

**ROC SOLID FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2020 and 2019

And Report of Independent Auditor

ROC SOLID FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
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Report of Independent Auditor

To the Board of Directors
Roc Solid Foundation, Inc.
Chesapeake, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Roc Solid Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and change in net assets, functional expenses, and cash flows 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 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 the Foundation as of December 31, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Virginia Beach, Virginia
July 13, 2021

ROC SOLID FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|-------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 1,060,425 | \$ 644,403 |
| Accounts receivable | 13,500 | 9,094 |
| Grants and contributions receivable | 25,000 | 125,000 |
| Inventory | 60,918 | 35,643 |
| Total Current Assets | 1,159,843 | 814,140 |
| Property and Equipment, Net | 86,266 | 102,946 |
| Total Assets | \$ 1,246,109 | \$ 917,086 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities: | | |
| Accounts payable, trade | \$ 15 | \$ - |
| Note payable, current portion | 5,264 | 4,976 |
| Accrued wages and related liabilities | 16,614 | 1,490 |
| Total Current Liabilities | 21,893 | 6,466 |
| Long-Term Liabilities: | | |
| Note payable, less current portion | 11,450 | 16,714 |
| Total Liabilities | 33,343 | 23,180 |
| Net Assets: | | |
| Without donor restrictions | 1,202,766 | 768,906 |
| With donor restrictions | 10,000 | 125,000 |
| Total Net Assets | 1,212,766 | 893,906 |
| Total Liabilities and Net Assets | \$ 1,246,109 | \$ 917,086 |

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

ROC SOLID FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED DECEMBER 31, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|--|---------------------|
| Support: | | | |
| Contributions, sponsorships, and grants | \$ 1,202,230 | \$ 525,585 | \$ 1,727,815 |
| Gift-in-kind | 65,190 | - | 65,190 |
| Special event contributions | 189,949 | - | 189,949 |
| Paycheck Protection Program grant revenue | 109,600 | - | 109,600 |
| | <u>1,566,969</u> | <u>525,585</u> | <u>2,092,554</u> |
| Net assets released from restrictions: | | | |
| Satisfaction of restrictions | <u>640,585</u> | <u>(640,585)</u> | <u>-</u> |
| Total Support | <u>2,207,554</u> | <u>(115,000)</u> | <u>2,092,554</u> |
| Revenue: | | | |
| Merchandise sales | 6,470 | - | 6,470 |
| Other income | <u>8,649</u> | <u>-</u> | <u>8,649</u> |
| Total Revenue | <u>15,119</u> | <u>-</u> | <u>15,119</u> |
| Total Support and Revenue | <u>2,222,673</u> | <u>(115,000)</u> | <u>2,107,673</u> |
| Functional Expenses: | | | |
| Program services | 1,381,603 | - | 1,381,603 |
| Management and general | 280,752 | - | 280,752 |
| Fundraising | <u>126,458</u> | <u>-</u> | <u>126,458</u> |
| Total Functional Expenses | <u>1,788,813</u> | <u>-</u> | <u>1,788,813</u> |
| Change in net assets | 433,860 | (115,000) | 318,860 |
| Net assets, beginning of year | <u>768,906</u> | <u>125,000</u> | <u>893,906</u> |
| Net assets, end of year | <u>\$ 1,202,766</u> | <u>\$ 10,000</u> | <u>\$ 1,212,766</u> |

ROC SOLID FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED DECEMBER 31, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|--|-------------------|
| Support: | | | |
| Contributions, sponsorships, and grants | \$ 579,242 | \$ 660,467 | \$ 1,239,709 |
| Gift-in-kind | 100,482 | - | 100,482 |
| Special event contributions | 424,119 | - | 424,119 |
| | <u>1,103,843</u> | <u>660,467</u> | <u>1,764,310</u> |
| Net assets released from restrictions: | | | |
| Satisfaction of restrictions | 623,967 | (623,967) | - |
| Total Support | <u>1,727,810</u> | <u>36,500</u> | <u>1,764,310</u> |
| Revenue: | | | |
| Special event revenue | 67,797 | - | 67,797 |
| Merchandise sales | 9,252 | - | 9,252 |
| Interest income | 5,029 | - | 5,029 |
| Total Revenue | <u>82,078</u> | <u>-</u> | <u>82,078</u> |
| Total Support and Revenue | <u>1,809,888</u> | <u>36,500</u> | <u>1,846,388</u> |
| Functional Expenses: | | | |
| Program services | 1,081,525 | - | 1,081,525 |
| Management and general | 212,450 | - | 212,450 |
| Fundraising | 195,560 | - | 195,560 |
| Total Functional Expenses | <u>1,489,535</u> | <u>-</u> | <u>1,489,535</u> |
| Change in net assets | 320,353 | 36,500 | 356,853 |
| Net assets, beginning of year | 448,553 | 88,500 | 537,053 |
| Net assets, end of year | <u>\$ 768,906</u> | <u>\$ 125,000</u> | <u>\$ 893,906</u> |

The accompanying notes to the financial statements are an integral part of this statement.

