

LA CASA DE AMISTAD, INC.

FINANCIAL REPORT

DECEMBER 31, 2009 AND 2008

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Statements of financial position	2
Statements of activities	3
Statements of functional expenses	4-5
Statements of cash flows	6
Notes to financial statements	7-12

Jurgonski & Fredlake CPAs

418 W. Jefferson Blvd., South Bend, Indiana 46601

Office (574) 251-1414
Fax (574) 251-1477

Greg Jurgonski
John A. Fredlake
Joseph T. Barkman

INDEPENDENT AUDITOR'S REPORT

Board of Directors of
La Casa de Amistad, Inc.
South Bend, Indiana

We have audited the accompanying statements of financial position of La Casa de Amistad, Inc. (a not for profit organization) (the Organization) as of December 31, 2009 and 2008 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Casa de Amistad, Inc. as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Jurgonski & Fredlake CPAs

South Bend, Indiana
April 21, 2010

LA CASA DE AMISTAD, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 55,250	\$ 81,515
Other receivable		2,485
Grants receivable	70,054	41,379
Prepaid expense	630	672
Total current assets	125,934	126,051
Property and equipment, net	146,859	147,186
Total assets	\$ 272,793	\$ 273,237
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 5,371	\$ 6,528
Current portion of capital lease	3,518	
Total current liabilities	8,889	6,528
Capital lease, net of current portion	5,813	
Net assets		
Unrestricted	238,193	247,663
Temporarily restricted	19,898	19,046
Total net assets	258,091	266,709
Total liabilities and net assets	\$ 272,793	\$ 273,237

See Notes to Financial Statements.

LA CASA DE AMISTAD, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2009 and 2008

	Unrestricted Net Assets	Temporarily Restricted Net Assets	2009 Total	Unrestricted Net Assets	Temporarily Restricted Net Assets	2008 Total
PUBLIC SUPPORT AND REVENUE						
Public support						
Grants	\$ 148,592	\$ 10,000	\$ 158,592	\$ 155,666	\$ 155,666	\$ 155,666
Contributions	118,423		118,423	76,798	76,798	76,798
United Way of St. Joseph County, Inc.	13,831	17,000	30,831	19,773	19,046	38,819
Net assets released from restrictions:						
Satisfaction of restrictions	26,148	(26,148)		13,772	(13,772)	
Total public support	306,994	852	307,846	266,009	5,274	271,283
Revenue						
Program fees	3,803		3,803	2,708		2,708
Other income	4,848		4,848	5,412		5,412
Fundraising, net of expenses of \$27,393 in 2009 and \$11,683 in 2008	440		440	16,117		16,117
Interest income	244		244	548		548
Total revenue	9,335		9,335	24,785		24,785
Total support and revenue	316,329	852	317,181	290,794	5,274	296,068
EXPENSES						
General and administrative	100,598		100,598	93,928		93,928
Program services	225,201		225,201	179,288		179,288
Total expenses	325,799		325,799	273,216		273,216
Change in net assets	(9,470)	852	(8,618)	17,578	5,274	22,852
Net assets, beginning of year	247,663	19,046	266,709	230,085	13,772	243,857
Net assets, end of year	\$ 238,193	\$ 19,898	\$ 258,091	\$ 247,663	\$ 19,046	\$ 266,709

See Notes to Financial Statements.

LA CASA DE AMISTAD, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2009

	General and Administrative	Emergency Assistance	Outreach Program	Youth Program	Healthy Living	2009 Total
Salary and wages	\$ 55,014	\$ 30,127	\$ 20,958	\$ 10,479	\$ 14,408	\$ 130,986
Payroll taxes	4,709	2,579	1,794	897	1,233	11,213
Utilities	4,518	1,224	1,224	1,224	1,224	9,413
Telephone	690	259	259	259	259	1,725
Professional fees	5,395					5,395
Insurance	6,042					6,042
Miscellaneous	2,355	393	393	393	393	3,925
Occupancy	1,323	358	358	358	358	2,756
Office expense	5,240	1,965	1,964	1,965	1,965	13,099
Printing and publications	225	375	150	375	2,627	3,753
Program supplies		75,891	12,241	15,913	18,361	122,405
Interest	400					400
Depreciation expense	14,687					14,687
Total expenses	\$ 100,598	\$ 113,171	\$ 39,340	\$ 31,862	\$ 40,828	\$ 325,799

See Notes to Financial Statements.

LA CASA DE AMISTAD, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2008

	General and Administrative	Emergency Assistance	Outreach Program	Youth Program	Healthy Living	2008 Total
Salary and wages	\$ 49,578	\$ 27,150	\$ 18,887	\$ 9,444	\$ 12,985	\$ 118,044
Payroll taxes	3,890	2,130	1,482	740	1,019	9,261
Employee benefits	500					500
Utilities	3,673	995	995	995	995	7,653
Telephone	724	272	272	271	271	1,810
Professional fees	5,967					5,967
Insurance	6,910					6,910
Miscellaneous	1,809	302	301	302	301	3,015
Occupancy	3,000	813	812	812	813	6,250
Office expense	3,356	1,259	1,258	1,259	1,258	8,390
Printing and publications	326	542	217	543	3,799	5,427
Program supplies		49,169	7,931	10,310	11,896	79,306
Contract labor	1,622	1,622	1,622	1,622	1,622	8,110
Depreciation expense	12,573					12,573
Total expenses	\$ 93,928	\$ 84,254	\$ 33,777	\$ 26,298	\$ 34,959	\$ 273,216

See Notes to Financial Statements.

