

**Rock for Reading, NFP**  
**Audited Financial Statements**  
**For the Year Ended December 31, 2005**

**Rock for Reading, NFP**  
**Notes to Financial Statements**

NOTE A-NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Rock for Reading, NFP (the Organization) awards grants to libraries, schools and education/advocacy organizations that support reading programs. Rock for Reading, NFP raises awareness, funds and tools through a series of musical concerts. The Organization is supported primarily through donor contributions, sponsorships, and revenue earned at the musical concerts.

Contributed Services

During the year ended December 31, 2005, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in obtaining grants and organizing the musical concerts, but these services do not meet the criteria for recognition as contributed services.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line methods.

Financial Statement Presentation

The organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Organization does not use fund accounting.

Contributions

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

### Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501©(3) of the Internal Revenue Code. The Internal Revenue Service further classifies the Organization as a public charity. The Organization received Internal Revenue Service classification on January 18, 2005.

### Cash and Cash Equivalents

For purpose of the statement 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.

### NOTE B-PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>December 31, 2005</u>
Computer Equipment	\$3,438
Accumulated Depreciation	<u>115</u>
	<u>\$3,323</u>

### NOTE C-LIABILITIES

The Organization's current liabilities consist of an advance from Hugh Haller, a founding officer. This advance was used for initial start up costs of the Organization.

Advance from Officer-Hugh Haller	\$1,044
----------------------------------	---------

The Organization intention is to repay this advance within the next twelve months.

**Rock for Reading, NFP**  
**Statements of Financial Position**  
**December 31, 2005**

ASSETS

Current Assets	
Cash	\$ <u>75,442</u>
Total Currents Assets	75,442
Fixed Assets	
Property and Equipment, net	<u>3,323</u>
Total Fixed Assets	<u>3,323</u>
Total Assets	<u><u>\$ 78,765</u></u>

LIABILITIES

Current Liabilities	
Advance from Officer	\$ <u>1,044</u>
Total Current Liabilities	<u>1,044</u>
Total Current Liabilities	

NET ASSETS

Unrestricted	<u>77,721</u>
Total Net Assets	<u>77,721</u>
Total Liabilities and Net Assets	<u><u>\$ 78,765</u></u>

**Rock for Reading, NFP**  
**Statement of Activities**  
**For the Year Ended December 31, 2005**

UNRESTRICTED NET ASSETS:

Unrestricted Revenues	
Sponsorships	\$ 51,000
Event Revenue	22,897
Contributions	22,004
Merchandise Revenue	<u>390</u>
 Total Unrestricted Revenue	 96,291

EXPENSES

Bank Fees	\$ 45
Cost of Merchandise	1,137
Depreciation	115
Event Expenses	6,350
Grants	483
Insurance	980
Legal	2,300
Meeting Expense	266
Miscellaneous	1,625
Office Supplies	25
Postage and Printing	2,403
Travel	16
Website	<u>2,450</u>
 Total Expenses	 <u>\$ 18,155</u>

Increase in Unrestricted Net Assets	78,136
Net Assets at Beginning of Year	<u>(415)</u>
Net Assets at End of Year	<u>\$ 77,720</u>

**Rock for Reading, NFP**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2005**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in Net Assets	\$ 78,136
Adjustments to Reconcile Increase in net assets to net cash provided by operating:	
Depreciation	115
Donated Computer Included in Contributions	<u>(3,438)</u>
 Net Cash Provided by Operating Activities	 74,813
 Beginning Cash and Cash Equivalents	 <u>629</u>
 Ending Cash and Cash Equivalents	 <u><u>\$ 75,442</u></u>

See Accompanying Notes