ROC SOLID FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

| | Program Services | Management and General | Fundraising | Total |
|---------------------------------------|-----------------------------|---------------------------------------|--------------------|---------------------|
| Children activities and services | \$ 42,027 | \$ - | \$ - | \$ 42,027 |
| Materials | 545,425 | - | - | 545,425 |
| Advertising and marketing | 69,799 | - | - | 69,799 |
| Family meals / volunteer appreciation | 29,161 | - | - | 29,161 |
| Conferences and meetings | 955 | - | - | 955 |
| Other taxes and fees | - | 10,085 | - | 10,085 |
| Merchandise | 145 | - | - | 145 |
| Travel | 80,951 | - | - | 80,951 |
| Repairs and maintenance | 8,169 | - | - | 8,169 |
| Sponsorship | 5,016 | - | - | 5,016 |
| Supplies | 18,053 | 6,018 | - | 24,071 |
| Training | 17,139 | 4,202 | - | 21,341 |
| Depreciation | 18,457 | 2,051 | - | 20,508 |
| Printing and publications | 888 | - | - | 888 |
| Salaries, benefits, and payroll taxes | 412,850 | 172,021 | 103,213 | 688,084 |
| Equipment rental | 24,173 | - | - | 24,173 |
| Occupancy and storage | 29,909 | 9,970 | - | 39,879 |
| Telecommunication | 10,006 | 3,335 | - | 13,341 |
| Postage and delivery | 43,045 | - | - | 43,045 |
| Insurance | - | 26,383 | - | 26,383 |
| Professional fees | - | 40,300 | - | 40,300 |
| Technology | 21,014 | - | - | 21,014 |
| Utilities | - | 6,387 | - | 6,387 |
| Interest | 1,087 | - | - | 1,087 |
| Miscellaneous | 3,334 | - | - | 3,334 |
| Fundraising | - | - | 23,245 | 23,245 |
| Total Functional Expenses | \$ 1,381,603 | \$ 280,752 | \$ 126,458 | \$ 1,788,813 |

The accompanying notes to the financial statements are an integral part of this statement.

ROC SOLID FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

| | Program Services | Management and General | Fundraising | Total |
|---------------------------------------|-----------------------------|---------------------------------------|--------------------|---------------------|
| Children activities and services | \$ 132,774 | \$ - | \$ - | \$ 132,774 |
| Materials | 341,009 | - | - | 341,009 |
| Advertising and marketing | 16,519 | - | - | 16,519 |
| Family meals / volunteer appreciation | 37,578 | - | - | 37,578 |
| Conferences and meetings | 1,361 | - | - | 1,361 |
| Other taxes and fees | - | 7,092 | - | 7,092 |
| Travel | 102,375 | - | - | 102,375 |
| Repairs and maintenance | 2,446 | - | - | 2,446 |
| Sponsorship | 9,472 | - | - | 9,472 |
| Supplies | 32,353 | 10,784 | - | 43,137 |
| Training | 20,288 | 4,468 | - | 24,756 |
| Depreciation | 15,069 | 1,674 | - | 16,743 |
| Printing and publications | 1,291 | - | - | 1,291 |
| Salaries, benefits, and payroll taxes | 253,448 | 105,604 | 63,362 | 422,414 |
| Equipment rental | 19,776 | - | - | 19,776 |
| Occupancy and storage | 31,213 | 10,404 | - | 41,617 |
| Telecommunication | 25,193 | 8,398 | - | 33,591 |
| Postage and delivery | 17,569 | - | - | 17,569 |
| Insurance | - | 23,227 | - | 23,227 |
| Professional fees | - | 36,800 | - | 36,800 |
| Technology | 18,195 | - | - | 18,195 |
| Utilities | - | 3,999 | - | 3,999 |
| Interest | 1,353 | - | - | 1,353 |
| Miscellaneous | 2,243 | - | - | 2,243 |
| Fundraising | - | - | 132,198 | 132,198 |
| Total Functional Expenses | \$ 1,081,525 | \$ 212,450 | \$ 195,560 | \$ 1,489,535 |

The accompanying notes to the financial statements are an integral part of this statement.

