

ROOFTOP FOUNDATION
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2010 and 2009

ROOFTOP FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rooftop Foundation
Nashville, Tennessee

We have audited the accompanying statements of financial position of Rooftop Foundation (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010 and 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Frasier, Dean & Howard, PLLC

March 26, 2011

ROOFTOP FOUNDATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|-----------------------------------|--------------------------|--------------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 95,003 | \$ 69,113 |
| Pledges receivable | <u>1,500</u> | <u>5,243</u> |
| Total current assets | 96,503 | 74,356 |
| Property and equipment, net | 42,426 | - |
| Website development in progress | <u>-</u> | <u>31,129</u> |
| Total assets | <u><u>\$ 138,929</u></u> | <u><u>\$ 105,485</u></u> |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accrued expenses | <u>\$ 620</u> | <u>\$ 613</u> |
| Total liabilities | <u>620</u> | <u>613</u> |
| Net assets: | | |
| Unrestricted | 119,080 | 62,629 |
| Temporarily restricted | <u>19,229</u> | <u>42,243</u> |
| Total net assets | <u>138,309</u> | <u>104,872</u> |
| Total liabilities and net assets | <u><u>\$ 138,929</u></u> | <u><u>\$ 105,485</u></u> |

See accompanying notes.

ROOFTOP FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--------------------------------------------|---------------------|-----------------------------------|-------------------|
| Revenue: | | | |
| Contributions | \$ 199,244 | \$ 14,000 | \$ 213,244 |
| Grants | 47,140 | 76,000 | 123,140 |
| Governmental grant | 5,000 | - | 5,000 |
| In-kind contributions | 6,650 | - | 6,650 |
| Miscellaneous | 264 | - | 264 |
| Net assets released from restriction | 113,014 | (113,014) | - |
| | <u>371,312</u> | <u>(23,014)</u> | <u>348,298</u> |
| Total revenue | | | |
| Expenses: | | | |
| Program services | 250,708 | - | 250,708 |
| General and administrative and fundraising | 64,153 | - | 64,153 |
| | <u>314,861</u> | <u>-</u> | <u>314,861</u> |
| Total expenses | | | |
| Change in net assets | 56,451 | (23,014) | 33,437 |
| Net assets - beginning of year | 62,629 | 42,243 | 104,872 |
| Net assets - end of year | <u>\$ 119,080</u> | <u>\$ 19,229</u> | <u>\$ 138,309</u> |

See accompanying notes.

ROOFTOP FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2009

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--------------------------------------------|---------------------|-----------------------------------|-------------------|
| Revenue: | | | |
| Contributions | \$ 183,190 | \$ 47,243 | \$ 230,433 |
| Governmental grant | 32,778 | - | 32,778 |
| In-kind contributions | 20,885 | - | 20,885 |
| Net assets released from restriction | 19,300 | (19,300) | - |
| | <u>256,153</u> | <u>27,943</u> | <u>284,096</u> |
| Total revenue | | | |
| Expenses: | | | |
| Program services | 195,578 | - | 195,578 |
| General and administrative and fundraising | 44,155 | - | 44,155 |
| | <u>239,733</u> | <u>-</u> | <u>239,733</u> |
| Total expenses | | | |
| Change in net assets | 16,420 | 27,943 | 44,363 |
| Net assets - beginning of year | 46,209 | 14,300 | 60,509 |
| Net assets - end of year | <u>\$ 62,629</u> | <u>\$ 42,243</u> | <u>\$ 104,872</u> |

See accompanying notes.

ROOFTOP FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2010

| | <u>Program Services</u> | <u>General and Administrative and Fundraising</u> | <u>Total</u> |
|-------------------------------------|-----------------------------|-----------------------------------------------------------|-------------------|
| Salaries | \$ - | \$ 26,000 | \$ 26,000 |
| Payroll taxes | - | 1,512 | 1,512 |
| Total salaries and related benefits | - | 27,512 | 27,512 |
| Rent assistance | 139,507 | - | 139,507 |
| Flood assistance | 64,541 | - | 64,541 |
| Utilities assistance | 26,158 | - | 26,158 |
| Salary assistance | 20,502 | - | 20,502 |
| Depreciation | - | 7,155 | 7,155 |
| Accounting professional fees | - | 6,775 | 6,775 |
| Administrative fee | - | 5,900 | 5,900 |
| Annual event | - | 4,690 | 4,690 |
| Office expenses | - | 4,466 | 4,466 |
| Insurance | - | 2,014 | 2,014 |
| Website | - | 1,074 | 1,074 |
| Grant writing | - | 1,025 | 1,025 |
| Miscellaneous | - | 936 | 936 |
| Printing and reproduction | - | 920 | 920 |
| Postage and delivery | - | 625 | 625 |
| Dues and subscriptions | - | 622 | 622 |
| Consulting professional fees | - | 259 | 259 |
| Travel | - | 180 | 180 |
| Total expenses | <u>\$ 250,708</u> | <u>\$ 64,153</u> | <u>\$ 314,861</u> |

See accompanying notes.

