

2017
Financial Statements
With
Auditor's Letters

ROOFTOP NASHVILLE
FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)
(With Independent Auditor's Report Thereon)

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DECEMBER 31, 2017
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PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rooftop Nashville

We have audited the accompanying financial statements of Rooftop Nashville (a nonprofit organization) which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 Rooftop Nashville as of December 31, 2017, and the changes in its net assets, statement of functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Rooftop Nashville's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects with the audited financial statements from which it has been derived.


January 29, 2018

ROOFTOP NASHVILLE
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

	<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current Assets:			
Cash		\$ 222,254	\$ 191,580
Contribution receivable		21,624	18,456
Prepaid expenses		2,500	3,042
Total current assets		<u>246,378</u>	<u>213,078</u>
Property and equipment, net		<u>3,276</u>	<u>7,222</u>
Asset Whose Use is Limited:			
Cash		110,172	76,791
Total asset whose use is limited		<u>110,172</u>	<u>76,791</u>
		<u><u>\$ 359,826</u></u>	<u><u>\$ 297,091</u></u>
	<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:			
Accounts payable		\$ 71	\$ 85
Total current liabilities		<u>71</u>	<u>85</u>
Net Assets:			
Unrestricted		249,583	220,215
Temporarily restricted		110,172	76,791
Total net assets		<u>359,755</u>	<u>297,006</u>
		<u><u>\$ 359,826</u></u>	<u><u>\$ 297,091</u></u>

See accompanying notes to financial statements.

ROOFTOP NASHVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

	Unrestricted	Temporarily Restricted	Total 2017	Total 2016
Public Support:				
Contributions	\$ 140,254	\$ -	\$ 140,254	\$ 152,338
Grants	56,500	135,000	191,500	164,000
Fundraisers	52,180	-	52,180	59,775
Loss on disposal of asset	-	-	-	(525)
In-kind contributions	11,112	-	11,112	7,862
Net assets released from restrictions	101,619	(101,619)	-	-
Total public support	<u>361,665</u>	<u>33,381</u>	<u>395,046</u>	<u>383,450</u>
Expenses:				
Program services	260,917	-	260,917	218,120
Management and general	68,562	-	68,562	72,620
Fundraising	2,818	-	2,818	6,747
Total expenses	<u>332,297</u>	<u>-</u>	<u>332,297</u>	<u>297,487</u>
Increase in net assets	29,368	33,381	62,749	85,963
Net assets - beginning of year	<u>220,215</u>	<u>76,791</u>	<u>297,006</u>	<u>211,043</u>
Net assets - end of year	<u>\$ 249,583</u>	<u>\$ 110,172</u>	<u>\$ 359,755</u>	<u>\$ 297,006</u>

See accompanying notes to financial statements.

ROOFTOP NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

	Program Services	Supporting Services		Total	
		Management and General	Fundraising	2017	2016
Assistance	\$ 134,849	\$ -	\$ -	\$ 134,849	\$ 111,996
Bank and service charges	20	586	-	606	586
Depreciation	2,847	1,099	-	3,946	5,282
Dues and subscriptions	222	220	-	442	220
Designated grant expenses - Salary	75,830	4,730	-	80,560	76,329
Designated grant expenses - Other	21,043	-	-	21,043	6,720
In-kind expense	11,112	-	-	11,112	7,862
Insurance	1,200	2,098	-	3,298	2,098
Marketing and special events	-	-	877	877	4,728
Meals	24	262	-	286	262
Mileage	938	718	-	1,656	1,027
Postage and mailing	602	296	47	945	343
Printing and reproduction	1,941	16	-	1,957	16
Professional and consulting fees	-	4,725	-	4,725	4,923
Rent expense	-	-	-	-	3,782
Salaries and related benefits	8,519	49,375	-	57,894	64,678
Office expense	250	1,115	-	1,365	1,115
Technology	-	2,773	1,894	4,667	4,823
Telephone and cable	95	549	-	644	697
Travel	1,425	-	-	1,425	-
	<u>\$ 260,917</u>	<u>\$ 68,562</u>	<u>\$ 2,818</u>	<u>\$ 332,297</u>	<u>\$ 297,487</u>

See accompanying notes to financial statements.

ROOFTOP NASHVILLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Increase in net assets	\$ 62,749	\$ 85,963
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	\$ 3,946	\$ 5,282
Loss on disposal of property and equipment	-	525
Changes in:		
Contribution receivable	(3,168)	(15,883)
Prepaid expenses	542	(2,127)
Restricted cash	(33,381)	(19,864)
Accounts payable	(14)	(65)
Total adjustments	<u>(32,075)</u>	<u>(32,132)</u>
Net cash provided by operating activities	<u>30,674</u>	<u>53,831</u>
 Net increase in cash	 30,674	 53,831
 Cash - beginning of year	 <u>191,580</u>	 <u>137,749</u>
 Cash - end of year	 <u><u>\$ 222,254</u></u>	 <u><u>\$ 191,580</u></u>

See accompanying notes to financial statements.

ROOFTOP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities and Program Description

The terms "we", "us", or "our" are used throughout these notes to the financial statements to identify Rooftop Nashville, ("Rooftop") a Tennessee not-for-profit organization. We were incorporated in 2006 under the Tennessee Nonprofit Corporation Act. Prior to January 13, 2016, we were known as Rooftop Foundation.

