

2018
Financial Statements
With
Auditor's Letters

ROOFTOP NASHVILLE

FINANCIAL STATEMENTS

DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

(With Independent Auditor's Report Thereon)

ROOFTOP NASHVILLE
FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 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, 2018, 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, 2018, and the changes in its net assets, its 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects with the audited financial statements from which it has been derived.

Patterson Hardee & Ballentine

March 15, 2019

ROOFTOP NASHVILLE
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

	<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current Assets:			
Cash		\$ 258,792	\$ 222,254
Contribution receivable		15,000	21,624
Prepaid expenses		-	2,500
Total current assets		<u>273,792</u>	<u>246,378</u>
Property and equipment, net		<u>-</u>	<u>3,276</u>
Asset Whose Use is Limited:			
Cash		<u>132,917</u>	<u>110,172</u>
Total asset whose use is limited		<u>132,917</u>	<u>110,172</u>
		<u><u>\$ 406,709</u></u>	<u><u>\$ 359,826</u></u>
	<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:			
Accounts payable		<u>\$ 1,320</u>	<u>\$ 71</u>
Total current liabilities		<u>1,320</u>	<u>71</u>
Net Assets:			
Without donor restrictions		272,472	249,583
With donor restrictions		<u>132,917</u>	<u>110,172</u>
Total net assets		<u>405,389</u>	<u>359,755</u>
		<u><u>\$ 406,709</u></u>	<u><u>\$ 359,826</u></u>

See accompanying notes to financial statements.

ROOFTOP NASHVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

			Total	Total
	<u>Without donor</u>	<u>With donor</u>		
	<u>restrictions</u>	<u>restrictions</u>	<u>2018</u>	<u>2017</u>
Public Support:				
Contributions	\$ 171,363	\$ -	\$ 171,363	\$ 140,254
Grants	18,500	135,000	153,500	191,500
Fundraisers	-	-	-	52,180
Loss on disposal of asset	-	-	-	-
In-kind contributions	11,112	-	11,112	11,112
Net assets released from restrictions	112,255	(112,255)	-	-
Total public support	<u>313,230</u>	<u>22,745</u>	<u>335,975</u>	<u>395,046</u>
Expenses:				
Program activities:				
Program services	<u>238,386</u>	<u>-</u>	<u>238,386</u>	<u>260,917</u>
Supporting services:				
Management and general	32,923	-	32,923	68,562
Fundraising	<u>19,032</u>	<u>-</u>	<u>19,032</u>	<u>2,818</u>
Total expenses	<u>290,341</u>	<u>-</u>	<u>290,341</u>	<u>332,297</u>
Change in net assets	22,889	22,745	45,634	62,749
Net assets - beginning of year	<u>249,583</u>	<u>110,172</u>	<u>359,755</u>	<u>297,006</u>
Net assets - end of year	<u>\$ 272,472</u>	<u>\$ 132,917</u>	<u>\$ 405,389</u>	<u>\$ 359,755</u>

See accompanying notes to financial statements.

ROOFTOP NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

	Program services	Supporting Services		Total	
		Management and general	Fundraising	2018	2017
Assistance	\$ 98,980	\$ 69	\$ -	\$ 99,049	\$ 134,849
Bank and service charges	-	527	84	611	606
Depreciation	-	3,276	-	3,276	3,946
Dues and subscriptions	-	435	-	435	442
Designated grant expenses - Salary	79,381	-	-	79,381	80,560
Designated grant expenses - Other	32,526	-	-	32,526	21,043
In-kind expense	11,112	-	-	11,112	11,112
Insurance	-	2,114	-	2,114	3,298
Marketing and special events	-	-	-	-	877
Meals	93	151	-	244	286
Mileage	88	145	-	233	1,656
Postage and mailing	-	150	750	900	945
Printing and reproduction	-	509	1,184	1,693	1,957
Professional and consulting fees	-	5,000	-	5,000	4,725
Salaries and related benefits	16,156	15,801	16,807	48,764	57,894
Office expense	-	154	194	348	1,365
Technology	50	3,987	13	4,050	4,667
Telephone and cable	-	596	-	596	644
Travel	-	9	-	9	1,425
	<u>\$ 238,386</u>	<u>\$ 32,923</u>	<u>\$ 19,032</u>	<u>\$ 290,341</u>	<u>\$ 332,297</u>

See accompanying notes to financial statements.

