,733</u>

RMI entered an unsecured revolving line of credit on April 10, 2020 with a local bank, which bears interest at prime plus 1.25%. The line of credit matured on April 9, 2021 and was subsequently renewed until April 21, 2022. As of June 30, 2021, RMI has not borrowed any funds on the line of credit. (RMI believes current operations should be adequate to satisfy most obligations.) RMI's cash flows have seasonal variations since there are a few fundraising events and timing of collections from state agencies.

Note 12 – Impairment of Long-Lived Assets

RMI reviews its real and personal property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended June 30, 2021.

Note 13 – Functional Classification of Expenses

RMI reports certain categories of expense that are attributable to more than one program or supporting function. Therefore, these expenses required allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and insurance, which are allocated on a square-footage basis, as well as salaries, wages, and employee benefits, which are allocated based on estimates of time and effort.

Note 14 – Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to confirm to the current year's financial statement presentation.

Note 15 – Subsequent Events

The Organization has evaluated subsequent events through August 31, 2021, the date the financial statements were available to be issued.