



**LA CASA
DE AMISTAD**
YOUTH & COMMUNITY CENTER

ANNUAL REPORT
December 31, 2016

LA CASA DE AMISTAD, INC.

South Bend, Indiana

ANNUAL REPORT

December 31, 2016

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 16



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of La Casa de Amistad, Inc., which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and 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 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 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 La Casa de Amistad, Inc. as of December 31, 2016 and 2015, 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.

Respectfully submitted,

Krugger, Lawton & Company, LLC
Certified Public Accountants

Elkhart, Indiana
August 14, 2017

LA CASA DE AMISTAD, INC.South Bend, Indiana

STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	279,022	188,959
Grants receivable	76,880	43,525
Pledge receivable	65,000	25,000
Prepaid expenses	3,803	5,267
Total Current Assets	424,705	262,751
PROPERTY AND EQUIPMENT		
Land	5,000	5,000
Building	379,247	373,347
Office equipment	104,354	102,554
Vehicle	28,163	28,163
Total	516,764	509,064
Accumulated depreciation	(324,604)	(309,073)
Net Property and Equipment	192,160	199,991
OTHER ASSETS		
Grants receivable - net of current portion	120,000	0
Pledge receivable - net of current portion	97,500	0
Deposit	0	7,575
Beneficial interest in funds held by the Community Foundation	12,708	12,152
Investments	15,777	15,605
Total Other Assets	245,985	35,332
TOTAL ASSETS	862,850	498,074
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current portion of long-term debt	3,281	3,389
Accounts payable	2,656	1,197
Accrued payroll and related taxes	15,375	10,231
Total Current Liabilities	21,312	14,817
OTHER LIABILITIES		
Long-term debt	10,563	13,611
Total Other Liabilities	10,563	13,611
TOTAL LIABILITIES	31,875	28,428
NET ASSETS		
Unrestricted	454,825	380,566
Temporarily Restricted	376,150	89,080
TOTAL NET ASSETS	830,975	469,646
TOTAL LIABILITIES AND NET ASSETS	862,850	498,074

The Notes to Financial Statements are an integral part of this statement.

LA CASA DE AMISTAD, INC.South Bend, Indiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Program fees	88,562	0	88,562
Federal grants	11,555	0	11,555
Non-federal grants	70,311	60,150	130,461
Contributions	92,970	132,500	225,470
United Way of St. Joseph County	44,527	193,750	238,277
Fundraising, net of expenses of \$21,246	51,897	30,000	81,897
Interest income	172	0	172
Miscellaneous income	8,177	0	8,177
Change in beneficial interest	556	0	556
Total Revenue	368,727	416,400	785,127
Net assets released from restrictions:			
Satisfaction of restrictions	129,330	(129,330)	0
EXPENSES			
Program services	231,414	0	231,414
Management and general	165,454	0	165,454
Fundraising	26,930	0	26,930
Total Expenses	423,798	0	423,798
CHANGE IN NET ASSETS	74,259	287,070	361,329
NET ASSETS, BEGINNING OF YEAR	380,566	89,080	469,646
NET ASSETS, END OF YEAR	454,825	376,150	830,975

The Notes to Financial Statements are an integral part of this statement.

LA CASA DE AMISTAD, INC.South Bend, Indiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Program fees	76,590	0	76,590
Federal grants	8,790	0	8,790
Non-federal grants	69,410	36,290	105,700
Contributions	66,670	0	66,670
United Way of St. Joseph County	46,278	31,025	77,303
Fundraising, net of expenses of \$12,137	59,535	0	59,535
Interest income	58	0	58
Miscellaneous income	8,103	0	8,103
Change in beneficial interest	(348)	0	(348)
Realized gain on disposal of assets	781	0	781
Total Revenue	335,867	67,315	403,182
Net assets released from restrictions:			
Satisfaction of restrictions	95,298	(95,298)	0
EXPENSES			
Program services	204,542	0	204,542
Management and general	125,985	0	125,985
Fundraising	13,726	0	13,726
Total Expenses	344,253	0	344,253
CHANGE IN NET ASSETS	86,912	(27,983)	58,929
NET ASSETS, BEGINNING OF YEAR	293,654	117,063	410,717
NET ASSETS, END OF YEAR	380,566	89,080	469,646

The Notes to Financial Statements are an integral part of this statement.