ROOFTOP FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2009

| | <u>Program Services</u> | <u>General and Administrative and Fundraising</u> | <u>Total</u> |
|----------------------------------------------------------------|-----------------------------|-----------------------------------------------------------|-------------------|
| Salaries | \$ - | \$ 13,410 | \$ 13,410 |
| Payroll taxes | - | 1,046 | 1,046 |
| | <hr/> | <hr/> | <hr/> |
| Total salaries and related benefits | - | 14,456 | 14,456 |
| Rent assistance | 165,775 | - | 165,775 |
| Utilities assistance | 29,803 | - | 29,803 |
| Consulting professional fees (including in-kind of \$5,885) | - | 11,660 | 11,660 |
| Accounting professional fees | - | 6,000 | 6,000 |
| Administrative fee | - | 4,450 | 4,450 |
| Insurance | - | 1,970 | 1,970 |
| Printing and reproduction | - | 1,874 | 1,874 |
| Annual event | - | 1,370 | 1,370 |
| Grant writing | - | 1,125 | 1,125 |
| Postage and delivery | - | 695 | 695 |
| Dues and subscriptions | - | 315 | 315 |
| Office supplies | - | 240 | 240 |
| | <hr/> | <hr/> | <hr/> |
| Total expenses | <u>\$ 195,578</u> | <u>\$ 44,155</u> | <u>\$ 239,733</u> |

See accompanying notes.

ROOFTOP FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|----------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 33,437 | \$ 44,363 |
| Adjustment to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation expense | 7,155 | - |
| Donated furniture and equipment | (6,650) | (15,000) |
| Change in operating assets and liabilities | | |
| Pledges receivable | 3,743 | 9,057 |
| Accrued expenses | <u>7</u> | <u>150</u> |
| Net cash provided by operating activities | <u>37,692</u> | <u>38,570</u> |
| Cash flows from investing activities: | | |
| Purchase of furniture and equipment | (11,802) | - |
| Website development | <u>-</u> | <u>(16,129)</u> |
| Net cash used in investing activities | <u>(11,802)</u> | <u>(16,129)</u> |
| Net increase in cash | 25,890 | 22,441 |
| Cash - beginning of year | <u>69,113</u> | <u>46,672</u> |
| Cash - end of year | <u><u>\$ 95,003</u></u> | <u><u>\$ 69,113</u></u> |

See accompanying notes.

ROOFTOP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rooftop Foundation (the “Foundation”) is a nonprofit organization, formed to provide rent, mortgage and utility assistance to individuals at risk of losing their homes in the Nashville area.

Basis of Presentation

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

Unrestricted net assets – net assets that are not subject to donor imposed restrictions.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally donors of these assets may permit the Foundation to use all or part of the income earned for general or specific purposes. At December 31, 2010 and 2009, the Foundation had no permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Contributions

The majority of the Foundation’s support is derived from contributions by private individuals, religious organizations, and foundations.

In accordance with Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) guidance, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the donor restrictions.

ROOFTOP FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions

The Organization records various types of in-kind support including contributed materials, equipment and professional services. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received.

Depreciation

Furniture and equipment are recorded at cost and are depreciated over their estimated useful lives using a straight-line method. Estimated useful lives of major classes of property and equipment range from five to ten years.

Income Taxes

The Foundation has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

The Foundation has adopted FASB ASC guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This interpretation prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Foundation has no tax penalties or interest reported in the accompanying financial statements. Adoption of this pronouncement had no impact on the Foundation's financial statements.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program, general and administrative, and fundraising based on estimates by management. Fundraising expenses approximated \$5,700 and \$2,500 during 2010 and 2009, respectively.

ROOFTOP FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Foundation evaluated subsequent events through March 26, 2011, when these financial statements were available to be issued. The Foundation is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows at December 31, 2010:

| | |
|-------------------------------|------------------|
| Website | \$ 42,931 |
| Furniture and equipment | <u>6,650</u> |
| | 49,581 |
| Less accumulated depreciation | <u>(7,155)</u> |
| Net property and equipment | <u>\$ 42,426</u> |

Website development in progress at December 31, 2009 of \$31,129 represented development of an internet based program to aid the Foundation in referring and tracking program participants. This website was completed and capitalized in 2010.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

The Foundation receives contributions from donors with the stipulation that such contributions are to be used for specific purposes. Temporarily restricted net assets are available as follows at December 31:

| | <u>2010</u> | <u>2009</u> |
|---------------------------|------------------|------------------|
| Flood related assistance | \$ 11,459 | \$ - |
| Annual event | 5,000 | - |
| Time restrictions | 1,500 | 5,243 |
| Executive director salary | 1,270 | 27,000 |
| Other assistance | <u>-</u> | <u>10,000</u> |
| | <u>\$ 19,229</u> | <u>\$ 42,243</u> |

ROOFTOP FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE 4 – GOVERNMENT GRANT

The Foundation received a grant under the American Recovery and Reinvestment Act of 2009. Total amounts received and recorded as revenue totaled \$5,000 and \$32,778 during 2010 and 2009, respectively. The Foundation anticipates receiving an additional \$5,000 related to this grant during 2011.

NOTE 5 – CONCENTRATIONS

The Foundation received approximately 22% of its revenue from one grantor during 2010 and 12% of its revenue from one contributor during 2009. A reduction in the level of this support, if it were to occur, could have an adverse effect on the Foundation's programs and activities.