

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

REPORT ON AUDIT OF FINANCIAL STATEMENTS
June 30, 2014 and 2013

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

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June 30, 2014 and 2013

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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, 2014 and 2013, 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, 2014 and 2013, 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.


BERGER GHERSI & LADUKE PLC
Certified Public Accountants

December 17, 2014

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

STATEMENTS OF FINANCIAL POSITION
June 30, 2014 and 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents	\$ 585,056	\$ 628,702
Certificate of deposit	59,568	60,000
Inventory	4,086	6,279
Prepaid insurance	8,195	6,094
Contributions receivable	<u>56,500</u>	<u>54,903</u>
Total current assets	<u>713,405</u>	<u>755,978</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>(364,835)</u>	<u>(360,770)</u>
Net property and equipment	<u>74,711</u>	<u>78,776</u>
Total assets	<u>\$ 788,116</u>	<u>\$ 834,754</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 7,003	\$ 410
Loan payable, current portion	<u>-</u>	<u>100,000</u>
Total current liabilities	<u>7,003</u>	<u>100,410</u>
Long-term liability:		
Loan payable	-	100,000
Less: Current portion	<u>-</u>	<u>(100,000)</u>
Total long-term liability	<u>-</u>	<u>-</u>
Net assets:		
Unrestricted	339,819	274,628
Temporarily restricted	<u>441,294</u>	<u>459,716</u>
Total net assets	<u>781,113</u>	<u>734,344</u>
Total liabilities and net assets	<u>\$ 788,116</u>	<u>\$ 834,754</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, 2014 and 2013

UNRESTRICTED NET ASSETS

	<u>2014</u>	<u>2013</u>
Support:		
Allocated revenues	\$ 218,660	\$ 213,591
Generated revenues - student organization sponsored programs	241,087	204,740
Donated revenues	1,412,504	1,439,655
Other revenue	<u>2,138</u>	<u>3,793</u>
Total support	1,874,389	1,861,779
Net assets released from donor restrictions	<u>316,744</u>	<u>259,134</u>
	<u>2,191,133</u>	<u>2,120,913</u>
Expenses:		
Program services:		
Foundation programs	194,427	144,793
Student organization programs	429,236	300,840
Supporting services:		
General and administrative	<u>1,502,279</u>	<u>1,638,566</u>
Total expenses	<u>2,125,942</u>	<u>2,084,199</u>
Change in unrestricted net assets	<u>65,191</u>	<u>36,714</u>

TEMPORARILY RESTRICTED NET ASSETS

Contributions	298,322	527,374
Net assets released from donor restrictions	<u>(316,744)</u>	<u>(259,134)</u>
Change in temporarily restricted net assets	<u>(18,422)</u>	<u>268,240</u>

TOTAL NET ASSETS

Change in net assets	46,769	304,954
Net assets, beginning of year	<u>734,344</u>	<u>429,390</u>
Net assets, end of year	<u>\$ 781,113</u>	<u>\$ 734,344</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)

SCHEDULES OF SUPPORT
For the years ended June 30, 2014 and 2013

	2014	2013
Allocated revenues:		
Detroit Jewish Federation	\$ 165,609	\$ 165,561
Michigan B'nai Hillel Fund	6,000	6,000
The Foundation for Jewish Campus Life	38,251	27,030
Jewish Federation of Washtenaw County	8,800	15,000
Total allocated revenues	218,660	213,591
Generated revenues - Student Organized Sponsored Programs:		
Kosher Meal Program	129,318	107,729
Alternative Spring Break Trip	12,796	6,843
American Movement for Israel	375	14,474
The David Project	2,792	-
Consider	5,896	6,813
Golden Apple Award	9,445	6,000
Friends Grocery Rewards	361	572
Makom	-	7,500
Holocaust Conference	5,109	5,636
Jewish Learning Center	519	1,022
Will Work For Food	1,539	-
Kol Hakavod	1,785	757
Celebration of Jewish Arts	-	500
Michigan Gifts	2,500	3,065
Passover Meal Program	20,041	19,070
Work Study Program	13,136	11,188
Israel/Tamid Fellowship	25,000	5,025
Reimbursed expenses and miscellaneous	10,475	8,546
Total generated revenues	241,087	204,740

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UNIVERSITY OF MICHIGAN HILLEL FOUNDATION, INC.
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SCHEDULES OF SUPPORT
(continued)

