

**UNIVERSITY OF MICHIGAN HILLEL FOUNDATION, INC.**  
**(a Michigan non-profit corporation)**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
June 30, 2015 and 2014

UNIVERSITY OF MICHIGAN HILLEL FOUNDATION, INC.  
(a Michigan non-profit corporation)

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June 30, 2015 and 2014

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# Berger, Gheri & LaDuke PLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**University of Michigan Hillel Foundation, Inc.**  
Ann Arbor, Michigan

We have audited the accompanying financial statements of

**University of Michigan Hillel Foundation, Inc.**  
(a Michigan non-profit corporation)

which comprise the Statements of Financial Position as of June 30, 2015 and 2014, and the related Statements of Activities, Schedules of Support and Expenses and Statements of Cash Flows for the years 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 **University of Michigan Hillel Foundation, Inc.** as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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BERGER GHERSI & LADUKE PLC  
Certified Public Accountants

November 9, 2015

**UNIVERSITY OF MICHIGAN HILLEL FOUNDATION, INC.**  
(a Michigan non-profit corporation)

STATEMENTS OF FINANCIAL POSITION  
June 30, 2015 and 2014

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ASSETS

	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 571,105	\$ 585,056
Certificate of deposit	61,314	59,568
Inventory	4,991	4,086
Prepaid expenses	14,338	8,195
Contributions receivable	<u>41,398</u>	<u>56,500</u>
Total current assets	<u>693,146</u>	<u>713,405</u>
Property and equipment:		
Leasehold improvements	115,947	115,947
Office equipment and furnishings	<u>323,599</u>	<u>323,599</u>
	439,546	439,546
Less: Accumulated depreciation	<u>(368,900)</u>	<u>(364,835)</u>
Net property and equipment	<u>70,646</u>	<u>74,711</u>
Total assets	<u>\$ 763,792</u>	<u>\$ 788,116</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ <u>8,720</u>	\$ <u>7,003</u>
Net assets:		
Unrestricted	370,151	339,819
Temporarily restricted	<u>384,921</u>	<u>441,294</u>
Total net assets	<u>755,072</u>	<u>781,113</u>
Total liabilities and net assets	<u>\$ 763,792</u>	<u>\$ 788,116</u>

The accompanying auditors' report and notes are integral parts of the financial statements.

**UNIVERSITY OF MICHIGAN HILLEL FOUNDATION, INC.**  
(a Michigan non-profit corporation)

STATEMENTS OF ACTIVITIES  
For the years ended June 30, 2015 and 2014

UNRESTRICTED NET ASSETS

	<u>2015</u>	<u>2014</u>
Support:		
Allocated revenues	\$ 214,593	\$ 218,660
Student organization sponsored programs	229,937	241,087
Donated revenues	1,485,822	1,412,504
Other revenue	<u>2,524</u>	<u>2,138</u>
Total support	1,932,876	1,874,389
Net assets released from donor restrictions	<u>294,137</u>	<u>316,744</u>
	<u>2,227,013</u>	<u>2,191,133</u>
Expenses:		
Program services:		
Foundation programs	233,421	194,427
Student organization programs	354,334	429,236
Supporting services:		
General and administrative	<u>1,608,926</u>	<u>1,502,279</u>
Total expenses	<u>2,196,681</u>	<u>2,125,942</u>
Change in unrestricted net assets	<u>30,332</u>	<u>65,191</u>

TEMPORARILY RESTRICTED NET ASSETS

Contributions	237,764	298,322
Net assets released from donor restrictions	<u>(294,137)</u>	<u>(316,744)</u>
Change in temporarily restricted net assets	<u>(56,373)</u>	<u>(18,422)</u>

TOTAL NET ASSETS

Change in net assets	(26,041)	46,769
Net assets, beginning of year	<u>781,113</u>	<u>734,344</u>
Net assets, end of year	<u>\$ 755,072</u>	<u>\$ 781,113</u>

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**UNIVERSITY OF MICHIGAN HILLEL FOUNDATION, INC.**  
(a Michigan non-profit corporation)

**SCHEDULES OF SUPPORT**  
For the years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Allocated revenues:		
Detroit Jewish Federation	\$ 165,013	\$ 165,609
Michigan B'nai Hillel Fund	6,000	6,000
The Foundation for Jewish Campus Life	34,580	38,251
Jewish Federation of Washtenaw County	<u>9,000</u>	<u>8,800</u>
Total allocated revenues	<u>214,593</u>	<u>218,660</u>
Program revenues - Student Organized Sponsored Programs:		
Kosher Meal Program	141,367	129,318
Alternative Spring Break Trip	6,304	12,796
American Movement for Israel	3,146	375
The David Project	-	2,792
Consider	4,450	5,896
Golden Apple Award	12,900	9,445
Wolypac	4,000	-
Holocaust Conference	4,734	5,109
Will Work For Food	3,443	1,539
Kol Hakavod	1,018	1,785
Michigan Gifts	3,667	2,500
Passover Meal Program	25,068	20,041
Work Study Program	8,877	13,136
Israel Fellowship	-	25,000
Reimbursed expenses and miscellaneous	<u>10,963</u>	<u>11,355</u>
Total revenues	<u>229,937</u>	<u>241,087</u>

