

**ROOFTOP FOUNDATION**

**(dba ROOFTOP NASHVILLE)**

**NASHVILLE, TENNESSEE**

**AUDITED FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

**ROOFTOP FOUNDATION**  
**(dba ROOFTOP NASHVILLE)**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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## **Independent Auditor's Report**

**The Board of Directors  
Rooftop Foundation  
(dba Rooftop Nashville)  
Nashville, Tennessee**

### **OPINION**

**I have audited the accompanying financial statements of Rooftop Foundation (dba Rooftop Nashville) (a non-profit organization), which comprise the statement of financial position as of December 31, 2022 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.**

**In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rooftop Foundation (dba Rooftop Nashville) as of December 31, 2022 and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.**

### **BASIS FOR MY OPINION**

**I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Rooftop Foundation and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.**

### **RESPONSIBILITIES OF MANAGEMENT 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.**

**In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rooftop Foundation (dba Rooftop Nashville)'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.**

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Rooftop Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rooftop Foundation's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.



**J. Alan Hayes**  
Certified Public Accountant

**Mt. Juliet, Tennessee**  
**May 9, 2023**

**ROOFTOP FOUNDATION**  
**(dba ROOFTOP NASHVILLE)**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**

**ASSETS**

**Current Assets**

Cash - without donor restrictions	\$ 155,811
Cash - with donor restrictions	202,701
Certificate of deposit	<u>150,000</u>
Total current assets	<u>508,512</u>

**Equipment**

Equipment, at cost	29,484
Less: accumulated depreciation	<u>(25,381)</u>
Total equipment, net	<u>4,103</u>

Total assets	<u><u>\$ 512,615</u></u>
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**NET ASSETS**

**Net Assets**

Net assets without donor restrictions	\$ 309,914
Net assets with donor restrictions	<u>202,701</u>
Total net assets	<u><u>\$ 512,615</u></u>

See accompanying notes to financial statements.

**ROOFTOP FOUNDATION**  
**(dba ROOFTOP NASHVILLE)**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b><u>Support and Revenues</u></b>			
Contributions	\$ 174,827	\$ -	\$ 174,827
Grants	259,462	375,000	634,462
In kind contributions	16,500	-	16,500
Fundraising	-	-	-
Interest	2,120	-	2,120
Net assets released from restrictions	<u>201,554</u>	<u>(201,554)</u>	<u>-</u>
Total support and revenues	<u>654,463</u>	<u>173,446</u>	<u>827,909</u>
<b><u>Expenses</u></b>			
Program			
Housing Assistance	638,896	-	638,896
Administrative	35,800	-	35,800
Fundraising	<u>16,313</u>	<u>-</u>	<u>16,313</u>
Total expenses	<u>691,009</u>	<u>-</u>	<u>691,009</u>
 Change in net assets	 (36,546)	 173,446	 136,900
Net assets at January 1, 2022	<u>346,460</u>	<u>29,255</u>	<u>375,715</u>
Net assets at December 31, 2022	<u><u>\$ 309,914</u></u>	<u><u>\$ 202,701</u></u>	<u><u>\$ 512,615</u></u>

See accompanying notes to financial statements.

**ROOFTOP FOUNDATION**  
**(dba ROOFTOP NASHVILLE)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Program</u>	<u>Support Services</u>		
	<u>Housing Assistance</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll expenses	\$ 159,566	\$ 9,323	\$ 9,638	\$ 178,527
Payroll taxes	12,202	649	806	13,657
Advertising	13	-	616	629
Bank charges	-	442	80	522
Board expenses	-	352	-	352
Business registration	-	20	-	20
Computer expenses	3,484	990	1,718	6,192
Depreciation	1,667	1,460	-	3,127
Dues and subscriptions	298	898	-	1,196
Grants to individuals	419,375	-	-	419,375
Insurance	8,896	465	579	9,940
Meals	-	354	-	354
Office expenses	100	2,338	413	2,851
Printing & mailing	400	129	1,589	2,118
Professional fees - accounting	-	11,801	-	11,801
Professional fees - consulting	-	3,450	-	3,450
Rent	13,424	702	874	15,000
Return of unused grant	19,471	-	-	19,471
Telephone and internet	-	2,427	-	2,427
	<u>\$ 638,896</u>	<u>\$ 35,800</u>	<u>\$ 16,313</u>	<u>\$ 691,009</u>

See accompanying notes to financial statements.

**ROOFTOP FOUNDATION**  
**(dba ROOFTOP NASHVILLE)**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2022**

<b>Cash flows from operating activities:</b>	
Cash received from contributions	\$ 174,827
Cash received from grants	634,462
Cash paid for program expenses	(612,170)
Cash paid for administrative expenses	(32,138)
Cash paid for fund raising expenses	(15,439)
Interest	2,120
Net cash provided by operating activities	<u>151,662</u>
 <b>Cash flows from investing activities:</b>	
Investment in certificate of deposit	<u>(150,000)</u>
Net cash used for financing activities	<u>(150,000)</u>
 Net increase in cash	1,662
 Cash and cash equivalents at January 1, 2022	<u>356,850</u>
 Cash and cash equivalents at December 31, 2022	<u><u>\$ 358,512</u></u>
 <b>Reconciliation of change in net assets to net cash provided by operating activities:</b>	
Change in net assets	<u>\$ 136,900</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,127
Decrease in prepaid expenses	11,817
Decrease in accounts payable	(182)
Total adjustments	<u>14,762</u>
 Net cash provided by operating activities	<u><u>\$ 151,662</u></u>
 Supplemental schedule of noncash investing and financing activities	<u><u>None</u></u>

See accompanying notes to financial statements.



