RAISE THE ROOF ACADEMY

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Raise the Roof Academy
Nashville, Tennessee

OPINION

We have audited the accompanying financial statements of Raise the Roof Academy (the "Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the years then ended, and the 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 Raise the Roof Academy as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Raise the Roof Academy, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the 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 conditions or events, considered in the aggregate, that raise substantial doubt about Raise the Roof Academy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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AUDITOR'S RESPONSIBILITY

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 GAAS 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 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 GAAS, 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 Organization'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 Organization'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 findings, and certain internal control-related matters that we identified during the audit.

Kraft CPAs PLLC

Nashville, Tennessee
September 13, 2022

RAISE THE ROOF ACADEMY

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash	$ 528,470	$ 372,712
Investments	42,127	20,978
Other assets	2,597	3,257
TOTAL ASSETS	$ 573,194	$ 396,947
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 2,800	$ 2,800
NET ASSETS		
Without donor restrictions	458,174	319,168
With donor restrictions	112,220	74,979
TOTAL NET ASSETS	570,394	394,147
TOTAL LIABILITIES AND NET ASSETS	$ 573,194	$ 396,947

See accompanying notes to financial statements.

RAISE THE ROOF ACADEMY

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Contributions	$ 826,708	$ 38,991	$ 865,699	$ 819,182	$ 74,979	$ 894,161
Investment income, net	13,608	-	13,608	160	-	160
Net assets released from restrictions	1,750	(1,750)	-	36,600	(36,600)	-
TOTAL REVENUE AND SUPPORT	842,066	37,241	879,307	855,942	38,379	894,321
EXPENSES						
Program Services:						
Ugandan operations	552,144	-	552,144	565,010	-	565,010
Mission trips	-	-	-	4,430	-	4,430
Supporting Services:						
Management and general	108,059	-	108,059	85,042	-	85,042
Fundraising	42,857	-	42,857	50,932	-	50,932
TOTAL EXPENSES	703,060	-	703,060	705,414	-	705,414
CHANGE IN NET ASSETS	139,006	37,241	176,247	150,528	38,379	188,907
NET ASSETS - BEGINNING OF YEAR	319,168	74,979	394,147	168,640	36,600	205,240
NET ASSETS - END OF YEAR	$ 458,174	$ 112,220	$ 570,394	$ 319,168	$ 74,979	$ 394,147

See accompanying notes to financial statements.

RAISE THE ROOF ACADEMY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 176,247	$ 188,907
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution of investments	(7,541)	(21,159)
Realized and unrealized (gain) loss on investments	(12,776)	333
(Increase) decrease in:		
Other assets	660	(679)
NET CASH PROVIDED BY OPERATING ACTIVITIES	156,590	167,402
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(832)	(493)
Proceeds from sales of investments	-	14,993
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(832)	14,500
NET INCREASE IN CASH	155,758	181,902
CASH - BEGINNING OF YEAR	372,712	190,810
CASH - END OF YEAR	$ 528,470	$ 372,712

See accompanying notes to financial statements.

RAISE THE ROOF ACADEMY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Supporting Services			
	Ugandan Operations	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 21,507	$ 48,642	$ 21,958	$ 70,600	$ 92,107
Payroll taxes	3,211	7,262	3,278	10,540	13,751
Total personnel costs	24,718	55,904	25,236	81,140	105,858
Grants to Ugandan partner organization	511,044	-	-	-	511,044
Merchant and bank fees	4,528	10,241	4,623	14,864	19,392
Miscellaneous	628	7,765	733	8,498	9,126
Professional fees	4,574	19,107	5,474	24,581	29,155
Rent	1,401	3,169	1,430	4,599	6,000
Supplies and other office expenses	4,585	10,368	4,681	15,049	19,634
Travel	666	1,505	680	2,185	2,851
Total other operating expenses	527,426	52,155	17,621	69,776	597,202
Total functional expenses	$ 552,144	$ 108,059	$ 42,857	$ 150,916	$ 703,060

See accompanying notes to financial statements.