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**UNIVERSITY OF MICHIGAN HILLEL FOUNDATION, INC.**  
(a Michigan non-profit corporation)

SCHEDULES OF SUPPORT  
(continued)  
For the years ended June 30, 2015 and 2014

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	<u>2015</u>	<u>2014</u>
Donated revenues:		
Generated Income	1,065,059	1,097,563
Detroit Jewish Federation	137,181	137,181
Endowment Funds	152,704	100,729
High Holiday Appeal	4,217	10,425
Shabbat Sponsorship	118,843	64,724
Miscellaneous	<u>7,818</u>	<u>1,882</u>
Total donated revenues	<u>1,485,822</u>	<u>1,412,504</u>
Other revenue:		
Interest income	1,752	-
Rental income	575	760
Miscellaneous income	<u>197</u>	<u>1,378</u>
Total other revenue	<u>2,524</u>	<u>2,138</u>
Total support	<u>\$ 1,932,876</u>	<u>\$ 1,874,389</u>

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**UNIVERSITY OF MICHIGAN HILLEL FOUNDATION, INC.**  
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SCHEDULES OF EXPENSES  
For the years ended June 30, 2015 and 2014

	2015	2014
Foundation program expenses:		
Kosher Meal Program	\$ 182,762	\$ 142,538
High Holidays	5,483	7,566
Library	282	364
Passover Program	21,070	20,340
Publicity and advertising	17,009	12,179
Religious	1,756	6,942
Meet and greet expenses	5,059	4,498
Total foundation program expenses	233,421	194,427
Student organization program expenses:		
24/7 Study Break	4,787	-
Alternative Spring Break Trip	2,043	12,525
American Movement for Israel	3,374	1,396
Bagel Brunch	14,026	-
Berman Leadership Conference	27,736	6,923
Berger Grant	49,222	-
Birthright	5,550	24,654
Consider	7,119	6,808
Create	3,000	251,674
David Project	465	2,259
Engagement	6,852	-
First Year Students of Hillel	8,273	-
Golden Apple Award	10,678	6,476
Governing Board/Group Leaders Retreat	4,540	-
Holocaust Conference	4,734	4,690
IM Sports	2,830	3,916
Israel Cohort	5,467	-
Israel Fellowship	51,018	38,035
Jewish Learning Center	147	1,735
Jewish Penicillan Hotline	4,029	-
Kitchen Renovation	18,870	-
Kol Hakavod	1,607	348
Major Events	4,972	476
Mensch Program	1,503	-
Open House expenses	111	1,570
Shabbat out of the Box expenses	34,475	-
Shabbat Dinner	4,860	4,977
Will Work for Food	20,334	469
Various smaller organizations and projects	51,712	60,305
Total student organization expenses	354,334	429,236

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**UNIVERSITY OF MICHIGAN HILLEL FOUNDATION, INC.**  
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SCHEDULES OF EXPENSES  
(continued)  
For the years ended June 30, 2015 and 2014

	2015	2014
General and administrative expenses:		
Personnel and related expenses:		
Professional staff	561,449	448,977
Secretarial and clerical staff	179,244	174,948
Service staff	127,399	127,718
Health insurance	71,912	64,637
Payroll taxes	77,739	68,146
Fringe and retirement benefits	25,762	27,661
Workers' compensation insurance	7,056	3,114
Bank card fees and service charges	21,751	16,924
Building maintenance and repairs	99,825	74,844
Computer expenses	24,817	31,624
Directors expense	7,526	5,678
Equipment maintenance	6,172	5,360
Fundraising	142,295	177,733
Insurance	18,033	17,612
Michigan gifts	1,324	2,769
Office supplies and expenses	7,329	5,253
Postage	775	2,256
Professional fees	5,590	21,509
Rent	137,181	137,181
Telephone	14,935	12,043
Travel and entertainment	9,392	4,237
Utilities	57,355	66,509
Vehicle	-	1,481
Depreciation	4,065	4,065
Total general and administrative expenses	1,608,926	1,502,279
Total expenses	\$ 2,196,681	\$ 2,125,942

The accompanying auditors' report and notes are integral parts of the financial statements.

