

**ROCKETOWN OF MIDDLE TENNESSEE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2010 AND 2009**

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BLANKENSHIP CPA GROUP, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Rockettown of Middle Tennessee

We have audited the accompanying statements of financial position of Rockettown of Middle Tennessee (a Tennessee not-for-profit corporation, the "Organization") as of June 30, 2010 and 2009 and the related statements of activities, functional expenses and cash flows for the years 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the financial position of Rockettown of Middle Tennessee as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

September 29, 2010

**ROCKETOWN OF MIDDLE TENNESSEE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009**

ASSETS

	2010	2009
Cash and cash equivalents	\$ 2,765,540	\$ 179,610
Accounts receivable	29,462	5,179
Contributions receivable, net	71,041	111,457
Interest in net assets	5,011	5,011
Inventories	24,665	32,995
Deposits	5,412	-
Construction in progress	3,773,399	-
Property and equipment, net	<u>2,506,143</u>	<u>3,356,223</u>
 Total assets	 <u><u>\$ 9,180,673</u></u>	 <u><u>\$ 3,690,475</u></u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 75,280	\$ 45,685
Accrued expenses	20,922	38,117
Estimated construction costs payable	<u>2,690,718</u>	<u>-</u>
 Total liabilities	 <u><u>2,786,920</u></u>	 <u><u>83,802</u></u>
 Commitments and contingencies		
Net assets:		
Unrestricted:		
Designated for property and equipment	2,506,143	3,356,223
Undesignated	<u>3,816,569</u>	<u>128,465</u>
 Total unrestricted	 6,322,712	 3,484,688
 Temporarily restricted	 <u>71,041</u>	 <u>121,985</u>
 Total net assets	 <u><u>6,393,753</u></u>	 <u><u>3,606,673</u></u>
 Total liabilities and net assets	 <u><u>\$ 9,180,673</u></u>	 <u><u>\$ 3,690,475</u></u>

The accompanying notes are an integral part of these financial statements.

ROCKETOWN OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Total
Operating revenues:			
Membership dues, cover charges, session fees, lessons	\$ 243,474	\$ -	\$ 243,474
Product revenue	254,607	-	254,607
Facility rentals	71,058	-	71,058
Gain on sale of property and equipment	3,027,068	-	3,027,068
Other	29,545	-	29,545
	<u>3,625,752</u>	<u>-</u>	<u>3,625,752</u>
Total operating revenues			
	<u>3,625,752</u>	<u>-</u>	<u>3,625,752</u>
Public support and other revenues:			
Contributions	135,605	5,000	140,605
Foundation contributions and grants	289,766	57,990	347,756
Special events	286,277	-	286,277
Sponsorships	2,500	-	2,500
Contributed goods and services	-	-	-
Net assets released in satisfaction of program restrictions	113,934	(113,934)	-
	<u>828,082</u>	<u>(50,944)</u>	<u>777,138</u>
Total public support and other revenues			
	<u>828,082</u>	<u>(50,944)</u>	<u>777,138</u>
Total revenues			
	<u>4,453,834</u>	<u>(50,944)</u>	<u>4,402,890</u>
Expenses:			
Program services	1,009,503	-	1,009,503
Supporting services:			
Management and general	381,106	-	381,106
Fundraising	225,201	-	225,201
	<u>1,615,810</u>	<u>-</u>	<u>1,615,810</u>
Total expenses			
	<u>1,615,810</u>	<u>-</u>	<u>1,615,810</u>
Changes in net assets	2,838,024	(50,944)	2,787,080
Net assets, beginning of year	3,484,688	121,985	3,606,673
Net assets, end of year	<u>\$ 6,322,712</u>	<u>\$ 71,041</u>	<u>\$ 6,393,753</u>

The accompanying notes are an integral part of these financial statements.

ROCKETOWN OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	Unrestricted	Temporarily Restricted	Total
Operating revenues:			
Membership dues, cover charges, session fees, lessons	\$ 285,888	\$ -	\$ 285,888
Product revenue	344,957	-	344,957
Facility rentals	144,293	-	144,293
Other	21,269	-	21,269
Total operating revenues	<u>796,407</u>	<u>-</u>	<u>796,407</u>
Public support and other revenues:			
Contributions	108,463	17,550	126,013
Foundation contributions and grants	158,208	-	158,208
Special events	232,017	-	232,017
Sponsorships	21,800	-	21,800
Contributed goods and services	3,270	-	3,270
Net assets released in satisfaction of program restrictions	116,745	(116,745)	-
Total public support and other revenues	<u>640,503</u>	<u>(99,195)</u>	<u>541,308</u>
Total revenues	<u>1,436,910</u>	<u>(99,195)</u>	<u>1,337,715</u>
Expenses:			
Program services	1,144,084	-	1,144,084
Supporting services:			
Management and general	137,025	-	137,025
Fundraising	147,674	-	147,674
Total expenses	<u>1,428,783</u>	<u>-</u>	<u>1,428,783</u>
Changes in net assets	8,127	(99,195)	(91,068)
Net assets, beginning of year	<u>3,476,561</u>	<u>221,180</u>	<u>3,697,741</u>
Net assets, end of year	<u>\$ 3,484,688</u>	<u>\$ 121,985</u>	<u>\$ 3,606,673</u>

The accompanying notes are an integral part of these financial statements.

ROCKETOWN OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2010

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and wages	\$ 438,506	\$ 56,090	\$ 101,531	\$ 596,127
Payroll taxes	40,348	7,812	4,986	53,146
Employee benefits	33,792	2,937	7,312	44,041
Total payroll and related expenses	512,646	66,839	113,829	693,314
Direct costs of operating revenues:				
Skatepark merchandise	106,282	-	-	106,282
Café merchandise	46,840	-	-	46,840
Entertainment	466	-	-	466
Automobile	2,360	7,720	24	10,104
Bank fees	-	7,271	90	7,361
Bad debt expense (recoveries)	-	-	(3,000)	(3,000)
Cash (over) and short	-	19	-	19
Computer software/hardware	281	24	2,368	2,673
Design, photography and printing	-	-	-	-
Dues and subscriptions	996	332	1,287	2,615
Food and entertainment	10,282	2,333	2,400	15,015
Gifts	2,172	1,561	1,687	5,420
Giveaways/incentives	11,347	-	-	11,347
Insurance	7,014	46,861	-	53,875
Interest	-	18,394	-	18,394
Janitorial	-	573	-	573
Legal and professional	6,548	24,964	4,881	36,393
Marketing and advertising	4,886	170	5,889	10,945
Miscellaneous	1,344	1,025	-	2,369
Moving expenses	-	28,999	-	28,999
Office supplies	268	3,591	960	4,819
Postage and freight	93	1,215	1,953	3,261
Purchased services - other	44,295	24,055	28,509	96,859
Purchased services - personnel	40,268	10,948	1,089	52,305
Rent	501	41,484	-	41,985
Repairs and maintenance	22,347	6,188	-	28,535
Special events	159	-	60,011	60,170
Supplies	33,994	12,654	1,019	47,667
Taxes and licenses	13,574	(401)	-	13,173
Telephone	6,122	11,807	811	18,740
Travel	12,132	535	749	13,416
Tuition and training	-	1,058	645	1,703
Utilities	65,461	8,952	-	74,413
Total functional expenses before depreciation	952,678	329,171	225,201	1,507,050
Depreciation of property and equipment	56,825	51,935	-	108,760
Total functional expenses	\$ 1,009,503	\$ 381,106	\$ 225,201	\$ 1,615,810

The accompanying notes are an integral part of these financial statements.