ROOFTOP NASHVILLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Increase in net assets	\$ 45,634	\$ 62,749
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	3,276	3,946
Loss on disposal of property and equipment	-	-
Changes in:		
Contribution receivable	6,624	(3,168)
Prepaid expenses	2,500	542
Restricted cash	(22,745)	(33,381)
Asset whose use is limited	1,249	(14)
Total adjustments	<u>(9,096)</u>	<u>(32,075)</u>
Net cash provided by operating activities	<u>36,538</u>	<u>30,674</u>
Net increase in cash	36,538	30,674
Cash - beginning of year	<u>222,254</u>	<u>191,580</u>
Cash - end of year	<u><u>\$ 258,792</u></u>	<u><u>\$ 222,254</u></u>

See accompanying notes to financial statements.

ROOFTOP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

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, 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:

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. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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, 2018 and 2017, there were no cash equivalents.

ROOFTOP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

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, 2018 and 2017, we had unconditional promises to give of \$15,000 and \$21,624, respectively. We use the allowance method to determine uncollectible accounts receivable. No allowance for uncollectible accounts receivable was considered necessary at year-end.

Prepaid Expenses

Prepaid expenses consist of audit fees paid by us in advance. For the years ended December 31, 2018 and 2017, we had prepaid expenses of \$0 and \$2,500.

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, 2018 and 2017, 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>2018</u>	<u>2017</u>
Donated rent	\$ <u>11,112</u>	\$ <u>11,112</u>

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.

ROOFTOP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

NOTE 1 - Summary of Significant Accounting Policies (continued)

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.

Advertising

Advertising costs are expensed as they are incurred. For the years ended December 31, 2018 and 2017, we had advertising expenses of \$0 and \$877, 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 2018, 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, 2018 and December 31, 2017, all of our accounts were fully insured.

For the year ended December 31, 2018, 100% of our total receivables were due from one client. For the year ended December 31, 2017, approximately 92% of our total receivables were due from two clients, one of which is the same donor as for the year ended December 31, 2018.

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, 2018
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

NOTE 2 - Availability and Liquidity

Financial assets available for general expenditure within one year of the statement of financial position, consist of the following:

Financial assets for the year ended	2018	2017
Cash	\$ 258,444	\$ 222,254
Contributions receivable	15,000	21,624
	<u>273,444</u>	<u>243,878</u>

The Organization has certain donor-restricted assets limited to use which are only available for restricted programs. Accordingly, these assets have been excluded in the qualitative information above.

In the next fiscal year, we plan to receive the same level of contributions, and consider contributions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization has minimal amounts of liabilities in order to maintain most of its financial assets to be readily available. Cash is currently held in one bank account. This cash is readily available. We manage our liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. If our analysis of liquid assets reveals inadequate funds for near-term operating needs, we will immediately reduce spending of program and management and general expenditures.

NOTE 3 - Property and Equipment

Property and equipment consisted of the following as of December 31, 2018 and 2017:

	2018	2017
Furniture and equipment	\$ 5,750	\$ 5,750
Website	14,352	14,352
	20,102	20,102
Less accumulated depreciation	<u>(20,102)</u>	<u>(16,826)</u>
Net property and equipment	<u>\$ -</u>	<u>\$ 3,276</u>

NOTE 4 - Net Assets with Restrictions

Restricted net assets consist of the following as of December 31, 2018 and 2017:

	2018	2017
Social worker	\$ 116,486	\$ 95,867
Copier expense	-	268
Vine Street - Elderly	-	80
United Way	16,431	13,957
Total restricted net assets	<u>\$ 132,917</u>	<u>\$ 110,172</u>

ROOFTOP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

NOTE 5 - Office Lease

We lease our office under a month-to-month verbal lease agreement. 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 \$11,112 for the years ended December 31, 2018 and 2017, respectively.

NOTE 6 - New Pronouncements

On August 8, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have adopted ASU 2016-14, during the year ended December 31, 2018, and changes resulting from the new pronouncement do not materially affect the financial statements.

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.

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 7 - Subsequent Events

We have evaluated events subsequent to the year ended December 31, 2018. As of March 15, 2019, 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.