RAISE THE ROOF ACADEMY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services			Supporting Services			
	Ugandan Operations	Mission Trips	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 39,244	$ -	$ 39,244	$ 42,992	$ 30,308	$ 73,300	$ 112,544
Payroll taxes	6,077	-	6,077	6,658	4,694	11,352	17,429
Total personnel costs	45,321	-	45,321	49,650	35,002	84,652	129,973
Grants to Ugandan partner organization	500,000	-	500,000	-	-	-	500,000
Merchant and bank fees	6,063	-	6,063	6,642	4,683	11,325	17,388
Miscellaneous	1,247	-	1,247	6,863	1,687	8,550	9,797
Professional fees	1,382	-	1,382	9,839	1,067	10,906	12,288
Rent	2,301	-	2,301	2,522	1,777	4,299	6,600
Supplies and other office expenses	8,696	-	8,696	9,526	6,716	16,242	24,938
Travel	-	4,430	4,430	-	-	-	4,430
Total other operating expenses	519,689	4,430	524,119	35,392	15,930	51,322	575,441
Total functional expenses	$ 565,010	$ 4,430	$ 569,440	$ 85,042	$ 50,932	$ 135,974	$ 705,414

See accompanying notes to financial statements.

NOTE 1 - GENERAL

Raise the Roof Academy (the "Organization") is a not-for-profit corporation organized in 2007, under the laws of the State of California, to educate students by building relationships and education centers that cultivate a culture of learning and offer God's love through empowerment opportunities. Our vision is to become a premier education system in rural Uganda where children are learning and sharing their gifts with the world. The Organization also collaborates with Raise the Roof Academy LTD, a Ugandan non-governmental organization, to oversee the operations of the facility in Uganda.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Resources are classified as net assets with donor restrictions and net assets without donor restrictions, based on the existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any net assets that are perpetual in nature at December 31, 2021 or 2020.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

A contribution is conditional if an agreement includes a barrier that must be overcome and either a right to return of asset transferred or a right of release of a promisor's obligation to transfer assets exist. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

Donated Materials and Services

Donated materials and equipment, if any, are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received, if applicable. Additionally, a number of unpaid volunteers have made significant contributions of their time to assist in fund-raising and special projects. However, these services do not meet the requirements above and have not been recorded.

Cash

Cash consists principally of checking account balances. Cash and other short-term investments held in brokerage accounts are classified as investments.

Property and Equipment

Property and equipment are reported at cost at the date of purchase or at estimated fair value at date of gift to the Organization. The Organization's policy is to capitalize purchases with a cost of $1,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which is three years for property and equipment.

Investments

Investments are stated at fair value. Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for discussion of fair value measurements. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Changes in unrealized gains and losses are reflected currently in the Statements of Activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services

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

Program Services:

Ugandan Operations - The grants support 1,300 children in the education program (student tuition), medical clinic, specified building projects, and a sustainability program. The mission is to educate the whole student by building relationships and education centers that cultivate a culture of learning and offer God's love through empowerment opportunities. The vision is to become a premier education system in rural Uganda where children are learning and sharing their gifts with the world. Raise the Roof Academy students are living proof that education opens doors out of poverty, child labor, disease, and chaos. The students come from families who often live on less than $1 a day. The Ugandan non-governmental organization supported provides a free, high-quality education to girls and boys born in the most remote communities of Uganda who, due to poverty and social pressures, would otherwise be cut off from the promise of education.

Mission Trips - The Organization's mission trips are an opportunity for sponsors, and other interested persons, to travel to Uganda to meet their sponsored child and other students at Raise the Roof Academy. Mission trips also conduct special activities while there such as a community medical clinic, kid's camp, skills training, leadership training, income generating agricultural projects and construction. Due to COVID-19, mission trips were limited for the years ending December 31, 2021 and 2020.

Supporting Services:

Management and General - relates to the overall direction of the agency. These expenses are not identifiable with a particular program or with fundraising but are indispensable to the conduct of those activities and are essential to the agency. Specific activities include agency oversight, business management, recordkeeping, budgeting, financing and other administrative activities.

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.

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 activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. The expenses that are allocated include personnel costs, merchant and bank fees, miscellaneous, professional fees, rent, supplies and other office expenses and travel expenses, which are allocated on the basis of estimates of time expended on those resources.

Use of Estimates

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

Income Taxes

The Organization qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization files a U.S. Federal Form 990 for organizations exempt from income tax.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Organization’s income tax returns to determine whether the income tax positions meet a “more likely than not” standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the “more likely than not” standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Authoritative Accounting Guidance

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*, which makes narrow scope improvements to the standard for specific issues. In July 2018, the FASB also issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method allowing the standard to be applied at the adoption date. In March 2019, the FASB issued ASU 2019-01, *Leases (Topic 842) Codification Improvements*, which exempts entities from having to provide the interim disclosures required by Accounting Standards Codification ("ASC") 250-10-50-3 in the fiscal year in which an Organization adopts the new leases standard.

