

OUR LITTLE ROSES FOREIGN MISSION SOCIETY
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017



CERTIFIED PUBLIC ACCOUNTANTS

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
YEAR ENDED DECEMBER 31, 2017**

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CERTIFIED PUBLIC ACCOUNTANTS



SHARFF, WITTMER, KURTZ,
JACKSON & DIAZ
P.A.
CERTIFIED PUBLIC ACCOUNTANTS

DAVID D. SHARFF, C.P.A. - DECEASED
STEVEN C. WITTMER, C.P.A. - DECEASED
JOSEPH M. KURTZ, C.P.A. - RETIRED
MICHAEL L. JACKSON, C.P.A. - RETIRED
MARTIN ROSEN, C.P.A. - RETIRED

LUIS E. DIAZ, C.P.A.
JOSEPH M. JACKSON, C.P.A.
AMY K. BEENKEN, C.P.A.
LAURA S. FEINBERG, C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Our Little Roses Foreign Mission Society

Report on the Financial Statements

We have audited the accompanying financial statements of Our Little Roses Foreign Mission Society (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities 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 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 the audit. We conducted the 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 from 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 Our Little Roses Foreign Mission Society as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sharff, Wittmer, Kurtz, Jackson & Diaz, P.A.

SHARFF, WITTMER, KURTZ, JACKSON & DIAZ, P.A.
Certified Public Accountants

Coral Gables, Florida
July 6, 2018



CERTIFIED PUBLIC ACCOUNTANTS

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

ASSETS

Cash and cash equivalents	\$ 306,950
Investments	3,550,725
Contributions receivable	<u>30,896</u>
Total assets	<u>\$ 3,888,571</u>

LIABILITIES AND NET ASSETS

Liabilities

Accrued payroll	\$ 2,696
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Net assets

Unrestricted	3,390,959
Temporarily restricted	<u>494,916</u>
Total net assets	<u>3,885,875</u>
Total liabilities and net assets	<u>\$ 3,888,571</u>

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
General contributions	\$ 390,590	\$ -	\$ 390,590
Sponsorships	260,253	-	260,253
Fundraising	51,038	-	51,038
Grants	59,646	5,221	64,867
Education	50,152	9,598	59,750
Pass-thru revenue	-	50,715	50,715
Capital projects	-	94,800	94,800
Other restricted	-	77,050	77,050
Other income	677	-	677
In-Kind donations	40,360	-	40,360
Net assets released from restriction	155,882	(155,882)	-
Total support and revenue	1,008,598	81,502	1,090,100
EXPENSES			
Program services	899,853	-	899,853
General and administrative	122,585	-	122,585
Fundraising	154,680	-	154,680
Total expenses	1,177,118	-	1,177,118
Change in net assets before other changes	(168,520)	81,502	(87,018)
Other changes in net assets			
Net investment income, gains and losses	485,829	-	485,829
Change in net assets	317,309	81,502	398,811
Net assets, beginning of year	3,073,650	413,414	3,487,064
Net assets, end of year	\$ 3,390,959	\$ 494,916	\$ 3,885,875

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 398,811
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized/realized gain on investments	(342,420)
Increase in accounts receivable	(10,284)
Decrease in accounts payable	(497)
Increase in accrued payroll	2,120
Net cash provided by operating activities	<u>47,730</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Net investment purchases and proceeds	<u>65,498</u>
Net cash provided by investing activities	<u>65,498</u>

Net increase in cash and cash equivalents 113,228

Cash and cash equivalents, beginning of year 193,722

Cash and cash equivalents, end of year \$ 306,950

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 – ORGANIZATION AND OPERATIONS

Our Little Roses Foreign Mission Society (the “Organization”), formerly The Committee to Assist the Episcopal Diocese of Honduras, is a not-for-profit corporation organized in the state of Virginia on June 28, 1985 for charitable, religious, and educational purposes. The Organization operates primarily in Florida.

The Organization is affiliated with Our Little Roses Ministries (“OLR Ministries”), a non-governmental organization in San Pedro Sula, Honduras dedicated to rescuing the girl child of Honduras from situations of risk. OLR Ministries is committed to providing a safe, secure and loving environment of unity, respect and dignity, empowering and transforming girls into successful women with moral and spiritual values, strengthened through the teachings of Jesus Christ.