For the years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Donated revenues:		
Friends of UM Hillel	1,097,563	1,090,107
Detroit Jewish Federation	137,181	137,181
Endowment Funds	100,729	106,232
High Holiday Appeal	10,425	8,401
Shabbat Sponsorship	64,724	96,222
Miscellaneous	<u>1,882</u>	<u>1,512</u>
Total donated revenues	<u>1,412,504</u>	<u>1,439,655</u>
Other revenue:		
Interest income	-	135
Rental income	760	445
Miscellaneous income	<u>1,378</u>	<u>3,213</u>
Total other revenue	<u>2,138</u>	<u>3,793</u>
Total support	<u>\$ 1,874,389</u>	<u>\$ 1,861,779</u>

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

SCHEDULES OF EXPENSES
For the years ended June 30, 2014 and 2013

	2014	2013
Foundation program expenses:		
Kosher Meal Program	\$ 142,538	\$ 100,911
High Holidays	7,566	7,955
Library	364	226
Passover Program	20,340	16,956
Publicity and advertising	12,179	11,598
Religious	6,942	7,147
Meet and greet expenses	4,498	-
Total foundation program expenses	194,427	144,793
Student organization program expenses:		
Alternative Spring Break Trip	12,525	10,107
American Movement for Israel	1,396	10,133
Berman Leadership Conference	6,923	14,348
Birthright Trip	22,359	30,734
Birthright Expenses	2,295	-
Celebration of Jewish Arts	476	1,200
Consider	6,808	15,367
Create	251,674	121,376
The David Project	2,259	-
Golden Apple Award	6,476	7,701
Holocaust Conference	4,690	5,782
IM Sports	3,916	3,590
Jewish Learning Center	1,735	1,789
Open House expenses	1,570	-
Shabbat Dinner	4,977	6,821
Kol Hakavod	348	1,550
Israel Fellowship	38,035	19,305
Will Work for Food	469	-
Various smaller organizations and projects	60,305	51,037
Total student organization expenses	429,236	300,840

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UNIVERSITY OF MICHIGAN HILLEL FOUNDATION, INC.
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SCHEDULES OF EXPENSES
(continued)
For the years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
General and administrative expenses:		
Contracted personnel and related expenses:		
Professional staff	448,977	612,012
Secretarial and clerical staff	174,948	156,615
Service staff	127,718	125,457
Health insurance	64,637	85,111
Payroll taxes	68,146	75,197
Fringe and retirement benefits	27,661	26,859
Workers' compensation insurance	3,114	3,301
Bank card fees and service charges	16,924	20,348
Building maintenance and repairs	74,844	84,193
Computer expenses	31,624	20,475
Directors expense	5,678	6,071
Equipment maintenance	5,360	4,953
Friends of UM Hillel (fund raising)	177,733	161,168
Insurance	17,612	12,614
Michigan gifts	2,769	923
Office supplies and expenses	5,253	6,432
Postage	2,256	3,551
Professional fees	21,509	5,100
Rent	137,181	137,181
Telephone	12,043	15,350
Travel and entertainment	4,237	10,070
Utilities	66,509	51,379
Vehicle	1,481	7,361
Depreciation	<u>4,065</u>	<u>6,845</u>
Total general and administrative expenses	<u>1,502,279</u>	<u>1,638,566</u>
Total expenses	<u>\$ 2,125,942</u>	<u>\$ 2,084,199</u>

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Increase in net assets	\$ 46,769	\$ 304,954
Adjustments to reconcile net assets to cash flows from operating activities:		
Depreciation	4,065	6,845
Decrease (increase) in assets:		
Accounts receivable	(1,597)	(23,811)
Inventory	2,193	(295)
Prepaid insurance	(2,101)	(2,011)
Increase (decrease) in liabilities:		
Accounts payable	<u>6,593</u>	<u>410</u>
Cash flows from operating activities	<u>55,922</u>	<u>286,092</u>
Cash flows from investing activities:		
Certificate of deposit	432	(6,248)
Acquisition of fixed assets	<u>-</u>	<u>(14,645)</u>
Cash flows from investing activities	<u>432</u>	<u>(20,893)</u>
Cash flows from financing activities:		
Payment on loan payable	<u>(100,000)</u>	<u>(10,000)</u>
Change in cash	(43,646)	255,199
Cash and cash equivalents, beginning of year	<u>628,702</u>	<u>373,503</u>
Cash and cash equivalents, end of year	<u>\$ 585,056</u>	<u>\$ 628,702</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, 2014 and 2013

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, Friends of UM Hillel.

