



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

ANNUAL REPORT
December 31, 2018

LA CASA DE AMISTAD, INC.

South Bend, Indiana

ANNUAL REPORT

December 31, 2018

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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. (a non-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, 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, 2018 and 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.

Respectfully submitted,

A handwritten signature in blue ink that reads "Kuegel, Jantzen & Company LLC". The signature is written in a cursive, flowing style.

Certified Public Accountants

Elkhart, Indiana
March 18, 2020

LA CASA DE AMISTAD, INC.South Bend, Indiana

STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	314,718	238,584
Grants receivable	54,131	89,260
Pledge receivable	52,500	52,500
Prepaid expenses	1,839	995
Total Current Assets	423,188	381,339
PROPERTY AND EQUIPMENT		
Land	5,000	5,000
Building	380,015	380,015
Office equipment	94,171	93,371
Vehicle	28,163	28,163
Construction in progress	10,172	0
Total	517,521	506,549
Accumulated depreciation	(320,050)	(304,595)
Net Property and Equipment	197,471	201,954
OTHER ASSETS		
Grants receivable - net of current portion	0	40,750
Pledge receivable - net of current portion	17,500	52,500
Beneficial interest in funds held by the Community Foundation	13,014	14,257
Investments	41,722	40,865
Total Other Assets	72,236	148,372
TOTAL ASSETS	692,895	731,665
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current portion of long-term debt	0	3,411
Accounts payable	6,528	1,088
Accrued payroll and related taxes	9,153	13,258
Total Current Liabilities	15,681	17,757
OTHER LIABILITIES		
Long-term debt	0	7,152
Total Other Liabilities	0	7,152
TOTAL LIABILITIES	15,681	24,909
NET ASSETS		
Without donor restrictions	561,957	476,006
With donor restrictions	115,257	230,750
TOTAL NET ASSETS	677,214	706,756
TOTAL LIABILITIES AND NET ASSETS	692,895	731,665

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, 2018

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Program fees, net	87,946	0	87,946
Federal grants	25,573	0	25,573
Non-federal grants	94,408	5,000	99,408
Contributions	143,223	0	143,223
United Way of St. Joseph County	9,629	0	9,629
Fundraising, net of expenses of \$41,467	135,078	0	135,078
Interest	857	0	857
Miscellaneous income	12,343	0	12,343
Change in beneficial interest	(1,243)	0	(1,243)
Total Revenue	507,814	5,000	512,814
Net assets released from restrictions:			
Satisfaction of restrictions	120,493	(120,493)	0
EXPENSES			
Program services	396,384	0	396,384
Management and general	89,545	0	89,545
Fundraising	56,427	0	56,427
Total Expenses	542,356	0	542,356
CHANGE IN NET ASSETS	85,951	(115,493)	(29,542)
NET ASSETS, BEGINNING OF YEAR	476,006	230,750	706,756
NET ASSETS, END OF YEAR	561,957	115,257	677,214

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, 2017

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</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 FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Program Services				Supporting Services			
	Family Services	Adult Program	Youth Program	Food Pantry	Total	Management and General	Fundraising	
Salaries and wages	58,262	92,533	85,680	10,282	246,757	58,261	36,186	341,204
Payroll taxes	4,692	7,452	6,900	828	19,872	4,692	3,037	27,601
Contract labor	0	2,954	0	0	2,954	0	0	2,954
Interest expense	22	34	32	4	92	22	13	127
Insurance	1,748	2,776	2,570	308	7,402	1,748	1,131	10,281
Program supplies	11,345	18,019	16,684	2,002	48,050	11,345	7,342	66,737
Office supplies	3,177	5,046	4,672	561	13,456	3,177	2,055	18,688
Miscellaneous	638	1,013	938	113	2,702	638	411	3,751
Professional fees	2,097	3,331	3,084	370	8,882	2,097	1,357	12,336
Utilities	1,757	2,790	2,584	310	7,441	1,757	1,137	10,335
Telephone	471	748	693	83	1,995	471	304	2,770
Rent	0	14,172	0	0	14,172	0	0	14,172
Occupancy	341	542	502	60	1,445	341	220	2,006
Education and training	939	1,492	1,381	166	3,978	939	608	5,525
Advertising expense	1,430	2,272	2,104	252	6,058	1,430	926	8,414
Subtotal	86,919	155,174	127,824	15,339	385,256	86,918	54,727	526,901
Depreciation	2,627	4,173	3,864	464	11,128	2,627	1,700	15,455
TOTAL	89,546	159,347	131,688	15,803	396,384	89,545	56,427	542,356

