

**ROOFTOP FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

(With Independent Auditor's Report Thereon)

**ROOFTOP FOUNDATION**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

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## PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Rooftop Foundation

We have audited the accompanying financial statements of Rooftop Foundation (a nonprofit organization) which comprise the statement of financial position as of December 31, 2014, 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 of 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 Foundation as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Patterson Hardee & Ballentine*

January 16, 2015

**ROOFTOP FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2014**

**ASSETS**

Current Assets:

Cash	\$	141,047	
Contribution receivable		2,050	
Prepaid expenses		<u>1,070</u>	
Total current assets			\$ 144,167

Property and equipment, net			12,049
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Asset Whose Use is Limited:

Cash		<u>5,805</u>	
Total asset whose use is limited:			<u>5,805</u>
			<u>\$ 162,021</u>

**LIABILITY AND NET ASSETS**

Current Liability:

Accounts payable	\$	<u>1,159</u>	
Total current liability			\$ 1,159

Net Assets:

Unrestricted		155,057	
Temporarily restricted		<u>5,805</u>	
Total net assets			<u>160,862</u>
			<u>\$ 162,021</u>

**ROOFTOP FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support:			
Contributions	\$ 151,711	\$ -	\$ 151,711
Grants	39,500	10,000	49,500
Fundraisers	25,127	-	25,127
Miscellaneous income	30	-	30
Loss on disposal of asset	(16,667)	-	(16,667)
In-kind contributions	104,920	-	104,920
Net assets released from restrictions	8,155	(8,155)	-
Total public support	<u>312,776</u>	<u>1,845</u>	<u>314,621</u>
Expenses:			
Program services	260,211	-	260,211
Management and general	67,789	-	67,789
Fundraising	5,445	-	5,445
Total expenses	<u>333,445</u>	<u>-</u>	<u>333,445</u>
Increase (decrease) in net assets	(20,669)	1,845	(18,824)
Net assets - beginning of year	<u>175,726</u>	<u>3,960</u>	<u>179,686</u>
Net assets - end of year	<u><u>\$ 155,057</u></u>	<u><u>\$ 5,805</u></u>	<u><u>\$ 160,862</u></u>

See accompanying notes to financial statements.

**ROOFTOP FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Program Services	Supporting Services Management and General	Fundraising	Total Expenses
Assistance	\$ 114,733	\$ -	\$ -	\$ 114,733
Bank and service charges	-	276	-	276
Depreciation	663	3,017	-	3,680
Dues and subscriptions	-	816	-	816
In-kind expense	104,920	-	-	104,920
Insurance	-	2,193	-	2,193
Marketing and special events	887	-	5,445	6,332
Meals	-	142	-	142
Postage and mailing	-	502	-	502
Printing and reproduction	-	776	-	776
Professional and consulting fees	-	2,595	-	2,595
Rent expense	-	1,800	-	1,800
Salaries and related benefits	38,178	51,107	-	89,285
Office expense	-	1,289	-	1,289
Technology	278	1,892	-	2,170
Telephone and cable	-	537	-	537
Travel	552	847	-	1,399
	<u>\$ 260,211</u>	<u>\$ 67,789</u>	<u>\$ 5,445</u>	<u>\$ 333,445</u>

See accompanying notes to financial statements.

**ROOFTOP FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Cash Flows From Operating Activities:

Decrease in net assets		\$ (18,824)
Adjustment to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	\$ 3,680	
Loss on disposal of property and equipment	16,667	
Changes in:		
Contribution receivable	12,855	
Prepaid expenses	(124)	
Restricted cash	(1,845)	
Accounts payable	1,084	
Total adjustments		<u>32,317</u>
Net cash provided by operating activities		<u>13,493</u>

Cash Flows From Investing Activities:

Purchase of property and equipment	<u>(9,653)</u>	
Net cash used in investing activities		<u>(9,653)</u>

Net increase in cash		3,840
Cash - beginning of year		<u>137,207</u>
Cash - end of year		<u><u>\$ 141,047</u></u>

**ROOFTOP FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**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 the Rooftop Foundation, "Rooftop" a Tennessee not-for-profit organization. We were incorporated in 2006 under the Tennessee Nonprofit Corporation Act.

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 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 on 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 and/or the passage of time. Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in 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. We had no permanently restricted net assets as of December 31, 2014.

**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, 2014, we had no cash equivalents.



**ROOFTOP FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

NOTE 1 - Summary of Significant Accounting Policies (continued)

Contribution Receivable

Contributions are recognized when the donor makes a promise to give to us that is, in substance, unconditional. Unconditional promises to give are recorded when the promises are made. Unconditional promises to give due in the next year are reflected as current contributions receivable and are recorded at their net realizable value. Unconditional promises to give due in subsequent years 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. As of December 31, 2014, we had unconditional promises to give of \$2,050.

Prepaid expenses

Prepaid expenses consist of insurance premiums 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 provided 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. At December 31, 2014, no assets were considered to be impaired.

Donated Goods, Facilities, and Services

Donated services are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by us if not donated. Such services are recognized at fair value as support and expense in the period the services are performed. We have recognized \$104,920 in donated services for the year ended December 31, 2014, including \$4,920 of donated rent (See Note 4) and \$100,000 of services contributed by Metropolitan Social Services. These amounts are reported as in-kind revenue on the Statement of Activities and in-kind expense on the Statement of Functional Expenses.

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. We are not subject to examination by U.S. federal or state taxing authorities for years before 2011.

Advertising

Advertising costs are expensed as they are incurred. At December 31, 2014, we had advertising expenses of \$6,332, shown on the Statement of Functional Expenses as Marketing and Special Events.

**ROOFTOP FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

NOTE 1 - Summary of Significant Accounting Policies (continued)

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

We maintain cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporations ("FDIC") up to statutory limits. As of December 31, 2014, all of our accounts were fully insured.

At December 31, 2014, we owed 86% of our total payables to two clients, and 85% of our total receivables were due from three donors.

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.

NOTE 2 - Property and Equipment

Property and equipment consisted of the following as of December 31, 2014:

Furniture and equipment	\$ 11,829
Website	10,550
	<u>22,379</u>
Less: accumulated depreciation	<u>(10,330)</u>
	<u>\$ 12,049</u>

NOTE 3 – Temporarily Restricted Net Assets

At December 31, 2014, we held assets whose use was temporarily restricted by donors or grantors for:

Technology	\$ 1,505
Website	4,000
Copier expense	<u>300</u>
	<u>\$ 5,805</u>