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 for the years ended June 30, 2014 and 2013 is \$4,065 and \$6,845, respectively.

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.
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NOTES TO THE FINANCIAL STATEMENTS
(continued)
June 30, 2014 and 2013

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, 2014 and 2013.

Advertising - Publicity and advertising costs are expensed as incurred. Total publicity and advertising expenses for the years ended June 30, 2014 and 2013 was \$12,179 and \$11,598, respectively.

NOTE B - Loan Payable

The Foundation had a loan payable to the United Jewish Foundation that was entirely repaid in 2013. The loan was unsecured and non-interest bearing.

NOTE C - Contracted 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 \$25,201 and \$24,645 were made for retirement benefits for the years ended June 30, 2014 and 2013, respectively.

NOTE D - 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 E - 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, 2014 and 2013, and are included in contributions and expenses on the Statement of Activities.

NOTE F - Subsequent Events

Management has evaluated subsequent events through December 17, 2014, which is the date the financial statements were available to be issued.

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

June 30, 2014 and 2013

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	Directors / Student Assisted / Projector 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	\$ 1,485	\$ 10,225	\$ 246,000	\$ -	\$ 8,053	\$ 9,440	\$ 15,763	\$ 15,389	\$ 21,731	\$ 49,222

For the year ended June 30, 2014:

	Berman Building / Leadership Fund	Consider Fund	Create Grant	Jewish Penicillin Hotline	Bear Mitzvah / Beit Midrash Fund	Birbright 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	\$ 19,740	\$ 5,359	\$ -	\$ 4,946	\$ 10,240	\$ -	\$ 10,000	\$ 12,701	\$ 1,000	\$ 441,294

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.

Berger, Gherzi & LaDuke PLC
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UNIVERSITY OF MICHIGAN HILLEL FOUNDATION, INC.
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NOTES TO THE FINANCIAL STATEMENTS
(continued)

June 30, 2014 and 2013

NOTE G - Temporarily Restricted Net Assets

For the year ended June 30, 2013:

	Piano / Colby Berki / Goldstein Fund	Sports Fundraising/ Website / Holocaust Conference	ABQ Nat'l Hillel	Michigan Mensch Program Fund	Zimmerman Grant	Brownfain / Torah Fund	Detroit Federation Allocation	Detroit Jewish Initiative/ Passover	Directors / Student Assisted / Alumni Association Fund	Berger Grant
Balance, July 1, 2012	\$ 1,485	\$ 10,274	\$ 7,500	\$ 2,690	\$ 8,053	\$ 9,440	\$ 12,926	\$ 7,676	\$ 20,120	\$ 51,153
Contributions	-	6,222	-	-	-	-	13,763	1,000	700	-
Net assets released from donor restrictions	-	(3,485)	(7,500)	(1,677)	-	-	(12,926)	(87)	(100)	(810)
Balance, June 30, 2013	\$ 1,485	\$ 13,011	\$ -	\$ 1,013	\$ 8,053	\$ 9,440	\$ 13,763	\$ 8,589	\$ 20,720	\$ 50,343

For the year ended June 30, 2013:

	Berman Building / Leadership Fund	Consider Fund	Create Grant	Jewish Penicillin Hotline	Bear Mitzvah / Beit Midrash Fund	Birthright Grant	Brandt Fund	Miscellaneous	Religion & Ethics Program Fund	Total
Balance, July 1, 2012	\$ 20,002	\$ 10,661	\$ -	\$ 4,946	\$ 8,644	\$ -	\$ 10,000	\$ 4,906	\$ 1,000	\$ 191,476
Contributions	3,925	-	411,000	-	2,050	68,300	-	20,414	-	527,374
Net assets released from donor restrictions	(14,726)	(5,302)	(157,512)	-	(327)	(45,942)	-	(8,740)	-	(259,134)
Balance, June 30, 2013	\$ 9,201	\$ 5,359	\$ 253,488	\$ 4,946	\$ 10,367	\$ 22,358	\$ 10,000	\$ 16,580	\$ 1,000	\$ 459,716

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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