

OUR LITTLE ROSES FOREIGN MISSION SOCIETY
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018



CERTIFIED PUBLIC ACCOUNTANTS

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
YEAR ENDED DECEMBER 31, 2018**

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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, 2018, 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, 2018, 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.

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

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

Coral Gables, Florida
July 25, 2019



CERTIFIED PUBLIC ACCOUNTANTS

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

ASSETS

Current assets	
Cash and cash equivalents	\$ 340,940
Investments	3,365,924
Contributions receivable	<u>28,030</u>
Total current assets	<u>3,734,894</u>
Total assets	<u>\$ 3,734,894</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accrued payroll	<u>\$ 2,793</u>
Total current liabilities	<u>2,793</u>
Total liabilities	2,793
Net assets	
Without donor restrictions	3,306,398
With donor restrictions	<u>425,703</u>
Total net assets	<u>3,732,101</u>
Total liabilities and net assets	<u>\$ 3,734,894</u>

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE			
General contributions	\$ 806,074	\$ -	\$ 806,074
Sponsorships	274,686	-	274,686
Fundraising events, net of expenses of \$10,050	53,186	-	53,186
Grants	108,267	1,500	109,767
Education	50,483	4,206	54,689
Mission trips	-	71,278	71,278
Capital projects	-	5,400	5,400
Other income	1,193	31,915	33,108
In-Kind donations	42,222	-	42,222
Net assets released from restrictions	183,512	(183,512)	-
Total support and revenue	<u>1,519,623</u>	<u>(69,213)</u>	<u>1,450,410</u>
EXPENSES			
Program services			
Programs and activities in Honduras	872,465	-	872,465
Mission Team	70,603	-	70,603
Capital equipment	33,497	-	33,497
Special projects	20,453	-	20,453
Gifts for Girls	9,805	-	9,805
Total program services	<u>1,006,823</u>	<u>-</u>	<u>1,006,823</u>
General and administrative	114,710	-	114,710
Fundraising	219,547	-	219,547
Total expenses	<u>1,341,080</u>	<u>-</u>	<u>1,341,080</u>
Change in net assets from operating activities	178,543	(69,213)	109,330
Non-operating activities:			
Net investment losses	<u>(263,104)</u>	<u>-</u>	<u>(263,104)</u>
Change in net assets	(84,561)	(69,213)	(153,774)
Net assets, beginning of the year	<u>3,390,959</u>	<u>494,916</u>	<u>3,885,875</u>
Net assets, end of the year	<u>\$ 3,306,398</u>	<u>\$ 425,703</u>	<u>\$ 3,732,101</u>

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets	\$ (153,774)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net Unrealized/realized loss on investments	389,148
Decrease in accounts receivable	2,866
Contributed securities	(259,992)
Proceeds from sale of contributed securities	25,348
Increase in accrued payroll	97
Net cash provided by operating activities	<u>3,693</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Net investment proceeds	<u>30,297</u>
Net cash provided by investing activities	<u>30,297</u>

Net increase in cash and cash equivalents 33,990

Cash and cash equivalents, beginning of year 306,950

Cash and cash equivalents, end of year \$ 340,940

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITY:

Contributed securities \$ 259,992

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

	Program Services					Supporting Activities		Total Expenses
	Programs and Activities in Honduras	Mission Team	Capital Equipment	Special projects	Gifts for Girls	General and Administrative	Fundraising	
Outreach Services	\$ 846,000	\$70,603	\$ 33,497	\$ 20,453	\$ 9,805	\$ -	\$ -	\$ 980,358
Salaries and wages	14,705	-	-	-	-	58,818	73,524	147,047
In-Kind expenses	4,222	-	-	-	-	16,889	21,111	42,222
Website development	-	-	-	-	-	-	37,461	37,461
Postage and shipping	690	-	-	-	-	276	35,482	36,448
Personnel expenses	4,755	-	-	-	-	9,419	11,773	25,947
Marketing	-	-	-	-	-	-	18,918	18,918
Office expenses	30	-	-	-	-	7,864	4,300	12,194
Payroll taxes	1,125	-	-	-	-	4,500	5,625	11,250
Accounting	-	-	-	-	-	10,545	-	10,545
Travel	454	-	-	-	-	530	4,858	5,842
Telephone	336	-	-	-	-	1,513	1,513	3,362
Bank fees	-	-	-	-	-	1,002	1,792	2,794
Donor relations	-	-	-	-	-	-	1,568	1,568
Insurance	-	-	-	-	-	1,529	-	1,529
Professional and legal	110	-	-	-	-	839	549	1,498
Meals and entertainment	-	-	-	-	-	90	881	971
Miscellaneous	-	-	-	-	-	742	-	742
Professional education	38	-	-	-	-	154	192	384
TOTAL EXPENSES	\$ 872,465	\$70,603	\$ 33,497	\$ 20,453	\$ 9,805	\$ 114,710	\$ 219,547	\$1,341,080

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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 in accordance with accounting principles generally accepted in the United States of America. Classification of the Organization’s net assets and its revenues and expenses are based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances in a financial institution and in the Organization’s investment account.

