



PragerMetis

**Rockhouse Foundation and Affiliate
Consolidated Financial Statements
June 30, 2019**

Rockhouse Foundation and Affiliate
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Independent Accountant's Review Report

To the Board of Directors of
Rockhouse Foundation and Affiliate

Prager Metis CPAs, LLC

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We have reviewed the accompanying consolidated financial statements of Rockhouse Foundation (a nonprofit organization) and Affiliate, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Foundation management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
Basking Ridge, New Jersey
February 15, 2020



Rockhouse Foundation and Affiliate
Consolidated Statement of Financial Position
June 30, 2019

Assets

Current assets

Cash	\$ 140,079
Contributions receivable	<u>19,289</u>

Total assets (all current) \$ 159,368

Liabilities and net assets

Liabilities

Current liabilities

Accounts payable and accrued expenses	<u>\$ 4,835</u>
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Total liabilities (all current) 4,835

Net assets

Without donor restriction 154,533

Total liabilities and net assets \$ 159,368

See accompanying notes and independent accountant's review report.

Rockhouse Foundation and Affiliate
Consolidated Statement of Activities
Year Ended June 30, 2019

Revenue and support

Contributions \$ 470,671

Expenses

Program services 359,933

Management and general 32,534

Total expenses 392,467

Changes in net assets without donor restriction 78,204

Net assets without donor restriction, beginning of year 76,329

Net assets without donor restriction, end of year \$ 154,533

See accompanying notes and independent accountant's review report.

Rockhouse Foundation and Affiliate
Consolidated Statement of Functional Expenses
Year Ended June 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Grants and contracts	\$ 359,933	\$ -	\$ 359,933
Professional fees	-	13,000	13,000
Insurance – non-employee	-	2,127	2,127
Bank charges and other	-	1,929	1,929
Processing fees	-	806	806
Other expenses	-	14,672	14,672
Total functional expenses	<u>\$ 359,933</u>	<u>\$ 32,534</u>	<u>\$ 392,467</u>

See accompanying notes and independent accountant's review report.

Rockhouse Foundation and Affiliate
Consolidated Statement of Cash Flows
Year Ended June 30, 2019

Cash flows from operating activities	
Changes in net assets without donor restrictions	\$ 78,204
Changes in assets and liabilities	
Increase in contributions receivable	(19,289)
Decrease in prepaid expenses	8,650
Increase in accounts payable and accrued expenses	<u>4,713</u>
Net cash provided by operating activities	72,278
Cash – beginning of year	<u>67,801</u>
Cash – end of year	<u><u>\$ 140,079</u></u>

See accompanying notes and independent accountant's review report.

Note 1 Organization and Business

The Rockhouse Foundation and Affiliate (collectively the “Foundation”) was organized as a charitable corporation under the laws of the state of New York. The Foundation is governed by its Certificate of Incorporation dated December 16, 2003, and is recognized as a charitable organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

The Foundation is committed to improving the human condition of Jamaica’s children through capital projects that transform learning environments, programs that support child development, and partnerships that leverage the knowledge and experience of the great people working with Jamaica’s children. Since its inception in 2003, the Foundation has fully renovated and expanded the Negril All Age School, and its primary feeder Pre-K, the Negril Basic School in Negril, Jamaica. Additionally, the Foundation has fully renovated and expanded the Negril Public Library, Little Bay All Age School, the Bunch of Stars Basic School and the Moreland Hill Primary School in Jamaica. The Foundation has partnered with the Jamaican Ministry of Education on a capital project to establish the area’s first Special Needs Early Childhood School on the grounds adjoining the Clifford Campbell Primary School, known as the Savanna-la-Mar Inclusive Infant Academy. The Foundation completed phase 1 of construction in the summer of 2017 and opened with an initial cohort of 30 three year olds in September 2017. In September 2018, Sav Inclusive expanded its student population to 83 three and four-year olds and an additional six staff members. The Foundation continued outfitting and completing remaining construction, such as the sensory playground, 4 additional classrooms and exterior landscaping.