LA CASA DE AMISTAD, INC.South Bend, Indiana

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016

	<u>Program Services</u>				<u>Supporting Services</u>			
	<u>Family Services</u>	<u>Adult Program</u>	<u>Youth Program</u>	<u>Food Pantry</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	17,553	37,049	46,159	17,553	118,314	102,468	26,930	247,712
Payroll taxes	2,104	4,207	5,259	2,104	13,674	7,361	0	21,035
Contract labor	0	9,053	0	0	9,053	0	0	9,053
Interest expense	344	57	86	86	573	0	0	573
Insurance	0	0	0	0	0	10,113	0	10,113
Program supplies	29,716	4,953	7,429	7,429	49,527	0	0	49,527
Office supplies	2,087	2,087	2,087	2,087	8,348	5,563	0	13,911
Miscellaneous	1,211	1,211	1,211	1,211	4,844	7,265	0	12,109
Professional fees	0	0	0	0	0	8,298	0	8,298
Utilities	388	1,164	1,940	1,164	4,656	3,105	0	7,761
Telephone	198	395	494	198	1,285	690	0	1,975
Rent	0	9,234	0	0	9,234	0	0	9,234
Occupancy	316	947	1,578	947	3,788	2,524	0	6,312
Education and training	470	939	1,174	470	3,053	1,643	0	4,696
Advertising Expense	298	1,490	1,787	1,490	5,065	893	0	5,958
Subtotal	54,685	72,786	69,204	34,739	231,414	149,923	26,930	408,267
Depreciation	0	0	0	0	0	15,531	0	15,531
TOTAL	54,685	72,786	69,204	34,739	231,414	165,454	26,930	423,798

The Notes to Financial Statements are an integral part of this statement.

LA CASA DE AMISTAD, INC.

South Bend, Indiana

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

	Program Services				Supporting Services			
	Family Services	Adult Program	Youth Program	Food Pantry	Total	Management and General	Fundraising	Total
Salaries and wages	16,505	33,012	41,608	16,506	107,631	78,016	13,726	199,373
Payroll taxes	1,887	3,773	4,717	1,887	12,264	6,603	0	18,867
Contract labor	0	8,235	0	0	8,235	0	0	8,235
Insurance	0	0	0	0	0	8,049	0	8,049
Program supplies	24,103	4,017	6,026	6,026	40,172	0	0	40,172
Office supplies	1,486	1,486	1,487	1,487	5,946	3,964	0	9,910
Miscellaneous	1,225	1,224	1,224	1,224	4,897	7,346	0	12,243
Professional fees	0	0	0	0	0	5,467	0	5,467
Utilities	489	1,464	2,441	1,464	5,858	3,905	0	9,763
Telephone	170	342	428	171	1,111	599	0	1,710
Rent	0	10,156	0	0	10,156	0	0	10,156
Occupancy	278	832	1,387	832	3,329	2,220	0	5,549
Education and training	243	484	605	242	1,574	847	0	2,421
Advertising Expense	198	991	1,189	991	3,369	595	0	3,964
Subtotal	46,584	66,016	61,112	30,830	204,542	117,611	13,726	335,879
Depreciation	0	0	0	0	0	8,374	0	8,374
TOTAL	46,584	66,016	61,112	30,830	204,542	125,985	13,726	344,253

The Notes to Financial Statements are an integral part of this statement.

LA CASA DE AMISTAD, INC.South Bend, Indiana

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	361,329	58,929
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	15,531	8,374
Change in beneficial interest	(556)	348
Realized gain on disposal of assets	0	(781)
Adjustments for changes in operating assets and liabilities:		
Grants receivable	(153,355)	(1,037)
Pledge receivable	(137,500)	49,939
Deposit	7,575	(7,575)
Prepaid expenses	1,464	(4,097)
Accounts payable	1,459	1,197
Accrued payroll and related taxes	5,144	2,020
Net Cash Flows from Operating Activities	101,091	107,317
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(172)	(16,558)
Purchase of property and equipment	(7,700)	(35,776)
Proceeds from disposal of property and equipment	0	1,163
Net Cash Flows from Investing Activities	(7,872)	(51,171)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	0	17,000
Principal payments on long-term debt	(3,156)	0
Net Cash Flows from Financing Activities	(3,156)	17,000
CHANGE IN CASH	90,063	73,146
CASH AT BEGINNING OF YEAR	188,959	115,813
CASH AT END OF YEAR	279,022	188,959
SUPPLEMENTARY DISCLOSURE OF NONCASH INVESTING ACTIVITIES:		
Interest paid	573	0

The Notes to Financial Statements are an integral part of this statement.

LA CASA DE AMISTAD, INC.

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NATURE OF BUSINESS

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 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the Organization have been prepared on the accrual basis.

The Organization adheres to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, which sets standards for reporting on financial statements of not-for-profit Organizations. ASC 958-205 requires the classification and presentation of net assets in three categories: unrestricted, temporarily restricted, and permanently restricted net assets.

Unrestricted net assets represent the part of the net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets represent the part of the net assets of the Organization resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or by actions of the Organization. Temporarily restricted net assets also include cumulative appreciation and reinvested gains on permanently restricted net assets, which have been restricted by donors but have not been appropriated by management of the Organization.