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 highly liquid investment to earn interest. As of December 31, 2018, the free cash balance in its brokerage account was \$38,787 and it is included in the Statement of Cash Flows as Cash and Cash Equivalents.

OUR LITTLE ROSES FOREIGN MISSION SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 loss, consisting of interest and dividend income, net of realized and unrealized losses and investment fees. 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-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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

Noncash donations are recorded as unrestricted contributions at their estimated fair values at the date of donation. It is the Organization's policy to sell donated securities as soon as possible after they are received. The Organization received approximately \$260,000 in donated marketable securities during the fiscal year ended December 31, 2018.

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Salaries and related expenses are allocated based on employees direct time spent on program or support activities or the best estimate of time spent. All other expenses which are not directly identifiable by program or support services are allocated based on the best estimates of management.

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.

Measure of Operations:

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

New Accounting Standard

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

NOTE 3 – OLR MINISTRIES

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, 2018.

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, 2018

NOTE 4 - LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$ 340,940
Investments	3,365,924
Contributions receivable	<u>28,030</u>
	<u><u>\$ 3,734,894</u></u>

The Organization has approximately \$3,700,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. None of the financial assets are subject to donor restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The contributions receivable of approximately \$28,000 is expected to be collected within one month. The total investments of \$3,365,924 consist of approximately \$3,210,000 with daily liquidity and approximately \$160,000 with liquidity of ninety days. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$220,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Organization entered into a Cash Features Program with its brokerage firm provided by its brokerage firm to automatically invest the Organization's free cash balance in its brokerage account into a highly liquid investment to earn interest.

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

	Fair Value Measurements at December 31, 2018 using:				
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value	
	Equity securities	\$ 914,472	\$ -	\$ -	\$ 914,472
	Exchange traded funds	746,879	-	-	746,879
Equity funds	921,646	-	-	921,646	
Fixed income	-	65,032	-	65,032	
Bonds	-	717,895	-	717,895	
Total investments	<u>\$ 2,582,997</u>	<u>\$ 782,927</u>	<u>\$ -</u>	<u>\$ 3,365,924</u>	

OUR LITTLE ROSES FOREIGN MISSION SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – 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, 2018:

Dividend and interest income	\$ 161,616
Net Unrealized/realized loss	(389,148)
Investment fees	<u>(35,572)</u>
Total	<u>\$ 263,104</u>

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, 2018.

NOTE 6 – CONCENTRATIONS

Deposits Held in Financial Institutions

The Organization maintains its cash accounts at a financial institution. These deposit accounts were fully insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of December 31, 2018, the Company's cash balance exceeded the FDIC limit by approximately \$33,000.

Major Funding Sources

During the year ended December 31, 2018, the Organization received approximately 27.4% of its funding from three major donors.

Major Beneficiary

During the year ended December 31, 2018, 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, 2018, concentration of credit risk is limited due to the large number of donors.

NOTE 7 – CONTRIBUTIONS RECEIVABLE

The Organization uses a third-party company to collect certain donations. The amounts due to the Organization from the third-party company for collected funds as of December 31, 2018 were \$28,030.

**OUR LITTLE ROSES FOREIGN MISSION SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

As at December 31, 2018, net assets with donor restrictions consist of the following:

Restricted for specific purposes:

Program and operations	\$ 16,595
Hospitality house	202,783
Education	155,000
Pension	51,325
Net assets with donor restrictions	<u>\$ 425,703</u>

Net assets were released during the year ended December 31, 2018 for the following purposes:

Released for satisfaction of specific purposes:

Program and operations	\$ 148,653
Hospitality house	23,515
Education	8,945
Pension	2,399
Net assets released from restrictions	<u>\$ 183,512</u>

NOTE 9 – IN-KIND DONATIONS

During 2018, the Organization received professional services and materials as follows:

	Program Services	General and Administrative	Fundraising	Total
Rent	\$ 1,590	\$ 6,360	\$ 7,950	\$ 15,900
Professional services	602	2,410	3,012	6,024
Gifts, clothing and other supplies	2,030	8,119	10,149	20,298
	<u>\$ 4,222</u>	<u>\$ 16,889</u>	<u>\$ 21,111</u>	<u>\$ 42,222</u>

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

NOTE 10 – 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, 2018 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, 2018

NOTE 11 – RELATED PARTIES

During 2018, the Organization received donations from directors and members of the Organization's Board of Directors totaling \$126,774.

During 2018, the Organization transferred \$980,358 to its beneficiary, OLR Ministries. As at December 31, 2018, no amounts were receivable from OLR Ministries or due to the Organization.

NOTE 12 – EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events and transactions for potential recognition or disclosure through July 25, 2019, the date which the financial statements were available to be issued.