**UNIVERSITY OF MICHIGAN HILLEL FOUNDATION, INC.**  
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**STATEMENTS OF CASH FLOWS**  
For the years ended June 30, 2015 and 2014

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	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (26,041)	\$ 46,769
Adjustments to reconcile net assets to cash flows from operating activities:		
Depreciation	4,065	4,065
Decrease (increase) in assets:		
Accounts receivable	15,102	(1,597)
Inventory	(905)	2,193
Prepaid insurance	(6,143)	(2,101)
Increase (decrease) in liabilities:		
Accounts payable	<u>1,717</u>	<u>6,593</u>
Cash flows from operating activities	(12,205)	55,922
Cash flows from investing activities:		
Certificate of deposit	(1,746)	432
Cash flows from financing activities:		
Payment on loan payable	<u>-</u>	<u>(100,000)</u>
Change in cash	(13,951)	(43,646)
Cash and cash equivalents, beginning of year	<u>585,056</u>	<u>628,702</u>
Cash and cash equivalents, end of year	<u>\$ 571,105</u>	<u>\$ 585,056</u>
<u>Supplemental Disclosures:</u>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying auditors' report and notes are integral parts of the financial statements.

**UNIVERSITY OF MICHIGAN HILLEL FOUNDATION, INC.**  
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NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2015 and 2014

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NOTE A - Nature of Activities and Significant Accounting Policies

Nature of activities - The Foundation (Organization) is a non-profit, tax exempt corporation providing religious, cultural, and social programs for students at the University of Michigan.

Method of accounting - The financial statements are prepared on the accrual basis of accounting.

Financial statement presentation - The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Foundation is required to present a Statement of Cash Flows.

Revenue - The Foundation's major sources of revenue are allocated funds received from affiliated organizations and its annual fund raising campaign.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

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. Accordingly, actual results could differ from those estimates.

Fixed assets - Fixed assets are carried at cost less accumulated depreciation. Major renewals and betterments are charged to the property accounts while maintenance and repairs are charged against earnings as incurred.

Depreciation - Depreciation is recorded using the straight-line method over an estimated useful life of five to thirty-nine years. Depreciation expense was \$4,065 for both years ended June 30, 2015 and 2014.

Contributions receivable - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. All contributions receivable are expected to be collected in less than one year.

Management closely monitors contributions receivable and annually charges off to expense those receivables that are determined to be uncollectible. Management believes that all receivables will be collected, therefore, no allowance for uncollectible promises receivable have been included in the financial statements.

Inventory - Inventory consists of souvenir type gifts and is valued at the lower of cost or market on the first-in, first-out basis.

Income tax status - The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. The Organization's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

**UNIVERSITY OF MICHIGAN HILLEL FOUNDATION, INC.**  
(a Michigan non-profit corporation)

NOTES TO THE FINANCIAL STATEMENTS  
(continued)  
June 30, 2015 and 2014

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NOTE A - Nature of Activities and Significant Accounting Policies (continued)

Cash equivalents - The Company considers all short-term investments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2015 and 2014.

Advertising - Publicity and advertising costs are expensed as incurred. Total publicity and advertising expenses for the years ended June 30, 2015 and 2014 was \$17,009 and \$12,179, respectively.

NOTE B - Personnel Costs

The Foundation contracts all personnel services from the Foundation for Jewish Campus Life. Reimbursements for actual costs are made for salaries, wages, health insurance, payroll taxes, fringe and retirement benefits, and workers compensation insurance. Contributions of \$16,577 and \$25,201 were made for retirement benefits for the years ended June 30, 2015 and 2014, respectively.

NOTE C - Concentration of Credit Risk

The Foundation has concentrated its credit risk for cash by maintaining deposits in financial institutions which may, at times, exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

NOTE D - Donated Facility

The Foundation occupies a building located at 1429 Hill Street under a month-to-month agreement with the Jewish Federation of Metropolitan Detroit. No rent is paid by the Foundation. The approximate fair market value of the annual rent is estimated to be \$137,181 for both of the years ending June 30, 2015 and 2014, and are included in contributions and expenses on the Statement of Activities.

NOTE E - Endowments

The Foundation's endowments are held and administered by the Jewish Federation of Metropolitan Detroit of which five percent is considered unrestricted. The funds are invested in marketable securities which fair market value was approximately \$4.2 million at June 30, 2015.

NOTE F - Subsequent Events

Management has evaluated subsequent events through November 9, 2015, which is the date the financial statements were available to be issued.

