

SKY FOUNDATION
(A Michigan Non-Profit Organization)

REPORT ON AUDIT OF
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sky Foundation, Inc.

We have audited the accompanying financial statements of Sky Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017, and the related statement 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 the 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.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sky Foundation, Inc. as of December 31, 2017, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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.

A handwritten signature in cursive script, appearing to read 'T & S Associates, PC'. The signature is written in black ink and is positioned above the printed name of the firm.

T & S ASSOCIATES, PC

Bingham Farms, MI

October 26, 2018

SKY FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

Current Assets:

Cash and cash equivalents:

Cash checking	\$ 181,309
Money Market	<u>227,198</u>

Total Current Assets	\$ <u>408,507</u>
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TOTAL ASSETS	\$ <u><u>408,507</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 2,250
Credit Card Payable	412
Other Current Liabilities	<u>924</u>

Total Current Liabilities	\$ 3,586
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Members' Equity:	
Fund Balances	<u>\$ 404,921</u>

Total Members' Equity	<u>404,921</u>
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TOTAL LIABILITIES AND EQUITY	\$ <u><u>408,507</u></u>
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See accompanying notes

SKY FOUNDATION INC.
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2017

	Operating Fund
REVENUES:	
Contributions	\$ 443,880
Interest Income	2,168
Miscellaneous Income	134
	\$ 446,182
EXPENSES:	
Advertising & Promotion	\$ 5,363
Bank Service Charges	914
Computer & Web Related Fees	3,301
Contract Services	29,222
Credit Card Processing Fees	108
Dues & Subscriptions	294
Event Related Expenses	85,393
Insurance	1,967
Licenses & Fees	5,074
Office Expense	9,661
Payroll & Related Fees	44,515
Professional Fees	7,235
Program Funding	132,985
Promotion	661
Rent & Facilities	9,065
Telephone	660
Travel & Meetings	2,809
Total Expenses	\$ 339,227
Excess of Revenues over Expenses	\$ 106,955
Beginning Fund Balances	297,966
Ending Fund Balances	\$ 404,921

See accompanying notes and independent accountants' report.

SKY FOUNDATION
STATEMENT OF CASH FLOWS
DECEMBER 31, 2017

Cash Flows from Operating Activities:

Net increase in net assets	\$ 106,955
Adjustments to reconcile net increase in net assets provided (used) by operating activities:	

Increase (decrease) in:	
Accounts Payable	2,250
Credit Card Payable	(1,151)
Other Current Liabilities	<u>923</u>

Net Increase in Cash and Cash Equivalents	108,977
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Cash and Cash Equivalents Balance, January 1, 2017	<u>299,530</u>
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Cash and Cash Equivalents Balance, December 31, 2017	<u><u>\$ 408,507</u></u>
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See accompanying notes

**SKY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are accounting principles and policies followed by the organization:

Description of Entity – Sky Foundation is formed exclusively for charitable, educational, and scientific purposes, including the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code. The Organization’s mission is raising awareness and funding research for the early detection of Pancreatic Cancer.

Basis of Accounting – The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents – Cash equivalents consist of short-term, highly liquid investments that are readily convertible into cash within ninety days of purchase.

Advertising – The Organization expenses advertising costs as they are incurred. Advertising expense for December 31, 2017 were \$5,363.

Rent – The Organization rents office space from related party, Powers Financial Resources at a rate of \$750 month. No lease agreement has been established. Rent of \$2,250 has been accrued as of December 31, 2017.

Support and Revenue – The Organization receives support through individual donations, and fundraising activities. It recognizes contributed support when the funds are received. Contributed support is reported as unrestricted. There are currently no restricted funds as Sky Foundation has not received any grant money to date.

Classification of Net Assets – Net assets are classified as unrestricted at this time. There are no donor restrictions on net assets currently.

Tax Status – The Organization is exempt from income tax as provided for under Internal Revenue Code Section 501(c)(3). In addition, the Organization qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation.

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.

SKY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Compensated Absences – Compensated absences are an insignificant total of overall expenses, therefore, the Organization does not accrue them.

2. PROGRAM SERVICES

The Organizations main program is to fund research for the early detection of pancreatic cancer. Grant money has been given to Karmanos, the University of Michigan, and Sanford Burham Presbys Medical Discovery Institute.

The Organization’s program service expenditures for the year ended December 31, 2017 were \$132,985, as follows:

	<u>Amount</u>
Karmanos	\$ 22,000
Sanford Burham Presb Med	50,985
University of Michigan	<u>60,000</u>
Total	<u>\$132,985</u>

3. CONTINGENCY

The Organization is a reimbursing employer for state unemployment tax purposes. In the event that unemployment benefits are paid to a former employee, the reimbursing employer must repay the state dollar-for-dollar, for unemployment benefits paid out. The Organization has purchased a bond to offset any possible claims.

4. SUBSEQUENT EVENTS

There are no subsequent events as October 26, 2018 which is the issuance date of the independent accountants’ audit report.