In 2012, the Foundation established an independent companion entity in Jamaica under the Registered Charities Act, Rockhouse Foundation Jamaica, as a vehicle for local donations and a more tax efficient strategy for funding projects and material purchases in Jamaica. The entity and its accounts have been used almost exclusively for the purchase of materials and supplies for the Foundation’s projects and ongoing maintenance commitments.

Note 2 Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and are expressed in U.S. dollars.

Principles of Consolidation

The consolidated financial statements include the accounts of Rockhouse Foundation, a U.S. entity, and its affiliate, Rockhouse Foundation Jamaica, a Jamaican entity. All significant intercompany accounts and transactions have been eliminated in consolidation.

Financial Statement Presentation

The Foundation reports information regarding its consolidated financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Note 2 Summary of Significant Accounting Policies (continued)

Net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets are not subject to donor-imposed restrictions. They may, however, be subject to board designation.

Net Assets With Donor Restrictions – Net assets are subject to donor-imposed restrictions that will be met either by actions of the Foundation and/or the passage of time and/or net assets are subject to donor-imposed restrictions that must be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the investment income generated on the related investments of the contributed assets for general or specific purposes.

There were no net assets with donor restrictions as of June 30, 2019.

Use of Estimates

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

Foreign Currency Transactions

The Foundation maintains cash accounts denominated in Jamaican dollars and makes payments to certain vendors in Jamaican dollars. US GAAP requires that an adjustment be made for exchange rate gains and losses on obligations that are to be settled in a foreign currency.

Foreign Currency Translation

Rockhouse Foundation Jamaica's financial statements were prepared using a functional currency other than U.S. dollars. As of June 30, 2019, their statement of financial position has been translated into U.S. dollars using the spot rate of exchange at fiscal year-end, while their revenue and expenses have been translated into U.S. dollars using the average rate of exchange for the fiscal year.

Revenue and Support

Revenue is recognized when pledges are made. All support is received from private sources and is considered to be available for unrestricted use, unless specifically restricted by the donor. All other donor restricted support, if any, is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions when the restriction expires. If conditions for donor restricted support are satisfied during the year, it will be considered without restriction.

Note 2 Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Foundation operates as a New York based, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for income taxes has been included in these consolidated financial statements.

Management has evaluated the Foundation's tax positions and concluded there are no uncertain tax positions that require adjustment to the consolidated financial statements.

Note 3 Related Party Transactions

The Rockhouse Hotel (the "Hotel"), a company owned by several board members of the Foundation, provides certain donated services as part of their commitment to servicing the Foundation for which the Hotel is not reimbursed. No amounts have been recognized in the accompanying consolidated statement of activities because the criteria for recognition of such volunteer efforts have not been satisfied.

The Hotel pays for all the expenses for the annual fundraiser that is held by the Foundation. At times, the Hotel loans funds to the Foundation based on cash flow needs at no interest and with no set repayment date due to the short-term nature of these transactions. At June 30, 2019, the Foundation has no liability to the Hotel.

At June 30, 2019 the Foundation has paid its President, Peter Rose, approximately \$56,500 for construction work related to various school projects done throughout the year.

Note 4 Concentrations of Credit Risk

The Foundation maintains cash balances at major financial institutions, which at times may exceed the amount insured by the Federal Deposit Insurance Corporation ("FDIC") for U.S. bank deposits. Bank accounts held in foreign currencies are not FDIC insured. The Foundation has not experienced any losses in such accounts and does not believe it is exposed to any significant risk to its cash.

Note 5 Subsequent Events

The Foundation has evaluated subsequent events through February 15, 2020, the date the consolidated financial statements were available to be issued and management has determined that there were no subsequent events requiring adjustments to or disclosure in the consolidated financial statements.