**UNIVERSITY OF MICHIGAN HILLEL FOUNDATION, INC.**  
(a Michigan non-profit corporation)

**NOTES TO THE FINANCIAL STATEMENTS**  
(continued)

June 30, 2015 and 2014

**NOTE G - Temporarily Restricted Net Assets**

For the year ended June 30, 2015:

	Sports Fundraising/ Holocaust Conference	Israel Fellow Grant/ Davidson Grant	Brooks Legacy Fund	Zimmerman Grant	Brownfain / Torah Fund	Detroit Federation Allocation	Detroit Jewish Initiative/ Passover	Director's / Student Assisted Fund	Kitchen Renovation Fund	Berger Grant
Balance, July 1, 2014	\$ 10,225	\$ 246,000	\$ -	\$ 8,053	\$ 9,440	\$ 15,763	\$ 15,389	\$ 21,731	\$ -	\$ 49,222
Contributions	1,334	-	125,753	-	-	13,763	7,472	3,700	27,760	-
Net assets released from donor restrictions	(9,025)	(144,835)	-	-	-	(15,763)	(610)	-	(18,870)	(49,222)
Balance, June 30, 2015	\$ 2,534	\$ 101,165	\$ 125,753	\$ 8,053	\$ 9,440	\$ 13,763	\$ 22,251	\$ 25,431	\$ 8,890	\$ -

For the year ended June 30, 2015:

	Bendit Prof Dev Initiative Fund	Berman Building / Leadership Fund	Endowment Fund	Jewish Penicillin Hotline	Bear Mitzvah / Beit Midrash Fund	Bagel Brunch / Green Grant	Brandt Fund	Miscellaneous	Religion & Ethics Program Fund	Total
Balance, July 1, 2014	\$ -	\$ 19,740	\$ -	\$ 4,946	\$ 10,240	\$ -	\$ 10,000	\$ 19,545	\$ 1,000	\$ 441,294
Contributions	10,000	23,467	8,250	-	424	5,036	-	10,805	-	237,764
Net assets released from donor restrictions	-	(22,739)	(8,250)	(4,030)	(710)	(14,026)	-	(6,057)	-	(294,137)
Balance, June 30, 2015	\$ 10,000	\$ 20,468	\$ -	\$ 916	\$ 9,954	\$ (8,990)	\$ 10,000	\$ 24,293	\$ 1,000	\$ 384,921

Net assets are released from donor restrictions when expenses are incurred that satisfy the purpose specified by the donor. There are no time restrictions in regards to these donations.

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**UNIVERSITY OF MICHIGAN HILLEL FOUNDATION, INC.**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(continued)

June 30, 2015 and 2014

**NOTE G - Temporarily Restricted Net Assets**

For the year ended June 30, 2014:

	Piano / Colby Berki / Goldstein Fund	Sports Fundraising/ Holocaust Conference	Israel Fellow Grant/ Davidson Grant	Michigan Mensch Program Fund	Zimmerman Grant	Brownfain / Torah Fund	Detroit Federation Allocation	Detroit Jewish Initiative/ Passover	Director's / Student Assisted Fund	Berger Grant
Balance, July 1, 2013	\$ 1,485	\$ 13,011	\$ -	\$ 1,013	\$ 8,053	\$ 9,440	\$ 13,763	\$ 8,589	\$ 20,720	\$ 50,343
Contributions	-	1,200	246,000	161	-	-	15,763	6,800	1,400	-
Net assets released from donor restrictions	-	(3,986)	-	(1,174)	-	-	(13,763)	-	(389)	(1,121)
Balance, June 30, 2014	<u>\$ 1,485</u>	<u>\$ 10,225</u>	<u>\$ 246,000</u>	<u>\$ -</u>	<u>\$ 8,053</u>	<u>\$ 9,440</u>	<u>\$ 15,763</u>	<u>\$ 15,389</u>	<u>\$ 21,731</u>	<u>\$ 49,222</u>

For the year ended June 30, 2014:

	Berman Building / Leadership Fund	Consider Fund	Create Grant	Jewish Pencilin Hotline	Bear Mitzvah / Beit Midrash Fund	Birthright Grant	Brandt Fund	Miscellaneous	Religion & Ethics Program Fund	Total
Balance, July 1, 2013	\$ 9,201	\$ 5,359	\$ 253,488	\$ 4,946	\$ 10,367	\$ 22,358	\$ 10,000	\$ 16,580	\$ 1,000	\$ 459,716
Contributions	13,255	-	-	-	230	-	-	13,513	-	298,322
Net assets released from donor restrictions	(2,716)	-	(253,488)	-	(357)	(22,358)	-	(17,392)	-	(316,744)
Balance, June 30, 2014	<u>\$ 19,740</u>	<u>\$ 5,359</u>	<u>\$ -</u>	<u>\$ 4,946</u>	<u>\$ 10,240</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 12,701</u>	<u>\$ 1,000</u>	<u>\$ 441,294</u>

Net assets are released from donor restrictions when expenses are incurred that satisfy the purpose specified by the donor. There are no time restrictions in regards to these donations.

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