
A HOLE IN THE ROOF FOUNDATION

**Financial Statement
For The Year Ended
December 31, 2017**



certified public accountants

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A Hole in the Roof Foundation

Southfield, Michigan

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INDEPENDENT AUDITORS' REPORT

Board of Directors
A Hole in the Roof Foundation
Southfield, Michigan

We have audited the accompanying financial statements of A Hole in the Roof Foundation (a Michigan nonprofit corporation) and subsidiary, 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 and subsidiaries as of December 31, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Gordon Advisors, P.C.

February 21, 2019

A HOLE IN THE ROOF FOUNDATION
Statement of Financial Position
December 31, 2017

ASSETS

Current Assets

Cash	\$	43,885
Due from affiliate		74,100

Total Current Assets		117,985
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Total Assets		\$ 117,985
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LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$	13,138
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Total Liabilities		13,138
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Net Assets

Unrestricted		104,847
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Total Liabilities and Net Assets		\$ 117,985
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A HOLE IN THE ROOF FOUNDATION
Statement of Activities
For The Year Ended December 31, 2017

Change In Unrestricted Net Assets

Support:		
Contributions		<u>\$ 493,349</u>
Total support		<u>493,349</u>
Expenses:		
Program expenses		562,235
General and administrative expenses		<u>12,621</u>
Total expenses		<u>574,856</u>
Decrease In Unrestricted Net Assets		(81,507)
Net Assets - Beginning of Year		<u>186,354</u>
Net Assets - End of Year		<u><u>\$ 104,847</u></u>

A HOLE IN THE ROOF FOUNDATION
Statement of Functional Expenses
For The Year Ended December 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Direct Orphanage Costs			
Personnel	115,912		115,912
Facility costs	149,302		149,302
Resident expenses	52,815		52,815
Food for residents	91,570	-	91,570
Other	19,725		19,725
Missionary expenses	17,842		17,842
School supplies	4,164		4,164
Equipment rental and maintenance	3,059		3,059
Health care	49,325		49,325
Transportation	51,771		51,771
Professional services	6,750	7,638	14,388
Bank and credit card fees	-	4,929	4,929
Office expense	\$ -	\$ 54	\$ 54
Total Expenses	<u>\$ 562,235</u>	<u>\$ 12,621</u>	<u>\$ 574,856</u>

A HOLE IN THE ROOF FOUNDATION
Statement of Cash Flows
For The Year Ended December 31, 2017

Cash Flows From Operating Activities

Decrease in net assets	\$ (81,507)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in assets and liabilities:	
Accounts payable and accrued expenses	<u>(18,908)</u>
Net Cash Used In Operating Activities	<u>(100,415)</u>
 Total Decrease In Cash and Cash Equivalents	 (100,415)
Cash And Cash Equivalents - Beginning of Year	<u>144,300</u>
Cash And Cash Equivalents - End of Year	<u><u>\$ 43,885</u></u>

See Independent Auditors' Report and Accompanying Footnotes.

A Hole in the Roof Foundation

Notes to the Financial Statements

December 31, 2017

NOTE:**1. Organization and Nature of Activities**

A Hole in the Roof Foundation is a Michigan not-for-profit organization that was formed to collaborate with faith groups that care for the homeless. Funding the repair of facilities where these groups carry out their work is part of the Foundation's mission and inspired its name. Most recently, the Foundation has been active in supporting and improving the Have Faith Haiti Mission in Port Au Prince, Haiti. That mission operates an orphanage to provide a safe, nurturing environment for Haitian children who would not otherwise have one.

In addition to its work with Detroit-based faith groups, A Hole in the Roof Foundation has also partnered with the National Bookstore Foundation in the Philippines to fund the DRY Library Project to donate books and reconstruct libraries in Tacloban, Philippines after a major typhoon.

2. Summary of Significant Accounting Policies

Classification of Net Assets – The Foundation reports information regarding its financial position and activities according to three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) based upon the existence or absence of donor-imposed restrictions. During the year ended December 31, 2017 there were no donor restrictions on any net assets.

Cash and Cash Equivalents – For purposes of reporting cash flows, the Foundation considers only funds held in checking and savings accounts to be cash and cash equivalents.

Concentration of Credit Risk – Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents. At times, the Foundation maintains cash balances that are in excess of limits established by the Federal Deposit Insurance Corporation.

Contributions – Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

Functional Allocation of Expenses – The cost of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated between the programs the Foundation operates and supporting services.

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Donated Services – A number of volunteers have contributed significant amounts of time to the activities of the Foundation without compensation. Under professional standards, those donated services were not considered specialized in nature, and therefore no amounts have been reflected in the financial statements. The Foundation generally pays for services requiring specialized expertise.

A Hole in the Roof Foundation
Notes to the Financial Statements (Continued)
December 31, 2017

NOTE:

2. Summary of Significant Accounting Policies (Continued)

Advertising and Promotional Literature – The Foundation is to recognize costs related to advertising and promotional literature when the promotion first takes place

Income Taxes – The Foundation operates under a determination from the Internal Revenue Service that it qualifies as a tax-exempt organization under 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose would be subject to taxation as unrelated business income. In addition, contributions by donors that are made to the Foundation are eligible to be considered charitable contributions under Section 170(b)(1)(A).

Subsequent Events – The Foundation has evaluated events and transactions that occurred through February 21, 2019, which is the date the financial statements were available for issue.

Income Tax Uncertainties – Management evaluates, at least annually, whether any tax positions reported on a return are more likely than not to be sustained if challenged. Management believes no such positions exist that would have significant impact on the Foundation's financial position and results of operations. As of December 31, 2017, no liability for uncertain tax benefits was recorded.

3. Related Party Transactions

Due from Affiliate

Due from affiliate is an amount receivable from an affiliate of the Foundation governed by the same board of directors and officers. As of December 31, 2017, the balance of the receivable was \$74,100.

Contributions

In 2017, the Foundation received \$318,383 of contributions from a private foundation with a trustee who is also a trustee of A Hole in the Roof Foundation. Substantially all transportation costs incurred by A Hole in the Roof Foundation that were required to provide program services during 2017 were reimbursed by these related party contributions.

4. Concentrations

A Hole in the Roof Foundation received 65% of its 2017 contributions from one donor.