

RAISE THE ROOF ACADEMY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Raise the Roof Academy (the "Organization"), a not-for-profit organization, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY 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; this includes 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.

AUDITOR'S RESPONSIBILITY

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kraft CPAs PLLC

Nashville, Tennessee

June 21, 2021

RAISE THE ROOF ACADEMY

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash	\$ 372,712	\$ 190,810
Investments	20,978	14,652
Other assets	<u>3,257</u>	<u>2,578</u>
 TOTAL ASSETS	 <u>\$ 396,947</u>	 <u>\$ 208,040</u>
 <u>LIABILITIES AND NET ASSETS</u>		
 LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 2,800</u>	<u>\$ 2,800</u>
 NET ASSETS		
Without donor restrictions	319,168	168,640
With donor restrictions	<u>74,979</u>	<u>36,600</u>
 TOTAL NET ASSETS	 <u>394,147</u>	 <u>205,240</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 396,947</u>	 <u>\$ 208,040</u>

See accompanying notes to financial statements.

RAISE THE ROOF ACADEMY

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT						
Contributions	\$ 819,182	\$ 74,979	\$ 894,161	\$ 958,013	\$ 36,600	\$ 994,613
Investment income, net	160	-	160	801	-	801
Net assets released from restrictions	<u>36,600</u>	<u>(36,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>855,942</u>	<u>38,379</u>	<u>894,321</u>	<u>958,814</u>	<u>36,600</u>	<u>995,414</u>
EXPENSES						
Program Services:						
Ugandan operations	565,010	-	565,010	659,156	-	659,156
Mission trips	4,430	-	4,430	101,351	-	101,351
Supporting Services:						
Management and general	85,042	-	85,042	106,547	-	106,547
Fundraising	<u>50,932</u>	<u>-</u>	<u>50,932</u>	<u>84,207</u>	<u>-</u>	<u>84,207</u>
TOTAL EXPENSES	<u>705,414</u>	<u>-</u>	<u>705,414</u>	<u>951,261</u>	<u>-</u>	<u>951,261</u>
CHANGE IN NET ASSETS	150,528	38,379	188,907	7,553	36,600	44,153
NET ASSETS - BEGINNING OF YEAR	<u>168,640</u>	<u>36,600</u>	<u>205,240</u>	<u>161,087</u>	<u>-</u>	<u>161,087</u>
NET ASSETS - END OF YEAR	<u>\$ 319,168</u>	<u>\$ 74,979</u>	<u>\$ 394,147</u>	<u>\$ 168,640</u>	<u>\$ 36,600</u>	<u>\$ 205,240</u>

See accompanying notes to financial statements.

RAISE THE ROOF ACADEMY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 188,907	\$ 44,153
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution of investments	(21,159)	(4,915)
Realized (gain) loss on investments	333	(538)
Depreciation	-	289
(Increase) decrease in:		
Other assets	(679)	(1,681)
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>-</u>	<u>2,408</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>167,402</u>	<u>39,716</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(493)	(263)
Proceeds from sales of investments	<u>14,993</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>14,500</u>	<u>(263)</u>
NET INCREASE IN CASH	181,902	39,453
CASH - BEGINNING OF YEAR	<u>190,810</u>	<u>151,357</u>
CASH - END OF YEAR	<u>\$ 372,712</u>	<u>\$ 190,810</u>

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			Total
	Ugandan Operations	Mission Trips	Total Program Services	Management and General	Fundraising	Total Supporting Services	
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	<u>45,321</u>	<u>-</u>	<u>45,321</u>	<u>49,650</u>	<u>35,002</u>	<u>84,652</u>	<u>129,973</u>
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	<u>519,689</u>	<u>4,430</u>	<u>524,119</u>	<u>35,392</u>	<u>15,930</u>	<u>51,322</u>	<u>575,441</u>
Total functional expenses	<u>\$ 565,010</u>	<u>\$ 4,430</u>	<u>\$ 569,440</u>	<u>\$ 85,042</u>	<u>\$ 50,932</u>	<u>\$ 135,974</u>	<u>\$ 705,414</u>

See accompanying notes to financial statements.