A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Organization expects to adopt the guidance retrospectively at the beginning of the period of adoption, January 1, 2022, through a cumulative-effect adjustment, and will not apply the new standard to comparative periods presented.

The new standard provides a number of practical expedients. Upon adoption, the Organization expects to elect all the practical expedients available.

The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Organization beginning on January 1, 2022. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred between December 31, 2021 and September 13, 2022, the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of December 31 are as follows:

	2021	2020
Cash	$ 528,470	$ 372,712
Investments	42,127	20,978
Total financial assets	570,597	393,690
Less amounts not available to be used within one year:		
Donor designated amounts for specified purposes	(112,220)	(74,979)
Financial assets available to meet general expenditures over the next twelve months	$ 458,377	$ 318,711

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation up to statutory limits. The Organization's cash balances may, at times, exceed statutory limits. The Organization has not experienced any losses in such accounts and management considers this to be a normal business risk.

NOTE 5 - INVESTMENTS

Investments consisted of the following at December 31:

	2021	2020
Cash	$ 1,045	$ 214
Equities	41,082	20,764
	$ 42,127	$ 20,978

NOTE 6 - FAIR VALUE MEASUREMENTS

The Organization classifies its investments measured at fair value based on a hierarchy consisting of: Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market but for which observable market inputs are readily available) and Level 3 (securities valued based on significant unobservable inputs). An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis.

Investments:

Equities - Securities for which quotations are readily available in active markets are valued at the most recent quote in the principal market in which such securities are normally traded and are classified within Level 1 of the valuation hierarchy.

No changes in the valuation methodology have been made since the prior measurement date.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes financial assets measured at fair value on a recurring basis, segregated by level of valuation inputs within the fair value hierarchy utilized to measure fair value as of December 31:

2021	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Investments measured at fair value:				
Equities:				
Consumer	$ 3,109	$ -	$ -	$ 3,109
Technology	2,218	-	-	2,218
Energy	31,976	-	-	31,976
Small blend	3,779	-	-	3,779
Total investments measured at fair value	$ 41,082	$ -	$ -	$ 41,082

2020	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Investments measured at fair value:				
Equities:				
Consumer	$ 2,568	$ -	$ -	$ 2,568
Technology	1,566	-	-	1,566
Energy	13,597	-	-	13,597
Small Blend	3,033	-	-	3,033
Total investments measured at fair value	$ 20,764	$ -	$ -	$ 20,764

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2021	2020
Computer equipment	$ 1,736	$ 1,736
Less accumulated depreciation	(1,736)	(1,736)
	$ -	$ -

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of the following at December 31:

	2021	2020
Farm to Feed initiative	$ 109,820	$ 73,229
Missions	2,400	-
Building projects	-	1,750
	$ 112,220	$ 74,979

NOTE 9 - GRANTS

During the years ending December 31, 2021 and 2020, the Organization provided approximately $511,000 and $500,000, respectively, in grants to Raise the Roof Academy LTD to assist in their education program (student tuition), medical clinic, specified building projects and a sustainability program.

NOTE 10 - LEASES

The Organization leased office space under an operating lease on a month-to-month basis during the years presented. Rent expense relating to these facilities totaled $6,000 and $6,600 for the years ended December 31, 2021 and 2020, respectively.

NOTE 11 - RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Organization's board members may make substantial contributions to the Organization in support of its mission. During 2021 and 2020, the Organization received donations from board members totaling approximately $49,400 and $72,800, respectively.

Management of the Organization performs certain oversight functions for Raise the Roof Academy LTD and there is a family relationship between certain board members of the Organization and Raise the Roof Academy LTD.

NOTE 12 - COVID-19

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law. The CARES Act provides an economic relief package to many businesses in the U.S. as a direct response to the adverse impacts of COVID-19. Section 1102 of the CARES Act establishes the Paycheck Protection Program ("PPP"), which is implemented by the Small Business Administration ("SBA"), and is intended to provide small businesses and certain nonprofit organizations with funds to pay payroll costs and benefits, interest on mortgages, rent and utilities.

The Organization was granted a $19,035 loan under the PPP, administered by a SBA approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance obligation or other barrier and right of return of the PPP loan no longer existed. The Organization has recognized the full amount as grant revenue for the year ended December 31, 2020 and is included in contributions on the Statements of Activities. In 2021, the Organization received notification that the full balance of the PPP loan had been forgiven.