Permanently restricted net assets represent the part of the net assets of the Organization resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

FAIR VALUE MEASUREMENTS

Management accounts for all assets and liabilities that are measured and reported on a fair value basis under the Fair Value Measurements and Disclosures Topic of FASB ASC 820. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The framework for measuring fair value establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

USE OF 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.

LA CASA DE AMISTAD, INC.

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Financial Position, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash is held at a local bank and is insured up to the limits of the Federal Deposit Insurance Corporation (FDIC).

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, 2016 and 2015. In addition, at December 31, 2016 and 2015, the Organization has recorded a temporarily restricted receivable of \$193,750 and \$31,025, respectively, from the United Way of St. Joseph County, Inc. No allowance for uncollectible grants has been recorded as of December 31, 2016 and 2015.

PLEDGES RECEIVABLE

Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discount is included in contribution revenue. Conditional pledges are not included as support until the conditions are substantially met.

The Organization uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on management's analysis of specific pledges made. No allowance for uncollectible pledges has been recorded as of December 31, 2016 and 2015 because management believes the entire balance is collectible.

PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as unrestricted support at their estimated fair value 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. Expenditures for additions, improvements and replacements are added to the property and equipment accounts. Repairs and maintenance are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses arising from the disposition are reflected in income. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Depreciation expense was \$15,531 and \$8,374 for the years ended December 31, 2016 and 2015, respectively.

A summary of the range of lives by asset category follows:

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

LA CASA DE AMISTAD, INC.

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

BENEFICIAL INTEREST IN ASSETS HELD BY THE COMMUNITY FOUNDATION

The Organization records periodic distributions and realizes changes in the market value of its beneficial interest as change in beneficial interest in the Statement of Activities.

CONTRIBUTIONS

The Organization records contributions, including promises to give, when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the assets or at the time an unconditional promise to give is made.

Contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions are met in the year in which the contributions are received.

DONATED SERVICES

FASB ASC Topic 958-605 states that in order to recognize donated services as contributions in financial statements, the services must require special skills, be provided by individuals who possess those skills, and typically need to be purchased if not contributed. The Organization has a number of unpaid volunteers that have made significant contributions of their time to the Organization's various programs. The value of the contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirements for recognition under ASC 958.

ADVERTISING COSTS

Various costs relating to advertising are considered period costs and are therefore expensed as incurred. Advertising costs for the years ended December 31, 2016 and 2015 were \$5,958 and \$3,964, respectively.

INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of Section 509(a).

The Income Taxes Topic, FASB ASC 740, clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. ASC 740 requires an organization to disclose the nature of uncertain tax positions taken, if any, when filing its income tax return utilizing a two-step process to recognize and measure any uncertain tax positions taken. The Organization recognizes a tax benefit only if it is more likely than not the position would be sustained in a tax examination, with a tax examination being presumed to occur. No tax benefit will be recorded on tax positions not meeting the more likely than not test. Interest and penalties accrued or incurred, if any, as a result of applying ASC 740 will be recorded to interest expense and other expense, respectively.

LA CASA DE AMISTAD, INC.

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

Based on its evaluation, the Organization has concluded that there are no uncertain tax positions requiring recognition in its financial statements. The Organization's evaluation was performed for all federal and state tax periods still subject to examination. The Organization's 2013 through 2015 federal and state exempt organization returns remain subject to examination by the IRS and state taxing authorities.

NOTE 2 - PLEDGE RECEIVABLE

The pledge receivable on the Statement of Financial Position at December 31, 2016 represents an unpaid pledge commitment extending through June 30, 2019. The pledge is an unconditional promise to give associated with the Organization's operations. The pledge receivable is unsecured and due from a not-for-profit organization. Management has determined that the pledge is fully collectible; therefore, no allowance has been established. It is included in temporarily restricted net assets on the Statement of Financial Position.

The pledge receivable at December 31, 2016 is shown on the Statement of Financial Position, and is due as follows:

2017	65,000
2018	65,000
2019	32,500
Total	162,500

The pledge receivable on the Statement of Financial Position at December 31, 2015 represented an unpaid pledge commitment which was due and paid in full during 2016. The pledge was an unconditional promise to give associated with the Organization's operations. The pledge receivable was unsecured and due from a not-for-profit organization. Management determined that the pledge was fully collectible; therefore, no allowance was established. It was included in temporarily restricted net assets on the Statement of Financial Position.

NOTE 3 - FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Basis of Fair Value Measurement

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 - Quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As required by FASB ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

LA CASA DE AMISTAD, INC.

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

The Organization utilizes the market approach to measure fair value for its Level 2 financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

The Organization utilizes the market approach to approximate its value of Level 3 investments. Given a pool of assets whose total is known, the Organization can approximate its share of the total pooled investment value using rates of return applied to known contribution amounts. The Organization used fund statements provided by the Community Foundation of St. Joseph County that include detail of contributions and withdrawals to adjust the fair value of its assets. The Organization is very familiar with the Community Foundation and its investment base which includes a variety of investments including domestic (small and large cap) and global equities, fixed income securities, hedge funds, and other investments. The investments are classified as Level 3 since the fund agreements provide for the irrevocable transfer of assets to the Community Foundation.