The Organization is a fundraising, educational and mission-oriented organization, grounded in the Episcopal tradition and associated with the Episcopal Church, and encourages mission trips from Episcopal and other faith-based and community groups to OLR Ministries in Honduras. In addition, the Organization recruits sponsors to contribute to the financial support of girls at OLR Ministries’ Home for Girls. Funds raised by the Organization are used to fund the various programs and activities of OLR Ministries in Honduras. A portion of the funds raised also cover educational programs, administrative and fundraising costs of the Organization in the United States. The Organization distributes funds to OLR Ministries on a regular basis based on the needs of OLR Ministries.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Classification of the Organization's net assets and its revenues and expenses are based on the existence or absence of donor-imposed restrictions.

The Organization classifies net assets by the following categories:

Unrestricted net assets – Consist of net assets that are not subject to any donor-imposed restrictions.

Temporarily restricted net assets – Consist of net assets subject to donor-imposed or other legal restrictions on the use of the assets that may be met either by the passage of time or by actions of the Organization.

Permanently restricted net assets – Result primarily from contributions and other inflows of assets, whose use by the organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. At December 31, 2017, the Organization had no permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments, including certificates of deposit, with an initial maturity of three months or less, to be cash equivalents.

The Organization entered into a Cash Features Program with its brokerage firm. It is a service provided by the brokerage firm to automatically invest the Organization's free cash balance in its brokerage account into a liquid investment to earn interest. As of December 31, 2017, the free cash balance in its brokerage account was \$32,503.

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at fair value in the statement of financial position. The statement of activities includes net investment income consisting of interest and dividend income, realized and unrealized gains and losses. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains and losses on sale of investments are calculated on the basis of specific identification of the securities sold. Purchases and sales of securities are recognized on a trade-date basis.

Fair Value Measurements

FASB ASC 820, Fair Value Measurements and Disclosures, specifies a fair value hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions based upon market data obtained from independent sources (observable inputs). Level inputs identified are as follows:

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access.

Level 2 Inputs – Inputs other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

Support and Revenue

The Organization is primarily supported through donor contributions. Contributions received are measured at their fair values and are reported as an increase in net assets. Gifts of cash and other assets are reported as restricted support if they have donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization and OLR Ministries are considered financially interrelated organizations under *FASB ASC 958-20-25*. As a result, all contributions for OLR Ministries received by the Organization are recorded as contributions. No amounts were receivable from or due to the Organization at December 31, 2017.

The Organization acts as an agent for OLR Ministries (“beneficiary”) as it agrees to solicit assets from potential donors specifically for the beneficiary’s use and to distribute those assets to the beneficiary. The Organization recognizes the fair value of the nonfinancial assets received by donors as an increase in net assets.

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

In accordance with *FASB ASC 958-605-25-16*, contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (a) create or enhance nonfinancial assets or (b) require specialized skills provided by individuals possessing those skills, and are services which would be typically purchased if not provided by donation. Many individuals volunteer their time and perform a variety of tasks throughout the year but their time is not recognized as contribution income in the financial statements since the recognition criteria under *FASB ASC 958-605-25-16* are not met. Donated services are comprised of accounting and marketing services rendered for the Organization. The income and the expense created by these donated services offset each other and there is no effect on net assets.

Donated Assets

Donations of property and equipment are recorded as revenue and capitalized at their estimated fair value. Such donations are reported as unrestricted revenue unless the donor restricts the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted revenue. It is the Organization's policy to sell donated securities as soon as possible after they are received. The Organization received approximately \$70,000 in donated marketable securities during the fiscal year ended December 31, 2017.

Program and Supporting Services

Program services primarily consist of support of the work of OLR Ministries in Honduras. The Organization also provides information, direction and guidance to mission groups and individuals visiting OLR Ministries. In addition, the Organization seeks to increase awareness of the mission needs of OLR Ministries in United States Episcopal parishes as well as in other faith-based and community groups and to encourage relationships between supporters and OLR Ministries.

General and administrative services provide administrative support for the Organization's activities including personnel, financial, and facility management.

Fundraising services provide the structure necessary to encourage and secure financial support for the Organization.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and detailed in the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 – CONCENTRATIONS

Deposits Held in Financial Institutions

The Organization maintains its cash accounts at two financial institutions. These deposit accounts were fully insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. As of December 31, 2017, the Company’s cash balance exceeded the federally insured limit by approximately \$24,000.