RAISE THE ROOF ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services			Supporting Services			Total
	Ugandan Operations	Mission Trips	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 28,458	\$ -	\$ 28,458	\$ 28,459	\$ 28,458	\$ 56,917	\$ 85,375
Payroll taxes	5,130	-	5,130	5,130	5,130	10,260	15,390
Total personnel costs	33,588	-	33,588	33,589	33,588	67,177	100,765
Grants to Ugandan partner organization	597,450	19,000	616,450	-	-	-	616,450
Merchant and bank fees	5,979	-	5,979	5,999	5,979	11,978	17,957
Miscellaneous	2,311	-	2,311	5,095	3,658	8,753	11,064
Professional fees	4,517	-	4,517	46,300	4,717	51,017	55,534
Rent	2,600	-	2,600	2,600	2,600	5,200	7,800
Special event	-	-	-	-	21,944	21,944	21,944
Supplies and other office expenses	8,902	1,944	10,846	10,846	10,846	21,692	32,538
Travel	3,809	80,407	84,216	2,118	875	2,993	87,209
Total other operating expenses	625,568	101,351	726,919	72,958	50,619	123,577	850,496
Total functional expenses	\$ 659,156	\$ 101,351	\$ 760,507	\$ 106,547	\$ 84,207	\$ 190,754	\$ 951,261

See accompanying notes to financial statements.

RAISE THE ROOF ACADEMY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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, 2020 or 2019.

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.

RAISE THE ROOF ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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.

RAISE THE ROOF ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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 year ending December 31, 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.

RAISE THE ROOF ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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.

RAISE THE ROOF ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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, 2020 and June 21, 2021, the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

RAISE THE ROOF ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 3 - LIQUIDITY AND AVAILABILITY

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

	<u>2020</u>	<u>2019</u>
Cash	\$ 372,712	\$ 190,810
Investments	<u>20,978</u>	<u>14,652</u>
Total financial assets	393,690	205,462
Less amounts not available to be used within one year:		
Donor designated amounts for specified purposes	<u>(74,979)</u>	<u>(36,600)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 318,711</u>	<u>\$ 168,862</u>

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:

	<u>2020</u>	<u>2019</u>
Cash	\$ 214	\$ 603
Equities	<u>20,764</u>	<u>14,049</u>
	<u>\$ 20,978</u>	<u>\$ 14,652</u>

RAISE THE ROOF ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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.

RAISE THE ROOF ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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:

<u>2020</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
<u>Investments measured at fair value:</u>				
Equities:				
Consumer	\$ 2,568	\$ -	\$ -	\$ 2,568
Technology	1,566	-	-	1,566
Energy	13,597	-	-	13,597
Small blend	<u>3,033</u>	<u>-</u>	<u>-</u>	<u>3,033</u>
Total investments measured at fair value	<u>\$ 20,764</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,764</u>
<u>2019</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
<u>Investments measured at fair value:</u>				
Equities:				
Consumer	\$ 2,681	\$ -	\$ -	\$ 2,681
Technology	1,679	-	-	1,679
Energy	<u>9,689</u>	<u>-</u>	<u>-</u>	<u>9,689</u>
Total investments measured at fair value	<u>\$ 14,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,049</u>

RAISE THE ROOF ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 1,736	\$ 1,736
Less accumulated depreciation	<u>(1,736)</u>	<u>(1,736)</u>
	<u>\$ -</u>	<u>\$ -</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2020 consisted of \$73,229 to be used for the Farm to Feed initiative and \$1,750 to be used for building projects. There were \$36,600 of net assets with donor restrictions at December 31, 2019 to be used for building projects.

NOTE 9 - GRANTS

During the years ending December 31, 2020 and 2019, the Organization provided \$500,000 and \$616,450, 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 \$6,600 and \$7,800 for the years ended December 31, 2020 and 2019, respectively.

RAISE THE ROOF ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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 2020 and 2019, the Organization received donations from board members totaling approximately \$72,800 and \$87,800, 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 US 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, 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 Small Business Administration ("SBA") approved partner. The loan is uncollateralized and is 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. Subsequent to year end, the Organization received notification that the full balance of the PPP loan had been forgiven.