LA CASA DE AMISTAD, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (8,618)	\$ 22,852
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	14,687	12,573
Change in assets (increase) decrease		
Other receivable	2,485	(2,485)
Grants receivable	(28,675)	(15,941)
Prepaid expense	42	
Change in liabilities increase (decrease)		
Accounts payable and accrued expenses	(1,157)	773
Total adjustments	(12,618)	(5,080)
Net cash provided by (used in) operating activities	(21,236)	17,772
CASH FLOWS FROM INVESTING ACTIVITES		
Purchase of property and equipment	(3,370)	
Net cash used in investing activities	(3,370)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease	(1,659)	
Net cash used in financing activities	(1,659)	
(Decrease) increase in cash and cash equivalents	(26,265)	17,772
Cash and cash equivalents, beginning of year	81,515	63,743
Cash and cash equivalents, end of year	\$ 55,250	\$ 81,515
 Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	\$ 400	\$

In 2009 a capital lease of \$10,990 was incurred when the Organization entered into a lease for office equipment.

LA CASA DE AMISTAD, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities:

La Casa de Amistad, Inc., (the Organization) is a not for profit charitable organization which functions as a community center on the West Side of South Bend, Indiana. As a community center the Organization acts as the nucleus for providing preventive programs and services to the population living in that area, specifically the Hispanic community. The Organization offers over thirty programs in the areas of youth, community, and emergency services and commits itself to a continuous process of assessing needs for the growing, Hispanic community.

The services are funded through contributions, federal governmental grants and program fees.

Significant Accounting Policies

Basis of Presentation - Financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) in its Codification of Financial Accounting Standards (ASC) ASC 958-205, Financial Statements of Not for Profit Organizations. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Recently Issued Accounting Pronouncements - In June 2009, the FASB issued ASC 105, the FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles. This standard, among other things, identified the previously issued accounting standards that were considered authoritative generally accepted accounting principles in the United States and replaced all previously issued accounting pronouncements of the FASB, and its predecessor rule making bodies, with the ASC. This standard was effective prospectively for reporting periods ended after September 15, 2009 and, accordingly, the Organization adopted the standard as of December 31, 2009. The adoption of this standard did not have an effect on the Organization's financial statements. As a result of adopting this standard, the Organization's references to Generally Accepted Accounting Principles standards have been replaced to refer to topics, subtopics, sections or subsections of the ASC, as appropriate.

In May 2009, the FASB issued ASC 855, Subsequent Events, which establishes general standards of accounting for and disclosure of events that occur after the statement of financial position date but before financial statements are available to be issued. ASC 855 sets forth the period after the statement of financial position date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition in the financial statements, identifies the circumstances under which an entity should recognize events or transactions occurring after the statement of financial position date in its financial statements and the disclosures that should be

LA CASA DE AMISTAD, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (continued)

made about events or transactions that occur after the statement of financial position date. The Organization has performed an evaluation of subsequent events through April 21, 2010, which is the date these financial statements were available for release.

In 2009, the Organization adopted certain provisions of ASC 740 that changed the framework for accounting for uncertainty in income taxes. The Organization's policy is to record an unrecognized tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the tax authorities. Interest and penalties related to gross unrecognized tax benefits are included within the provision for income taxes. To the extent accrued interest and penalties do not ultimately become payable, amounts accrued are reduced in the period that such determination is made, and reflected as a reduction of the overall income tax provision. The Organization does not have any uncertain tax positions at December 31, 2009. The years that are still subject to a tax audit would be 2006 through 2008. The adoption of ASC 740 did not have a material impact on the Organization's financial statements.

The FASB issued ASC 820, Fair Value Measurements and Disclosures which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. ASC 820 emphasizes that fair value is a market based measurement, not an entity specific measurement. Therefore, a fair value measurement would be determined based on the assumptions that market participants would use in pricing the asset or liability. ASC 820, as issued, was effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB amended certain provisions of ASC 820 to defer for one year the effective date of ASC 820 for all non financial assets and non financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (that is, at least annually). The Organization adopted ASC 820, as amended, and the adoption did not have a material impact on the Organization's financial statements.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting management and general expense.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - The Organization considers its money market investments as cash equivalents.

Grants Receivable - The Organization receives some grants for reimbursement of expenses incurred. A receivable for the reimbursement of allowable program expenditures due from grantors has been recorded at December 31, 2009 and 2008. In addition, at December 31, 2009 the Organization has recorded a temporarily restricted receivable of \$17,000 from the United Way of St. Joseph County, Inc. No allowance for uncollectible grants has been recorded as of December 31, 2009 and 2008 because management believes the entire balance is collectible.