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, 2017

	Program Services				Supporting Services			
	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

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(29,542)	(124,219)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	15,455	13,568
Change in beneficial interest	1,243	(1,549)
Realized loss on disposal of assets	0	2,018
Adjustments for changes in operating assets and liabilities:		
Grants receivable	75,879	66,870
Pledge receivable	35,000	57,500
Prepaid expenses	(844)	2,808
Accounts payable	5,440	(1,568)
Accrued payroll and related taxes	(4,105)	(2,117)
Net Cash Flows from Operating Activities	98,526	13,311
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(857)	(25,088)
Purchase of property and equipment	(10,971)	(25,380)
Net Cash Flows from Investing Activities	(11,828)	(50,468)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(10,564)	(3,281)
Net Cash Flows from Financing Activities	(10,564)	(3,281)
CHANGE IN CASH	76,134	(40,438)
CASH AT BEGINNING OF YEAR	238,584	279,022
CASH AT END OF YEAR	314,718	238,584
SUPPLEMENTARY DISCLOSURE OF CASH FLOWS:		
Interest paid	127	472

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, 2018 and 2017

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 two categories: with donor restriction and without donor restriction.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

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

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, 2018 and 2017

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 two local banks and is insured up to the limits of the Federal Deposit Insurance Corporation (FDIC).

There is no restricted cash at December 31, 2018 and 2017. All net assets with donor restrictions at December 31, 2018 and 2017 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, 2018 and 2017. In addition, at December 31, 2018 and 2017, the Organization has recorded a restricted receivable of \$40,257 and \$125,750, respectively, from the United Way of St. Joseph County, Inc. No allowance for uncollectible grants has been recorded as of December 31, 2018 and 2017.

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, 2018 and 2017 because management believes the entire balance is collectible.

PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as current 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. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. The Organization did not receive any donor-restricted assets during the years ended December 31, 2018 or 2017.

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 \$15,455 and \$13,568 for the years ended December 31, 2018 and 2017, respectively.

LA CASA DE AMISTAD, INC.

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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 current 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 support that increases net assets with donor restrictions. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions 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 958-605.

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, 2018 and 2017 were \$8,414 and \$9,223, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the program and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated between program and supporting services based upon personnel time and space utilized for the related activities. The presentation of the prior year Statement of Functional Expenses has not been updated to reflect allocation methods used in response to the adoption of Accounting Standards Update (ASU) 2016-14.

LA CASA DE AMISTAD, INC.

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

Expenses that are allocated include the following:

Expense	Method of Allocation
All expenses except rent and contract labor	Time and effort

Rent and contract labor are assigned to program expenses as a result of the Organization's activities.

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.

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 2015 through 2017 federal and state exempt organization returns remain subject to examination by the IRS and state taxing authorities.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

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

LA CASA DE AMISTAD, INC.

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 2 - LIQUIDITY AND AVAILABILITY

As of December 31, 2018, the Organization has working capital of \$407,507 and average days cash on hand of 217.

The table below represents financial assets available for general expenditures within one year at December 31, 2018:

Cash	314,718
Accounts receivable, net	54,131
Pledges receivable, net	52,500
<hr/> Total financial assets available for expenditure within one year	<hr/> 421,349

The Organization has certain donor restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets in the amount of \$123,257 have been included in cash in the quantitative information above. The Organization depends on public support, grants, and program revenue to fund day-to-day operations. Additionally, the Organization receives an annual distribution on its beneficial interest in assets held by Community Foundation that can be used for operational support. The withdrawal of funds held at the Community Foundation is subject to approval by the Community Foundation. The board of directors designated \$100,000 of the Organization's cash to be used for the purchase of a building. The building was purchased during 2019. The Organization's investments of \$41,711 consist of two certificates of deposits with maturities of twelve and eighteen months. As of year end, the Organization had paid off all of its debt and did not have access to a line of credit.

NOTE 3 - PLEDGE RECEIVABLE

The pledge receivable on the Statement of Financial Position at December 31, 2018 and 2017 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 net assets with donor restrictions on the Statements of Financial Position.

The pledge receivable is due as follows for the years ending December 31:

2019	52,500
2020	17,500
<hr/> Total	<hr/> 70,000

LA CASA DE AMISTAD, INC.

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 4 - 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.

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, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposit	0	41,722	0	41,722
Beneficial interest in funds held by the Community Foundation	0	0	13,014	13,014
Total	0	41,722	13,014	54,736

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

LA CASA DE AMISTAD, INC.

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 5 - FUNDRAISING

The Organization received support from special events totaling \$176,545 and incurred special events expenses totaling \$41,467 for the year ended December 31, 2018. During the year ended December 31, 2017, the Organization received support from special events totaling \$122,367 and incurred special events expenses totaling \$38,827.

NOTE 6 - 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 net assets without donor restriction. Net realized and unrealized gains (losses) are reported as changes in net assets without donor restrictions in beneficial interest in assets held by the Community Foundation.

The fund agreement provides 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, 2018 and 2017 was \$130,487 and \$142,552, respectively, of which \$117,473 and \$128,295, respectively, was contributed to the fund directly by donors or through restricted donations, or is appreciation (depreciation) on those monies. The Organization received \$4,250 and \$73,763 from the Fund for the years ended December 31, 2018 and 2017, respectively. The distributions received during 2017 were a direct result of receipts from Give Day, a fundraising day promoted by the Community Foundation. No distribution of earnings was made during the year ended December 31, 2017. The distribution made during the year ended December 31, 2018 was made from earnings.

NOTE 7 - LONG-TERM DEBT

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

	<u>2018</u>	<u>2017</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. The Organization paid the note in full during December 2018.	0	10,563
Current portion	0	3,411
Net long-term debt	0	7,152

Interest expense for the years ended December 31, 2018 and 2017 was \$127 and \$472, respectively.

LA CASA DE AMISTAD, INC.

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 8 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Undesignated	448,943	461,749
Board designated for building	100,000	0
Board designated for endowment	13,014	14,257
Total	561,957	476,006

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2018</u>	<u>2017</u>
Digital assistance center, English as a new language for integration food pantry, Adelante, Nuestros Hijos, Strengthening families, Yo puedo leer	45,257	125,750
Multi-year operations pledge	70,000	105,000
Total	115,257	230,750

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

	<u>2018</u>	<u>2017</u>
English as a new language for integration, food pantry, Nuestros Hijos, Strengthening families, Yo puedo leer	85,493	137,195
Operations pledge	35,000	57,500
Total	120,493	194,695

NOTE 10 - 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. During 2018, the Organization was not charged rent for one month in concession for heat not working. This amount is included in Contributions in the Statements of Activities.

The Organization began leasing additional facility space in March 2018. The original lease required base payments of \$500 per month and expired on April 30, 2019. On May 1, 2019, the Organization entered into a new lease agreement requiring base payments of \$500 per month through April 30, 2020. The lease is subject to automatic renewals of six months at the same terms unless terminated by either party 60 days prior to the termination date

The total lease expense for the above leases was \$14,172 and \$9,672 for the years ended December 31, 2018 and 2017, respectively.

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South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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

2019	6,000
2020	2,000
Total	8,000

NOTE 11 - SIMPLE IRA RETIREMENT PLAN

The Organization sponsors a Simple IRA retirement plan covering qualified employees, as defined. All employees regardless of compensation amount are eligible to participate in the plan. The Organization matches the employee's contribution up to a maximum of 3% of the eligible employee's compensation. The Organization contributed approximately \$5,835 and \$3,174 in matching Simple IRA contributions for the years ended December 31, 2018 and 2017.

NOTE 12 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 18, 2020, the date the financial statements were available to be issued.

In addition to the new lease agreement detailed in Note 10, as described in Note 2, the Organization purchased a building in August 2019 for \$785,000. In conjunction with the purchase, the Organization entered into an ultimate line of credit in the original amount of \$688,000 requiring monthly principal payments in the amount of \$2,293 plus interest at 4.75% through July 2024. The loan is secured by the building the proceeds were used to purchase. In addition, in August 2019 the Organization began leasing 15,000 square feet of the building to a third-party tenant for \$11,250 per month through August 2026. The tenant has two options to renew for one month each. In addition to base rent, the tenant is obligated to cover the property tax for the leased period. No other events or transactions occurred during the mandatory evaluation period requiring recognition or disclosure in the financial statements.