We have a single mission to partner with church congregations to provide emergency rental assistance to residents of Davidson County to prevent homelessness and provide hope. Congregations all over Metro Nashville receive calls on a daily basis from individuals and families asking for emergency help with their rent. Rooftop not only serves these Nashville residents in need, but also provides the churches with a program to help those who come to their doors. Our program pools funds from all of the partner churches, screens the applicants, and provides assistance directly to the landlord or mortgagor.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, our net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of us or the passage of time. Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported on the Statement of Activities as unrestricted.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations which require the assets to be permanently maintained. Generally, the donors of these assets permit us to use all or part of the income earned and any related investments for general or specific purposes. There were no permanently restricted net assets as of December 31, 2017 and 2016.

Revenue

We receive contributions from churches, the general public, and grants from private organizations to fund our operations. We recognize this revenue as it is received or promised to us in accordance with generally accepted accounting principles for nonprofit organizations.

Cash

For purposes of the Statement of Cash Flows, we consider all unrestricted cash and investment instruments purchased with original maturities of three months or less to be cash equivalents. At December 31, 2017 and 2016, there were no cash equivalents.

ROOFTOP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

NOTE 1 - Summary of Significant Accounting Policies (continued)

Contribution Receivable

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Unconditional promises to give are recorded when the promises are made. Unconditional promises to give within the next year are reflected as current contributions receivable and are recorded at net realizable value. Unconditional promises to give due after one year are reflected as long-term contributions receivable and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. For the years ended December 31, 2017 and 2016, we had unconditional promises to give of \$21,624 and \$18,456, respectively.

Prepaid expenses

Prepaid expenses consist of audit fees paid by us in advance.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value as of the date of donation. Depreciation is calculated using the straight line basis over the estimated useful lives of the respective assets. Purchases or donations of equipment over \$500 are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. For the years ended December 31, 2017 and 2016, no assets were considered to be impaired.

Donated Goods, Facilities, and Services

Donated services are recorded in the financial statements to the extent that those services create or enhance a nonfinancial asset or meet the following criteria: a) the service requires specialized skills, b) the service is provided by individuals who possess those skills, and c) the service would typically need to be purchased if not contributed. Such services are recognized at fair value as support and expense in the period the services are performed.

The following amounts are reported as in-kind revenue on the Statement of Activities and in-kind expense on the Statement of Functional Expenses.

	<u>2017</u>	<u>2016</u>
Donated rent	\$ 11,112	\$ 7,862

Members of the Board of Directors have provided substantial assistance to us by donation of time and services. The value of this contribution is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

Income Tax Status

We are a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and are classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements. We do not believe there are any uncertain tax positions. Further, we do not believe that we have any unrelated business income, which would be subject to federal taxes.

ROOFTOP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

NOTE 1 - Summary of Significant Accounting Policies (continued)

Advertising

Advertising costs are expensed as they are incurred. For the years ended December 31, 2017 and 2016, we had advertising expenses of \$877 and \$4,728, respectively, shown on the Statement of Functional Expenses as Marketing and Special Events.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Concentrations and Contingencies

At various times throughout 2017, we had cash balances with financial institutions which exceeded the maximum amount insured by the Federal Deposit Insurance Corporation ("FDIC"). We have not experienced any losses in such accounts and do not believe that we are exposed to any significant credit risk in our cash. For the years ended December 31, 2017 and December 31, 2016, all of our accounts were fully insured.

For the year ended December 31, 2017, approximately 92% of our total receivables were due from two clients. For the year ended December 31, 2016, approximately 73% of our total receivables were due from three clients, none of which were the same donors as for the year ended December 31, 2017.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Fair Values of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to the short maturities of these instruments.

ROOFTOP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

NOTE 2 - Property and Equipment

Property and equipment consisted of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 5,750	\$ 5,750
Website	14,352	14,352
	<u>20,102</u>	<u>20,102</u>
Less accumulated depreciation	<u>(16,826)</u>	<u>(12,880)</u>
Net property and equipment	<u>\$ 3,276</u>	<u>\$ 7,222</u>

NOTE 3 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Social worker	\$ 95,867	\$ 76,427
Copier expense	268	284
Vine Street - Elderly	80	80
United Way	<u>13,957</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 110,172</u>	<u>\$ 76,791</u>

NOTE 4 - Office Lease

We lease our office under a month-to-month verbal lease agreement. Our monthly payments through October 2016 were discounted by our landlord to below fair market value of the rental space. Rental expense under these agreements for the ten months ended October 30, 2016 was \$3,782. In November 2016, we were no longer being charged for rent. In accordance with generally accepted accounting principles, and using a market value estimate, we recognized in-kind revenue and expense for donated rent of \$11,112 and \$7,862 for the years ended December 31, 2017 and 2016, respectively.

NOTE 5 - New Pronouncements

In May 2014, FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Update provides guidance about recording contract revenue on an organization's statement of activities. The amendments in this Update are effective for annual periods beginning after December 15, 2018, and for annual periods and interim periods thereafter with early adoption permitted for annual periods beginning after December 15, 2016. We are currently evaluating the impact of adopting this statement.

In February 2016, FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. The Update provides guidance about recording lease transactions on an organization's statements of financial position and activities. The amendments in this Update are effective for annual periods beginning after December 15, 2019, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

ROOFTOP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

NOTE 5 – New Pronouncements (continued)

In August 2016, FASB issued Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Update provides guidance about the presentation of financial statements for non-profit organizations. The amendments in this Update are effective for annual periods beginning after December 15, 2017, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

In August 2016, FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how certain cash receipts and cash payments are presented and classified in the Statement of Cash Flows. The amendments will be effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. We are currently evaluating the impact of adopting this statement.

In November 2016, FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how restricted cash is presented and classified in the statement of cash flows. The amendments will be effective for the organization for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the impact of adopting this guidance on the financial statements.

NOTE 6 - Subsequent Events

We have evaluated events subsequent to the year ended December 31, 2017. As of January 29, 2018, the date that the financial statements were available to be issued, we are not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements.