



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

ANNUAL REPORT
December 31, 2017

LA CASA DE AMISTAD, INC.

South Bend, Indiana

ANNUAL REPORT

December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of La Casa de Amistad, Inc., which comprise the statements of financial position as of December 31, 2017 and 2016, 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.

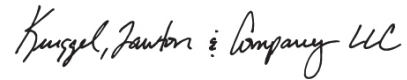
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2017 and 2016, 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,



Certified Public Accountants

Elkhart, Indiana
November 3, 2018

LA CASA DE AMISTAD, INC.South Bend, Indiana

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	238,584	279,022
Grants receivable	89,260	76,880
Pledge receivable	52,500	65,000
Prepaid expenses	995	3,803
Total Current Assets	381,339	424,705
PROPERTY AND EQUIPMENT		
Land	5,000	5,000
Building	380,015	379,247
Office equipment	93,371	104,354
Vehicle	28,163	28,163
Total	506,549	516,764
Accumulated depreciation	(304,595)	(324,604)
Net Property and Equipment	201,954	192,160
OTHER ASSETS		
Grants receivable - net of current portion	40,750	120,000
Pledge receivable - net of current portion	52,500	97,500
Beneficial interest in funds held by the Community Foundation	14,257	12,708
Investments	40,865	15,777
Total Other Assets	148,372	245,985
TOTAL ASSETS	731,665	862,850
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current portion of long-term debt	3,411	3,281
Accounts payable	1,088	2,656
Accrued payroll and related taxes	13,258	15,375
Total Current Liabilities	17,757	21,312
OTHER LIABILITIES		
Long-term debt	7,152	10,563
Total Other Liabilities	7,152	10,563
TOTAL LIABILITIES	24,909	31,875
NET ASSETS		
Unrestricted	476,006	454,825
Temporarily Restricted	230,750	376,150
TOTAL NET ASSETS	706,756	830,975
TOTAL LIABILITIES AND NET ASSETS	731,665	862,850

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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Program fees, net	111,610	0	111,610
Federal grants	9,725	0	9,725
Non-federal grants	20,350	28,700	49,050
Contributions	102,914	0	102,914
United Way of St. Joseph County	2,999	20,595	23,594
Fundraising, net of expenses of \$38,827	83,540	0	83,540
Interest	88	0	88
Miscellaneous income	8,515	0	8,515
Change in beneficial interest	1,549	0	1,549
Realized loss on disposal of assets	(2,018)	0	(2,018)
Total Revenue	339,272	49,295	388,567
Net assets released from restrictions:			
Satisfaction of restrictions	194,695	(194,695)	0
EXPENSES			
Program services	279,244	0	279,244
Management and general	200,308	0	200,308
Fundraising	33,234	0	33,234
Total Expenses	512,786	0	512,786
CHANGE IN NET ASSETS	21,181	(145,400)	(124,219)
NET ASSETS, BEGINNING OF YEAR	454,825	376,150	830,975
NET ASSETS, END OF YEAR	476,006	230,750	706,756

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 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Program fees, net	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	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 FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017

	Program Services					Supporting Services		Total
	Family Services	Adult Program	Youth Program	Food Pantry	Total	Management and General	Fundraising	
Salaries and wages	22,953	48,490	60,345	22,953	154,741	131,096	33,234	319,071
Payroll taxes	2,567	5,134	6,418	2,567	16,686	8,984	0	25,670
Contract labor	0	2,595	0	0	2,595	0	0	2,595
Interest expense	283	47	71	71	472	0	0	472
Insurance	0	0	0	0	0	10,043	0	10,043
Program supplies	33,234	5,539	8,309	8,309	55,391	0	0	55,390
Office supplies	3,038	3,038	3,038	3,038	12,152	8,102	0	20,255
Miscellaneous	580	580	580	580	2,320	3,475	0	5,795
Professional fees	0	0	0	0	0	13,092	0	13,092
Utilities	393	1,179	1,965	1,179	4,716	3,144	0	7,860
Telephone	255	510	638	255	1,658	892	0	2,550
Rent	0	9,672	0	0	9,672	0	0	9,672
Occupancy	395	1,186	1,976	1,186	4,743	3,161	0	7,904
Education and training	963	1,925	2,407	963	6,258	3,368	0	9,626
Advertising Expense	461	2,306	2,767	2,306	7,840	1,383	0	9,223
Subtotal	65,122	82,201	88,514	43,407	279,244	186,740	33,234	499,218
Depreciation	0	0	0	0	0	13,568	0	13,568
TOTAL	65,122	82,201	88,514	43,407	279,244	200,308	33,234	512,786