ROCKETOWN OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2009

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and wages	\$ 407,238	\$ 24,580	\$ 65,381	\$ 497,199
Payroll taxes	32,743	6,092	3,422	42,257
Employee benefits	35,488	4,911	8,236	48,635
Total payroll and related expenses	475,469	35,583	77,039	588,091
Direct costs of operating revenues:				
Skatepark merchandise	134,080	-	-	134,080
Café merchandise	53,762	-	-	53,762
Entertainment	577	-	-	577
Automobile	4,318	70	143	4,531
Bank fees	-	6,059	15	6,074
Bad debt expense (recoveries)	-	-	(822)	(822)
Cash (over) and short	-	(383)	-	(383)
Computer software/hardware	160	4,234	-	4,394
Design, photography and printing	3,270	-	-	3,270
Dues and subscriptions	1,533	1,383	662	3,578
Food and entertainment	13,171	2,140	3,431	18,742
Gifts	1,711	998	1,007	3,716
Giveaways/Incentives	4,294	130	148	4,572
Insurance	39,076	4,341	-	43,417
Legal and professional	1,072	30,813	7,312	39,197
Marketing and advertising	6,173	98	4,403	10,674
Miscellaneous	1,076	2,292	-	3,368
Office supplies	1,568	4,206	225	5,999
Postage and freight	283	1,438	1,081	2,802
Purchased services - other	45,429	11,416	20,048	76,893
Purchased services - personnel	56,711	260	1,373	58,344
Rent	19,159	4,569	1,355	25,083
Repairs and maintenance	34,036	630	-	34,666
Special events	-	-	20,521	20,521
Supplies	31,720	1,663	234	33,617
Taxes and licenses	19,088	3,416	300	22,804
Telephone	4,015	12,451	509	16,975
Travel	6,316	997	361	7,674
Tuition and training	15	1,888	1,996	3,899
Utilities	70,077	1,970	1,970	74,017
Total functional expenses before depreciation	1,028,159	132,662	143,311	1,304,132
Depreciation of property and equipment	115,925	4,363	4,363	124,651
Total functional expenses	<u>\$ 1,144,084</u>	<u>\$ 137,025</u>	<u>\$ 147,674</u>	<u>\$ 1,428,783</u>

The accompanying notes are an integral part of these financial statements.

ROCKETOWN OF MIDDLE TENNESSEE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Cash flows from operating activities:		
Changes in net assets	\$ 2,787,080	\$ (91,068)
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation	108,760	124,651
Gain on sale of property and equipment	(3,027,068)	-
(Increase) decrease in:		
Accounts receivable	(24,283)	2,643
Contributions receivable, net	40,416	92,016
Interest in net assets	-	(5,011)
Inventories	8,330	(200)
Prepaid expenses	-	662
Deposits	(5,412)	-
Increase (decrease) in:		
Accounts payable	29,595	19,655
Accrued expenses	(17,195)	(16,643)
Total adjustments	(2,886,857)	217,773
Net cash (used) provided by operating activities	(99,777)	126,705
Cash flows from investing activities:		
Proceeds from disposal of property and equipment	5,600,000	-
Purchase of property and equipment	(1,831,612)	(4,789)
Purchase of construction in progress	(1,082,681)	-
Net cash provided (used) by investing activities	2,685,707	(4,789)
Net increase in cash and cash equivalents	2,585,930	121,916
Cash and cash equivalents, beginning of year	179,610	57,694
Cash and cash equivalents, end of year	\$ 2,765,540	\$ 179,610
<u>Supplemental disclosure of non-cash investing activities:</u>		
Construction in progress recorded through estimated construction costs payable	\$ 2,690,718	\$ -
<u>Other cash flow disclosures:</u>		
Cash paid during the year for interest	\$ 18,394	\$ -

The accompanying notes are an integral part of these financial statements.

**ROCKETOWN OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Rocketown of Middle Tennessee (the "Organization") was founded in 1994 as a Tennessee not-for-profit corporation. The Organization's mission is to create culturally relevant environments that foster vital relationships between disenfranchised adolescents and Christian mentors in order to meet the social, spiritual and physical needs of teens.

On February 19th, 2010, the 401 Sixth Avenue South location was purchased by the Metropolitan Department of Urban Housing (MDHA) through eminent domain as part of the development of the new Music City Convention Center.

On March 1, 2010, Rocketown purchased the property on 601 Fourth Avenue South and began renovations to meet the Organization's programmatic needs. Management estimated that the project was 75% complete at June 30, 2010 and recorded \$2,690,718 of additional construction in progress and unpaid estimated construction costs payable.