Major Funding Sources

During the year ended December 31, 2017, the Organization received approximately 20% of its funding from four major donors.

Major Beneficiary

During the year ended December 31, 2017, the majority of total funds raised by the Organization were used to support the work of OLR Ministries in Honduras.

Contributions Receivables

At December 31, 2017, concentration of credit risk is limited due to the large number of donors.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

The Organization uses third-party companies to collect certain donations. The amounts due to the Organization from the third-party companies for collected funds as of December 31, 2017 were \$30,896.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2017, temporarily restricted net assets consist of the following:

Hospitality house	\$ 226,297
Educational fund	163,945
Pension fund	53,724
Other	11,500
	<u>\$ 455,466</u>

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table represents the Organization’s investments and cash equivalents, measured at fair value on a recurring basis, and their level within the fair value hierarchy:

	Fair Value Measurements at December 31, 2017 using:			Fair Value
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Equity securities	\$ 725,525	-	-	\$ 725,525
Exchange Traded Funds	1,307,394	-	-	1,307,394
Mutual Funds	554,141	-	-	554,141
Bonds	-	963,665	-	963,665
Total investments	<u>\$ 2,587,060</u>	<u>\$ 963,665</u>	<u>\$ -</u>	<u>\$ 3,550,725</u>

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Investment gain is recorded in the statement of activities and is comprised of the following for the year ended December 31, 2017:

Dividend and interest income	\$ 143,409
Unrealized gain	<u>342,420</u>
Total	<u><u>\$ 485,829</u></u>

Investment management and custodial fees were \$33,647 for 2017 and were included as professional and legal fees in the schedule of functional expenses.

In certain cases, the inputs to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the investment. The Organization assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer. There were no transfers among Levels 1, 2 and 3 during the year ended December 31, 2017.

NOTE 7 – IN-KIND DONATIONS

During 2017, the Organization received professional services and materials as follows:

	Program Services	General and Administrative	Total
Rent	\$ -	\$ 15,900	\$ 15,900
Professional services	-	9,700	9,700
Gifts, clothing and other supplies	14,760	-	14,760
	<u>\$ 14,760</u>	<u>\$ 25,600</u>	<u>\$ 40,360</u>

This income was offset by the expenses recorded in the same amount and, therefore, it has no effect on net assets.

NOTE 8 – TAX-EXEMPT STATUS

Under Internal Revenue Code Section 501(c)(3), the Organization qualifies as a non-profit organization exempt from federal and state taxes on income other than unrelated business income. No provision for federal or state income taxes are required as of December 31, 2017 since the Organization has no unrelated business income.

The Organization is classified as a mission society and, therefore, is not required to file Form 990, Return of Organization Exempt from Income Tax. The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 – EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events and transactions for potential recognition or disclosure through July 8, 2018, the date which the financial statements were available to be issued.

NOTE 10 – RELATED PARTIES

During 2017, the Organization received donations from directors and members of the Organization's Board of Directors totaling \$161,310.

SUPPLEMENTARY INFORMATION

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services	General and Administrative	Fundraising	Total
Transfers to OLR Ministries	\$ 780,000	\$ -	\$ -	\$ 780,000
Gifts for girls	8,650	-	-	8,650
Capital expenses	14,521	-	-	14,521
OLR Ministries special projects	16,279	-	-	16,279
OLR Ministries personnel expenses	4,208	2,964	3,705	10,877
Bank fees	-	1,781	-	1,781
Mission team expenses	56,505	-	-	56,505
Professional and legal fees	25	33,945	123	34,093
Office expenses	2,733	6,110	4,285	13,128
Postage and shipping	170	68	443	681
Insurance	-	1,528	-	1,528
Telephone	199	896	896	1,991
Travel	577	674	674	1,925
Meals and entertainment	-	293	293	586
Miscellaneous	-	557	-	557
Fundraising expenses	-	-	64,331	64,331
Salaries and wages	9,452	37,807	47,259	94,518
Professional education	10	40	50	100
Payroll taxes	712	2,847	3,559	7,118
Contract labor	1,698	6,796	8,494	16,988
Accounting and bookkeeping	78	10,135	388	10,601
In-Kind expenses	4,036	16,144	20,180	40,360
Total expenses	<u>\$ 899,853</u>	<u>\$ 122,585</u>	<u>\$ 154,680</u>	<u>\$ 1,177,118</u>