LA CASA DE AMISTAD, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Contributions - Contributions received are considered to be available for unrestricted use, unless specifically restricted by the donor or board of directors. 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, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets as net assets released from restrictions.

Property and Equipment - Property and equipment received as a donation are recorded and reflected in the accompanying financial statements at their fair market value as of the date they were received. These donations of property and equipment are reported as unrestricted support unless the donor has restricted 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 restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Purchased property and equipment are stated at cost. Maintenance and repairs are charged to expense as incurred while major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations. Depreciation is computed using the straight line method over the estimated useful lives of the assets.

Estimated useful lives of the assets are as follows:

Office equipment	5 years
Equipment	7 years
Vehicle	5 years
Building	39 years

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated through contributions and federal governmental grants and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There was no impairment loss recognized in 2009 or 2008.

LA CASA DE AMISTAD, INC.

NOTES TO FINANCIAL STATEMENTS

Capital Lease - The cost of a capital lease is included in equipment. Amortization of this lease is included in depreciation expense. The capitalized cost and accumulated amortization is \$10,990 and \$2,198, respectively, at December 31, 2009.

Contributed Services - A number of unpaid volunteers have made significant contributions of their time to the Organization. The value of contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirements for recognition under ASC 958-605.

Note 2. Income Tax Status

The Organization is a not for profit entity, exempt from Federal and State income taxes, pursuant to Section 501(c)(3) of the Internal Revenue Code and a similar section of the Indiana State Law.

Note 3. Support from Major Funding Sources/Concentrations of Credit Risk

The Organization receives a substantial amount of its support from federal, state and local agencies. A significant reduction in the level of support, if this were to occur, may have a significant effect on the Organization's programs and activities.

Note 4. Fair Value Measurement

The Organization records its financial assets and liabilities at fair value. The accounting standard for fair value defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date, establishes a framework for measuring fair value, establishes a hierarchy of fair value measurements based upon the observability of inputs used to value assets and liabilities, required consideration of nonperformance risk, and expands disclosures about the methods used to measure fair value.

The accounting standard established a three level hierarchy of measurements based upon the reliability of observable and unobservable inputs used to arrive at fair value. Observable inputs are independent market data, while unobservable inputs reflect the Organization's assumption about valuation. The three levels of the hierarchy are defined as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

LA CASA DE AMISTAD, INC.

NOTES TO FINANCIAL STATEMENTS

Note 4. Fair Value Measurement (continued)

The following table presents the Organization's fair value hierarchy for those financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2009 and 2008:

<u>Fair Value Measurements at December 31, 2009</u>								
		<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>		<u>Total</u>
Cash and cash equivalents	\$	55,250		\$		\$		\$ 55,250

<u>Fair Value Measurements at December 31, 2008</u>								
		<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>		<u>Total</u>
Cash and cash equivalents	\$	81,515		\$		\$		\$ 81,515

The Organization's cash and cash equivalents as of December 31, 2009 and 2008 are primarily invested in highly liquidated money market funds.

The carrying value of receivables, prepaid expense, accounts payable, and accrued expenses as of December 31, 2009 and 2008, approximate fair value because of the short term nature of these instruments.

Note 5. Property and Equipment

The composition of property and equipment as of December 31, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Land	\$ 5,000	\$ 5,000
Building	310,649	310,649
Vehicle	2,500	2,500
Equipment	<u>78,968</u>	<u>64,608</u>
	397,117	382,757
Less accumulated depreciation	<u>(250,258)</u>	<u>(235,571)</u>
	<u>\$ 146,859</u>	<u>\$ 147,186</u>

Note 6. Capital Lease

The Organization has entered into a capital lease for office equipment. The agreement requires monthly lease payments of \$343, and expires in June, 2012. At December 31, 2009 the aggregate minimum lease commitment is approximately as follows:

LA CASA DE AMISTAD, INC.
NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Lease (continued)

<u>Year</u>	<u>Amount</u>
2010	\$ 4,117
2011	4,117
2012	<u>2,059</u>
Total	10,293
Less amount representing interest	<u>(662)</u>
Capital lease obligation recorded as debt	<u>\$ 9,331</u>

Note 7. Restrictions on Assets

Temporarily restricted net assets at December 31, 2009 and 2008 represent the following:

	<u>2009</u>	<u>2008</u>
Outreach program	\$ 2,898	\$
United Way of St. Joseph County, Inc.	<u>17,000</u>	<u>19,046</u>
Total	<u>\$ 19,898</u>	<u>\$ 19,046</u>

Note 8. Contributions in Kind

The Organization received contributions of food totaling \$52,513 and \$30,807 for the food pantry for the years ended December 31, 2009 and 2008, respectively.

Note 9. Fundraising

The Organization received support from special events totaling \$27,833 and incurred special events expenses totaling \$27,393 for the year ended December 31, 2009.