The gain on the sale of the property and equipments was as follows:

Proceeds from sale to MDHA	\$ 5,600,000
Additional payout from MDHA to vacate early	<u>575,000</u>
Total proceeds	6,175,000
Less remaining value of assets sold	<u>(3,147,932)</u>
Gain on sale of property and equipment	<u>\$ 3,027,068</u>

At June 30, 2010 the estimated additional cost to complete was approximately \$897,000.

All of the net proceeds from the sale were used to re-invest in the new facility for Rocketown with a projected completion date of August 1, 2010.

Rocketown operated out of a transitional facility from April 2010 through July 2010, while the new facility was purchased and being renovated for use.

The Organization's facilities include the Sixth Avenue Skatepark, a 9,000 square foot indoor skateboarding park; the Main Venue, a state-of-the-art music venue and performance space; the Coffee Bar, a full service coffee shop; a dance studio that can be used as a multi-purpose room; a recording studio; and four classroom spaces for after-school programming. In addition, the Organization trains volunteer mentors and offers a wide variety of enrichment programs ranging from graffiti art instruction to songwriting classes. During 2010, the Organization had over 60,000 visits representing every social demographic of the greater Nashville area and surrounding counties.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**ROCKETOWN OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the June 30, 2009 financial statements presentation to correspond to the current year's format.

Cash and Cash Equivalents

Cash and cash equivalents consist principally of checking and savings account balances with financial institutions.

Property and Equipment

Land, building, equipment and furniture purchases in excess of \$1,000 are capitalized and stated at acquisition cost or at estimated fair value at the time of the gift, if donated. Depreciation of property and equipment, other than land, is calculated by the straight-line method over estimated useful lives ranging from three to ten years for equipment and furniture and five to forty years for building and improvements. The Organization had fully depreciated assets with an original cost of \$197,800 as of June 30, 2009. The Organization wrote these assets off in 2010.

Inventories

Inventories consist principally of coffee bar supplies and skatepark store products and are reported at lower of cost (first-in, first-out method) or market.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the statements of activities as net assets released in satisfaction of program restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted.

**ROCKETOWN OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows (unless immaterial). Conditional promises to give are not included as support until such time as the conditions are substantially met.

The Organization maintains an allowance for doubtful accounts for contributions receivable based upon management's evaluation of historical collection experience and other relevant factors.

Promises to give in the future are recognized as temporarily restricted net assets and revenues in the period promised if the promise is unconditional or the possibility that a condition will not be met is remote.

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Advertising

All advertising costs are expensed when incurred. There were no direct response advertising costs incurred in 2010 and 2009.

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program services – includes the direct cost of operating the Organization's indoor skate park, music venue, and coffee bar. Additionally, program services include numerous enrichment programs offered to teenagers visiting the facility, including skateboarding lessons, songwriting, video editing, graffiti art, and dance.

Management and general – includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Applicable costs include those associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting, and related purposes.

Fundraising – includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

**ROCKETOWN OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

Donated Goods and Services

Donated facilities and materials are recorded as contributions in the period received at their estimated fair value, if there is an objective and measurable basis for determining such value. The Organization recognized \$7,690 as program expenses related to contributed materials.

Donated services are recognized if they create or enhance nonfinancial assets or the donated service requires specialized skills, was performed by a donor who possess such skills, and would have been purchased by the Organization, if not donated. Such services are recognized at fair value as support and expense in the period the services were performed.

A number of unpaid volunteers have made significant contributions of their time to assist the Organization in implementing various programs and exhibits. The value of contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable are unconditional promises to give and are summarized as follows:

	2010	2009
Receivable in less than one year	\$ 72,991	95,207
Receivable in one to five years	-	21,200
	<u>72,991</u>	<u>116,407</u>
Allowance for doubtful accounts	(1,950)	(4,950)
	<u>\$ 71,041</u>	<u>\$ 111,457</u>

Contributions receivable include outstanding contributions from board members of \$29,000 at June 30, 2009. These amounts are receivable in less than one year.

In addition, the Organization received a conditional promise to give from an organization of \$15,000. These funds are contingent upon the proper submission of reimbursement requests by the Organization for qualifying expenditures under the terms of the grant. As of June 30, 2010, the Organization had yet to expend the \$15,000.