ROC SOLID FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 318,860 | \$ 356,853 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Depreciation | 20,508 | 16,743 |
| Gain on disposal of assets | - | (2,550) |
| Change in operating assets and liabilities: | | |
| Accounts receivable | (4,406) | (5,594) |
| Grants and contributions receivable | 100,000 | (50,000) |
| Inventory | (25,275) | (6,022) |
| Accounts payable, trade | 15 | (5,034) |
| Accrued wages and related liabilities | 15,124 | (6,857) |
| Net cash flows from operating activities | <u>424,826</u> | <u>297,539</u> |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (3,828) | (38,092) |
| Proceeds from sale of property and equipment | - | 2,550 |
| Net cash flows from investing activities | <u>(3,828)</u> | <u>(35,542)</u> |
| Cash flows from financing activities: | | |
| Repayment of note payable | (4,976) | (4,710) |
| Net cash flows from financing activities | <u>(4,976)</u> | <u>(4,710)</u> |
| Net increase in cash, cash equivalents, and restricted cash | 416,022 | 257,287 |
| Cash, cash equivalents, and restricted cash, beginning of year | 644,403 | 387,116 |
| Cash, cash equivalents, and restricted cash, end of year | <u>\$ 1,060,425</u> | <u>\$ 644,403</u> |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | <u>\$ 1,087</u> | <u>\$ 1,353</u> |

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

ROC SOLID FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 1—Nature of operations and summary of significant accounting policies

Nature of Operations – Roc Solid Foundation, Inc. (the “Foundation”) is a not-for-profit Virginia based corporation. The mission of the Foundation is to build hope for children battling cancer and their families by offering opportunities for them do what they do best – play. Incorporated in 2008, the Foundation prepares ready bags for in-hospital patients and constructs custom-built playsets for children of all ages.

Basis of Presentation – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Cash, Cash Equivalents, and Restricted Cash – For purposes of the statements of cash flows, cash, cash equivalents, and restricted cash consist of cash on hand with original maturities of three months or less. Restricted cash, if any, consists of reserves that are restricted for specific purposes or events by donors, and are then released from restriction when a donor-stipulated purpose restriction is accomplished or when a donor-stipulated event occurs.

Method of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting and, as such, recognize income when earned and expenses when incurred.

Accounts Receivable – Accounts receivable consist of sponsorship accounts receivable and are stated at amounts billed less an allowance for doubtful accounts. Management’s determination of the allowance for doubtful accounts is based on an evaluation of the accounts receivable, past experience, current economic conditions, and other risks inherent in the receivable portfolios. An allowance was not deemed necessary at December 31, 2020 and 2019.

Grants Receivable – Grants receivable consist of amounts due from private donors based on terms of the related grant agreement. At December 31, 2020 and 2019, management considers all amounts to be fully collectible within one year. Accordingly, an allowance for uncollectible grants has not been established.

Property and Equipment – Property and equipment are recorded at cost, or if contributed, at the estimated fair value at the date of contribution. Contributions are reported as unrestricted support unless the donor restricted the donated asset to a specific purpose. Long-lived assets held and used by the Foundation are reviewed for impairment whenever changes in circumstances indicate the carrying value of an asset may not be recoverable. Depreciation is calculated using straight-line and accelerated methods based on the following useful lives:

| | |
|-------------------------|--------------|
| Machinery and equipment | 5 - 10 years |
| Furniture and equipment | 5 - 7 years |
| Vehicles | 7 years |

Use of Estimates – The preparation of financial statements in conformity with U.S. 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 Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Management believes the Foundation continues to satisfy the requirements of a tax-exempt organization at December 31, 2020. Management has evaluated all other tax positions that could have a significant effect on the financial statements and determined the Foundation had no uncertain income tax positions at December 31, 2020.

ROC SOLID FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 1—Nature of operations and summary of significant accounting policies (continued)

Inventory – Inventory consists of playsets and ready bag materials to support their mission. Inventory is stated at the lower of cost or net realizable value.

Financial Statement Presentation – The Foundation reports information regarding its financial position and activities according to two net asset categories based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations. Revenues, expenses, gains, and losses that are not limited by donor-imposed restrictions are reported in this classification.

Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed stipulations that expire by the passage of time or that can be fulfilled by action of the Foundation pursuant to those stipulations.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net asset with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets. At December 31, 2020, net assets with donor restrictions totaled \$134,596. At December 31, 2019, net assets with donor restrictions totaled \$125,000.

Revenue Recognition and Contributions Received – See Note 9.

Advertising Costs – The Foundation expenses advertising costs as incurred. Advertising costs expensed for the years ended December 31, 2020 and 2019 were \$69,799 and \$16,519, respectively.

Contributions – Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. All contributions received are considered to be available for use unless specifically restricted by the donor.

Grant Income – Grant income is recognized in the year the grant is awarded. Grants that are restricted by the grantor are reported as increases in net assets with donor restrictions. When the restriction is met or expires, the net assets are reclassified to net assets without donor restrictions.

The Foundation accounts for contributions and grants in accordance with Financial Accounting Standards Board (“FASB” Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant.

ROC SOLID FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 1—Nature of operations and summary of significant accounting policies (continued)

Functional Allocation of Expenses – The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and change in net assets and the statements of functional expenses. Management’s estimate of functional expense allocation is based on time and effort for certain expenses. For certain administrative expenses, management takes into consideration historical information, knowledge of operations, and time involved to arrive at the best estimate of allocation between program and supporting services.

Significant New Accounting Standards Not Yet Adopted – In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires that a lease liability and related right-of-use asset, representing the lessee’s right to use or control the asset, be recorded on the statements of financial position, upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statements of activities and changes in net assets and the statements of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Foundation is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Reclassifications – Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with presentation in the current year financial statements and have no effect on net assets.

Note 2—Liquidity and availability of financial assets

The Foundation’s financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, are as follows:

| | 2020 | 2019 |
|--|---------------------|-------------------|
| Cash, cash equivalents, and restricted cash | \$ 1,060,425 | \$ 644,403 |
| Accounts receivable | 13,500 | 9,094 |
| Grants and contributions receivable | 25,000 | 125,000 |
| | 1,098,925 | 778,497 |
| Less amounts restricted by donors for specific use | (10,000) | (125,000) |
| | <u>\$ 1,088,925</u> | <u>\$ 653,497</u> |

As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation considers general expenditures to be all program services, management and general, and fundraising costs presented in the statements of functional expenses incurred in the ordinary course of the advancement of the Foundation’s mission.

ROC SOLID FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 3—Donated services and property

The Foundation recorded no donated professional services for the years ended December 31, 2020 and 2019. Community volunteers donate a significant amount of non-professional time to program services which cannot be objectively valued and are not reflected.

The statements also reflect donated materials and supplies of \$65,190 and \$100,482 which consists of playset materials and various goods to be used in ready bags for the years ended December 31, 2020 and 2019, respectively.

Note 4—Concentration of credit risks

The Foundation is subject to concentration risk due to the fact that approximately 15% of its revenue and support was received from one major donor during the year ended December 31, 2020. This donor had a balance due to the Foundation of \$25,000 as of December 31, 2020. Approximately 10% of its revenue and support was received from one major donor during the year ended December 31, 2019. This donor had no balances due to the Foundation as of December 31, 2019.

The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Foundation from time to time may have amounts on deposit in excess of the insured limits. As of December 31, 2020, the Foundation exceeded these limits by \$796,600.

Note 5—Property and equipment

Property and equipment consists of the following at December 31:

| | 2020 | 2019 |
|-------------------------------|------------------|-------------------|
| Machinery and equipment | \$ 33,827 | \$ 32,388 |
| Furniture and equipment | 14,700 | 12,311 |
| Vehicles | 95,905 | 95,905 |
| | <u>144,432</u> | <u>140,604</u> |
| Less accumulated depreciation | (58,166) | (37,658) |
| | <u>\$ 86,266</u> | <u>\$ 102,946</u> |

Depreciation expense was \$20,508 and \$16,743 for the years ended December 31, 2020 and 2019, respectively.

ROC SOLID FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 6—Lease commitment

The Foundation leases their primary office building, storage units, and other small office space through operating leases with various terms expiring through 2022. For the years ended December 31, 2020 and 2019, rent expense totaled \$39,879 and \$41,617, respectively.

