

Rock for Reading, NFP
Audited Financial Statements
For the Years Ended December 31, 2006 and 2005

Rock for Reading, NFP

Table of Contents

INDEPENDENT AUDITORS REPORT.....	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION.....	2
STATEMENT OF ACTIVITIES.....	3
STATEMENT OF CASH FLOWS.....	4
NOTES TO FINANCIAL STATEMENTS.....	5,6

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rock for Reading, NFP

We have audited the accompanying consolidated balance sheets of Rock for Reading, NFP, as of December 31, 2006 and 2005, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rock for Reading, NFP, as of December 31, 2006 and 2005, and the changes in its net assets and in cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

H.A. Gorden & Company, P.C.
May 30, 2007

Rock for Reading, NFP
Statements of Financial Position
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Current Assets		
Cash	\$ 120,642	\$ 75,442
Total Current Assets	120,642	75,442
Fixed Assets		
Property and Equipment, net	2,645	3,323
Total fixed Assets	2,645	3,323
Total Assets	<u>\$ 123,287</u>	<u>\$ 78,765</u>
 LIABILITIES		
Current Liabilities		
Advance from Officer	\$ 0	\$ 1,044
Total Current Liabilities	<u>0</u>	<u>1,044</u>
 NET ASSETS		
Unrestricted	\$ 123,287	\$ 77,721
Total Net Assets	<u>123,287</u>	<u>77,721</u>
Total Liabilities and Net Assets	<u>\$ 123,287</u>	<u>\$ 78,765</u>

Rock for Reading, NFP
Statement of Activities
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
UNRESTRICTED NET ASSETS:		
Unrestricted Revenues		
Sponsorships	\$ 79,850	\$ 51,000
Event Revenue	31,217	22,897
Contributions	25,973	22,004
Merchandise Revenue	41	390
Total Unrestricted Revenue	137,081	96,291
EXPENSES		
Advertising & Promotion	\$ 11,600	\$ 45
Depreciation	688	115
Event Expenses	3,931	6,350
Grants	56,350	483
Insurance	980	980
Professional	2,285	2,300
Meeting Expense	267	266
Office Supplies	652	25
Postage and Printing	8,021	2,403
Travel	385	16
Website	6,356	2,450
Total Expenses	\$ 91,515	\$ 18,155
Increase in Unrestricted Net Assets	45,566	78,136
Net Assets at Beginning of Year	77,721	(415)
Net Assets at End of Year	\$ 123,287	\$ 77,720

Rock for Reading, NFP
Statement of Cash Flows
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 45,566	\$ 78,136
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating:		
Miscellaneous Rounding	(10)	0
Depreciation	688	115
Donated Computer Included in Contributions	0	(3,438)
Decrease in Advances to Officers	(1,044)	0
Net Cash Provided by Operating Activities	45,200	74,813
Beginning Cash and Cash Equivalents	75,442	629
Ending Cash and Cash Equivalents	120,642	75,442

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, 2006 and 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.

Rock for Reading, NFP
Notes to Financial Statements

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>2006</u>	<u>2005</u>
Computer Equipment	\$3,438	\$3,438
Accumulated Depreciation	<u>(793)</u>	<u>115</u>
Total	<u>\$2,645</u>	<u>\$3,208</u>