**ROCKETOWN OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 4 - INTEREST IN NET ASSETS

Amounts reported in the statements of financial position as interest in net assets represent the cumulative transfers by the Organization to the Firm Foundation of Middle Tennessee (the "Foundation") which is a component fund of the National Christian Charitable Foundation, Inc., as well as earnings thereon. These amounts totaled \$5,011 at June 30, 2010 and 2009. The Foundation holds and invests the funds on behalf of the Organization. The Foundation has variance power over the funds if the Organization fails to comply with the requirements for distribution. The funds are distributable upon request by the Organization and approval of the Foundation. Distributions will be approved if the Organization continues to operate as a 501(c)(3) and a religious Organization. Management does not expect the Organization to fail to comply with the requirements for distribution. Several members of the Organization's board of directors are also members of or related to members of the board of directors for the Foundation.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2010	2009
Land	\$ 2,367,032	\$ 1,050,000
Building and improvements	1,668	2,599,667
Machinery and equipment	461,531	634,907
Furniture and fixtures	9,240	40,909
	<u>2,839,471</u>	<u>4,325,483</u>
Less accumulated depreciation	<u>(333,328)</u>	<u>(969,260)</u>
	<u>\$ 2,506,143</u>	<u>\$ 3,356,223</u>

NOTE 6 - RESTRICTIONS ON NET ASSETS

The temporary restrictions on net assets are as follows:

	2010	2009
Grants and contributions receivable – time restriction	\$ 71,041	\$ 111,457
Counseling services	<u>-</u>	<u>10,528</u>
	<u>\$ 71,041</u>	<u>\$ 121,985</u>

There were no permanently restricted net assets as of June 30, 2010 or 2009.

ROCKETOWN OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 7 - EMPLOYEE BENEFIT PLAN

The Organization sponsors a qualified defined contribution plan under Section 401(k) of the Internal Revenue Code in which substantially all employees of the Organization qualify after they have completed one year of service. The plan allows participants to contribute a percentage of their gross pay up to the amount allowable by the Internal Revenue Code. The Organization recognized \$10,814 and \$10,901 as expense under this plan during the years ended June 30, 2010 and 2009, respectively. These amounts were included in the statements of functional expense as employee benefits.

NOTE 8 - CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash on deposit with several financial institutions. The Organization maintains balances which, at times, may exceed federally insured limits. In management's opinion, the financial institutions have strong credit ratings and exposure to such concentrations is not considered significant.

Contributions from one of the Organization's board members amounted to approximately 9% and 24% of total contributions in 2010 and 2009, respectively. The Organization was awarded three grants which made up approximately 52% of total foundation contributions and grants revenue in 2010. The Organization received all the sponsorship revenue from one sponsor. Two organizations and one individual made contributions which comprised approximately 64% of the Organization's total contributions. Two other individuals made contributions which comprised approximately 24% of the Organization's total contributions for the year ended June 30, 2009. The Organization was awarded four grants which made up approximately 73% of total foundation contributions and grants revenue in 2009. Contributions from a single donor represented approximately 22% of total special events revenue in 2009. The Organization received approximately 97% of total sponsorship revenue from four sponsors in 2009. Two organizations and one individual made contributions which comprised approximately 64% of the Organization's total contributions for the year ended June 30, 2009.

NOTE 9 - QUESTIONED COSTS

Questioned costs are those amounts charged to a funded program that may not be in compliance with requirements set forth in contracts, statutes, and regulations governing allowability or eligibility. A questioned cost may not be reimbursed by the grantor agency or the grantor agency may require that the funds already expended be refunded to the agency. These amounts can be "questioned" by the agency for the specific grant to which they apply. The determination as to whether such costs will be allowed or disallowed under the grants will be made by the individual grantor agency at a later date. No liability was required at June 30, 2010 and 2009 for the repayment of questioned costs as no grantor agency has made a determination of the appropriateness of any questioned costs. Management deems the possibility of a refund request to be remote, as they believe that the Organization has accommodated their objective to the provisions of their grants.

NOTE 10 - SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through September 29, 2010, the date which the financial statements were available to be issued.