Future minimum lease payments under these lease agreements are:

| | | |
|------|----|--------|
| 2021 | \$ | 23,670 |
| 2022 | | 20,215 |

Note 7—Note payable

Note payable at December 31, 2020 and 2019 consists of:

| | <u>2020</u> | <u>2019</u> |
|---|------------------|------------------|
| Automobile loan, payable in monthly installments of \$505, 5.5% interest, through 2023, secured by automobile | \$ 16,714 | \$ 21,690 |
| Less current maturities | (5,264) | (4,976) |
| Note payable, net | <u>\$ 11,450</u> | <u>\$ 16,714</u> |

The amounts of long-term liabilities maturing in each of the years following December 31, 2020 are:

| | | |
|------|----|------------------|
| 2021 | \$ | 5,264 |
| 2022 | | 5,565 |
| 2023 | | 5,885 |
| | | <u>\$ 16,714</u> |

Note 8—Net assets with donor restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the other events specified by donors during the respective year as follows:

| | <u>2020</u> | <u>2019</u> |
|-----------------------|-------------------|-------------------|
| Play It Forward | \$ 494,450 | \$ 422,673 |
| Ready bags | 146,135 | 187,794 |
| Purchase of box truck | - | 13,500 |
| | <u>\$ 640,585</u> | <u>\$ 623,967</u> |

As of December 31, 2020, there were \$10,000 of outstanding contributions with donor-imposed restrictions for use in 2021 towards playsets for Play It Forward. At December 31, 2019, there were \$125,000 of outstanding contributions with donor-imposed restrictions for use in 2020 towards playsets for Play It Forward.

ROC SOLID FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 9—Revenue recognition and contributions received

The Foundation accounts for revenue related to exchange transactions in accordance with Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*, modified retrospective approach.

Revenue Recognized at a Point in Time – Revenue derived from special event ticket sales and merchandise sales is recognized at a point in time when the related performance obligations (“PO”) are satisfied. The sole PO for special event ticket sales is to provide the individual with a meal and a beverage at the special event, and the PO is satisfied when the special event occurs, and the individual receives the meal and beverage. The transaction price recognized as revenue is equal to the fair market value of the meal and beverage provided to the individual, and the remaining portion of the ticket price is allocated to special event contributions, and is recognized as a contribution under ASC Topic 958 as outlined below. The sole PO for merchandise sales is the delivery of the good to the customer, which occurs at the time of sale. Payment is generally received at the time of sale for both special event ticket sales and merchandise sales, which occur prior to or at the time of the special event or sale of goods. There are no warranties, significant judgments, or significant financing components of revenue recognized under ASC 606. Revenue recognized at a point in time totaled \$6,470 and \$77,049 for the years ended December 31, 2020 and 2019, respectively, and is included on the statements of activities and changes in net assets. All special event ticket sales for special events and merchandise sales occurred within the respective fiscal year, thus there was no deferred revenue at December 31, 2020 and 2019.

Contributions Received – The Foundation accounts for contributions under the provisions of ASU 2018-08 for contributions. Contributions received by the Foundation are not within the scope of ASC 606 above, but rather, are analyzed and recorded in accordance with the provisions of ASC Topic 958, *Not-for-Profit Entities*. All contributions, sponsorships, and grants, including government appropriations received by the Foundation consist solely of non-exchange, non-reciprocal transactions, and generally contain no donor-specified conditions or barriers that would cause contributions to be considered conditional in nature. Contributions with donor-specified conditions whose conditions are met in the same reporting period are reported as net assets without donor restrictions, absent any donor-imposed restrictions.

Donor-imposed restrictions are separate from donor-imposed conditions. The Foundation records contributions with donor-imposed restrictions as contributions with donor restriction within the statements of activities if they are received with donor stipulations that restrict the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities. However, donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. All other contributions that lack specific donor restrictions are recorded as contributions without donor restrictions. Contributions and grants are included on the statement of activities and changes in net assets and totaled \$2,155,054 and \$1,764,310 for the years ended December 31, 2020 and 2019, respectively.

ROC SOLID FOUNDATION, INC.
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NOTES TO THE FINANCIAL STATEMENTS

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Note 10—Paycheck Protection Program grant

In April 2020, the Foundation received proceeds in the amount of \$109,600 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Foundation applied the government grant model in accordance with FASB ASC 958-605 in determining the recognition of the PPP grant revenue in full on the statement of activities and change in net assets. The Foundation received notice of forgiveness on November 27, 2020.

Note 11—Risks and uncertainties

The Foundation’s operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may negatively impact the Foundation’s financial position, operations, and cash flows. Possible effects may include, but are not limited to, the cancellation or postponement of regularly scheduled events and builds, and the inability of donors to make contributions.

Note 12—Subsequent events

The Foundation has evaluated subsequent events through July 13, 2021, which is the date the financial statements were available to be issued.