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 30, 2016

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

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(124,219)	361,329
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	13,568	15,531
Change in beneficial interest	(1,549)	(556)
Realized gain on disposal of assets	2,018	0
Adjustments for changes in operating assets and liabilities:		
Grants receivable	66,870	(153,355)
Pledge receivable	57,500	(137,500)
Deposit	0	7,575
Prepaid expenses	2,808	1,464
Accounts payable	(1,568)	1,459
Accrued payroll and related taxes	(2,117)	5,144
Net Cash Flows from Operating Activities	13,311	101,091
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(25,088)	(172)
Purchase of property and equipment	(25,380)	(7,700)
Net Cash Flows from Investing Activities	(50,468)	(7,872)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(3,281)	(3,156)
Net Cash Flows from Financing Activities	(3,281)	(3,156)
CHANGE IN CASH	(40,438)	90,063
CASH AT BEGINNING OF YEAR	279,022	188,959
CASH AT END OF YEAR	238,584	279,022
SUPPLEMENTARY DISCLOSURE OF NONCASH INVESTING ACTIVITIES:		
Interest paid	472	573

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

LA CASA DE AMISTAD, INC.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

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.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

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).

There is no temporarily restricted cash at December 31, 2017 and 2016. All temporarily restricted net assets at December 31, 2017 and 2016 are the result of grant and pledge receivables at their respective year-ends.

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, 2017 and 2016. In addition, at December 31, 2017 and 2016, the Organization has recorded a temporarily restricted receivable of \$125,750 and \$193,750, respectively, from the United Way of St. Joseph County, Inc. No allowance for uncollectible grants has been recorded as of December 31, 2017 and 2016.

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, 2017 and 2016 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 \$13,568 and \$15,531 for the years ended December 31, 2017 and 2016, respectively.

LA CASA DE AMISTAD, INC.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

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

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

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, 2017 and 2016 were \$9,223 and \$5,958, 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

LA CASA DE AMISTAD, INC.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

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.

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 2014 through 2016 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, 2017 and 2016 represents an unpaid pledge commitment extending through June 30, 2020. The pledge is an unconditional promise to give for 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 is due as follows for the years ending December 31:

2018	52,500
2019	35,000
2020	17,500
Total	105,000

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.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

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, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposit	0	40,865	0	40,865
Beneficial interest in funds held by the Community Foundation	0	0	14,257	14,257
Total	0	40,865	14,257	55,122

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

NOTE 4 - FUNDRAISING

The Organization received support from special events totaling \$122,367 and incurred special events expenses totaling \$38,827 for the year ended December 31, 2017. During the year ended December 31, 2016, the Organization received support from special events totaling \$103,143 and incurred special events expenses totaling \$21,246.

LA CASA DE AMISTAD, INC.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

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, 2017 and 2016 was \$142,552 and \$59,735, respectively, of which \$128,295 and \$47,027, respectively, was contributed to the fund directly by donors or through restricted donations, or is appreciation (depreciation) on those monies. The Organization received \$73,763 and \$0 from the Fund for the years ended December 31, 2017 and 2016, respectively. The distributions received during 2017 were a direct result of receipts from GiveDay, a fundraising day promoted by the Community Foundation. No distribution of earnings was made during the year ended December 31, 2017.

NOTE 6 - LONG-TERM DEBT

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

	<u>2017</u>	<u>2016</u>
Vehicle term note payable to Ford Credit in the original amount of \$17,000 requiring monthly payments of \$313 plus interest at 3.89% through November 2020; secured by a vehicle.	10,563	13,844
Current portion	3,411	3,281
Net long-term debt	<u>7,152</u>	<u>10,563</u>

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

2019	3,546
2020	3,606
Total	<u>7,152</u>

Interest expense for the years ended December 31, 2017 and 2016 was \$472 and \$573, respectively.

LA CASA DE AMISTAD, INC.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Digital assistance center, English as a new language for integration, food pantry, Nuestros Hijos, Strengthening families, Yo puedo leer	125,750	213,650
Multi-year operations pledge	105,000	162,500
Total	230,750	376,150

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

	<u>2017</u>	<u>2016</u>
English as a new language for integration, food pantry, Nuestros Hijos, Strengthening families, Yo puedo leer	137,195	71,275
Operations pledge	57,500	25,000
Student retention program	0	5,000
Computer class assistance	0	555
Internet essentials	0	20,000
Adelante youth program	0	5,000
Community based learning coordinator	0	2,500
Total	194,695	129,330

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 lease has expired and though no formal agreement has been entered into, the Organization continues to occupy the space and pay the last agreed upon amount of \$806 per month. The total lease expense for the above lease was \$9,672 and \$9,307 for the years ended December 31, 2017 and 2016, respectively.

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.

NOTE 10 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 3, 2018, 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.