The following table presents the Organization's fair value hierarchy for assets at fair value, as of December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposit	0	15,777	0	15,777
Beneficial interest in funds held by the Community Foundation	0	0	12,708	12,708
Total	0	15,777	12,708	28,485

The following table presents the Organization's fair value hierarchy for assets at fair value, as of December 31, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposit	0	15,605	0	15,605
Beneficial interest in funds held by the Community Foundation	0	0	12,152	12,152
Total	0	15,605	12,152	27,757

NOTE 4 - FUNDRAISING

The Organization received support from special events totaling \$103,143 and incurred special events expenses totaling \$21,246 for the year ended December 31, 2016. During the year ended December 31, 2015, the Organization received support from special events totaling \$71,672 and incurred special events expenses totaling \$12,137.

LA CASA DE AMISTAD, INC.

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY THE COMMUNITY FOUNDATION

The Organization has entered into agreements with the Community Foundation of St. Joseph County, Inc. (Community Foundation), in which funds were established for the purpose of providing support to the Organization. Distributions from the funds are currently reported as investment income that increase unrestricted net assets. Net realized and unrealized gains (losses) are reported as changes in unrestricted net assets in beneficial interest in assets held by the Community Foundation.

The fund agreements provide the Community Foundation the power to modify any restrictions or conditions on the distribution of funds to any specified charitable Organization if such restrictions become, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable need of the area served by the Community Foundation.

The amounts below represent contributions made to the fund by the Organization and appreciation (depreciation) on those contributions. Additionally, donors will contribute directly to the fund. These contributions are not considered to be assets of the Organization, but the Organization receives its annual distribution, as described above, based on the total value of the fund.

The total market value of the fund held and managed by the Community Foundation as of December 31, 2016 and 2015 was \$59,735 and \$56,570, respectively, of which \$47,027 and \$44,418, respectively, was contributed to the fund directly by donors or through restricted donations, or is appreciation (depreciation) on those monies. The Organization received \$0 and \$28,034 from the Fund for the year ended December 31, 2016 and 2015, respectively.

NOTE 6 - LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	<u>2016</u>	<u>2015</u>
Vehicle term note payable to Ford Credit in the original amount of \$17,000 requiring monthly payments in the amount of \$313 plus interest at 3.89% through November 2020; secured by a vehicle.	13,844	17,000
Current portion	3,281	3,389
Net long-term debt	<u>10,563</u>	<u>13,611</u>

Long-term debt, less current portion, is scheduled to mature as follows for the years ending December 31:

2018	3,411
2019	3,546
2020	3,606
Total	<u>10,563</u>

Interest expense for the years ended December 31, 2016 and 2015 was \$573 and \$0, respectively.

LA CASA DE AMISTAD, INC.

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2016</u>	<u>2015</u>
Digital assistance center, English as a new language for integration, food pantry, Nuestros Hijos, Strengthening families, Yo puedo leer	213,650	31,025
Multi-year operations pledge	162,500	25,000
Student retention program	0	5,000
Computer class assistance	0	555
Internet access program	0	20,000
Adelante youth program	0	5,000
Community based learning coordinator	0	2,500
Total	376,150	89,080

Net assets were released from restrictions by incurring expenses satisfying restricted purposes as follows for the years ended December 31:

	<u>2016</u>	<u>2015</u>
English as a new language for integration, food pantry, Nuestros Hijos, Strengthening families, Yo puedo leer	71,275	26,488
Operations pledge	25,000	49,575
Student retention program	5,000	11,000
Computer class assistance	555	8,235
Internet essentials	20,000	0
Adelante youth program	5,000	0
Community based learning coordinator	2,500	0
Total	129,330	95,298

NOTE 8 - LEASE COMMITMENTS

The Organization entered into a three year lease agreement for 4,120 square feet of space to be utilized as a training facility. The lease base payments are \$665 per month in the first year, \$733 per month in the second year, and \$806 per month in the third year through May 2017. The total lease expense for the above lease was \$9,307 and \$8,461 for the years ended December 31, 2016 and 2015, respectively.

The future minimum lease payments under the agreements are as follows:

2017	4,030
Total	4,030

NOTE 9 - CONCENTRATIONS

The Organization receives a substantial amount of its support from federal, state and local governments. Any significant reduction in the level of this support could have a significant effect on the Organization's programs.

LA CASA DE AMISTAD, INC.

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE 10 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 14, 2017, the date the financial statements were available to be issued. No events or transactions occurred in the mandatory evaluation period requiring recognition or disclosure in the financial statements.