**ROOFTOP FOUNDATION**  
**(dba ROOFTOP NASHVILLE)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 1 – Organization**

Rooftop Foundation (dba Rooftop Nashville) (the Organization) was organized as a nonprofit corporation under the laws of the state of Tennessee in 2006. The Organization's mission is to keep Nashville housed; building stability through a compassionate and collaborative rent/mortgage assistance program. When a resident of Davidson County has experienced a financial hardship and has been unable to pay the full rent/mortgage balance due, they may be facing eviction, foreclosure, or possible homelessness. The Organization provides short-term financial assistance to get a resident over this hurdle to create housing stability. If an applicant does not meet the criteria for assistance, the Organization case workers provide a direct referral to a resource that is better able to address the situation.

**Note 2 – Summary of Significant Accounting Policies**

**a. Basis of Presentation**

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.

Net assets with donor restrictions – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and-or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**b. Use of 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.

**c. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

**ROOFTOP FOUNDATION**  
**(dba ROOFTOP NASHVILLE)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 2** – continued

d. **Accounts Receivable**

Accounts receivable are recorded net of an allowance for doubtful accounts. The allowance is based on historical experience and management's evaluation of receivables at year end. At December 31, 2022 management determined no allowance was necessary. All accounts receivable have been collected by the date of the report.

e. **Investments and Fair Value Measurements**

Investments are the only assets measured at fair value on a recurring basis. Valuation techniques used to measure fair value are prioritized into the following hierarchy:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data by correlation such as appraisals or other means such as calculations based on contractual rates and published tables.

Level 3 – Unobservable inputs that reflect management's assumptions and best estimates based on available data.

f. **Equipment**

Equipment is stated at cost if purchased or at fair value at the date of donation if contributed and includes expenditures for major betterments and renewals. Depreciation is computed on the straight-line method over estimated useful lives of 3 to 5 years.

Maintenance and repairs are expensed when incurred unless they materially prolong the useful lives of the assets. Depreciation expense for the year ended December 31, 2022 amounted to \$3,127.

g. **Revenue Recognition**

Revenue is recognized in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts and establishes a performance obligation approach to revenue recognition.

h. **Contributions**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Contributions received with donor imposed conditions and restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**ROOFTOP FOUNDATION**  
**(dba ROOFTOP NASHVILLE)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 2 – continued**

**i. Contributed Services**

The value of contributed services and materials meeting the requirements for recognition has been recorded in the financial statements (See Note 5). Additionally, a substantial number of volunteers have donated significant amounts of time to the Organization's programs. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation, are recorded at their fair market values in the period received.

**j. Functional Allocation of Expenses**

The costs of the Organization's program and support services have been reported on a functional basis in the Statement of Functional Expenses. Expenses are charged to each program based on direct expenses incurred. Any program expenses not directly chargeable to a program are allocated between program expenses by management. Expenses for support services, administrative and fund raising expenses, are charged to specific expense as incurred.

**k. Advertising Costs**

Advertising costs are charged to expense as incurred. Advertising costs totaled \$629 for the year ended December 31, 2022.

**l. Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) as a charitable organization. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Since the Organization does not have any unrelated income, it is not required to pay any applicable tax.

**Note 3 – Net Assets with Donor Restrictions**

Net assets with donor restrictions are available for the following program activities at December 31, 2022:

United Way ARP	<b><u>\$202,701</u></b>
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**Note 4 – Fair Value Measurements**

The certificate of deposit is classified in the following table in one of the three categories specified in Note 2(e) at December 31, 2022:

<b><u>Financial Asset</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Certificate of Deposit	<b><u>\$ -</u></b>	<b><u>\$150,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$150,000</u></b>

**ROOFTOP FOUNDATION**  
**(dba ROOFTOP NASHVILLE)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 4 – continued**

Certificate of deposit was valued based on estimates using current market rates offered for deposits with similar remaining maturities and as such classified as Level 2 in the fair value hierarchy.

Carrying values of cash of non-derivative financial instruments, including cash, approximate their fair value due to the short-term nature of the financial instruments.

**Note 5 – In-Kind Contributions**

The Organization records donated materials and services that create or enhance non-financial assets or require specialized skills (that the Organization would have purchased if not donated) as support in the statement of activities. In-kind contributions included in the statement of activities for the year ended December 31, 2022 are summarized as follows:

Rent	\$15,000
Office Supplies	<u>1,500</u>
In-Kind Contributions	<u>\$16,500</u>

**Note 6 – Liquidity and Availability of Resources**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a twelve month period, the Organization considers all expenditures related to its ongoing program related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient support and revenues to cover its program and support expenditures.

The Organization has various sources of liquidity at its disposal including cash and cash equivalents without restrictions of \$508,512 at December 31, 2022.

**Note 7 – Significant Concentrations of Credit Risk**

The Organization has concentrated its credit risk for cash by maintaining deposits in banks within the same geographical region. The maximum loss that would have resulted from that risk totaled \$36,960 at December 31, 2022 for the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance.

**Note 8 – Subsequent Events**

Subsequent events have been evaluated through May 9, 2023 which is the date the financial statements were available for distribution.