

LA AMISTAD FOUNDATION, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2008 and 2007

CONTENTS

	<u>Page(s)</u>
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 14



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
La Amistad Foundation, Inc.
Fern Park, Florida

I have audited the accompanying statements of financial position of La Amistad Foundation, Inc. as of December 31, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of La Amistad Foundation, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Amistad Foundation, Inc. as of December 31, 2008 and 2007, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


Certified Public Accountant

May 7, 2009

LA AMISTAD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 and 2007

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash and cash equivalents	\$1,432,210	\$1,378,660
Accounts receivable	45,260	21,680
Other current assets	<u>54,120</u>	<u>39,430</u>
Total Current Assets	<u>1,531,590</u>	<u>1,439,770</u>
 PROPERTY AND EQUIPMENT (Notes 3 and 5)	 <u>1,431,510</u>	 <u>1,421,130</u>
 OTHER ASSETS		
Cash restricted for building construction	210,900	288,580
Beneficial interest (endowment fund) (Note 4)	87,640	125,300
Other	<u>14,380</u>	<u>7,080</u>
Total Other Assets	<u>312,920</u>	<u>420,960</u>
 Total Assets	 <u>\$3,276,020</u>	 <u>\$3,281,860</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 40,660	\$ 21,760
Accrued payroll and expenses	55,730	79,800
Funds held for residents	23,530	22,270
Refundable deposits	58,750	52,250
Current portion of mortgages payable (Note 5)	<u>53,660</u>	<u>49,910</u>
Total Current Liabilities	<u>232,330</u>	<u>225,990</u>
 LONG-TERM LIABILITIES		
Mortgages payable, less current portion (Note 5)	<u>97,820</u>	<u>151,320</u>
Total Long-term Liabilities	<u>97,820</u>	<u>151,320</u>
 NET ASSETS		
Unrestricted	2,583,640	2,473,390
Temporarily restricted (Note 6)	257,840	326,770
Permanently restricted (Note 6)	<u>104,390</u>	<u>104,390</u>
Total Net Assets	<u>2,945,870</u>	<u>2,904,550</u>
 Total Liabilities and Net Assets	 <u>\$3,276,020</u>	 <u>\$3,281,860</u>

The accompanying notes are an integral part of these financial statements.

LA AMISTAD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating Activities:				
Revenue and Support				
Resident fees, less scholarship allowances of \$97,130	\$ 1,981,330	\$	\$	\$ 1,981,330
Contributions	119,040	65,960		185,000
Interest and dividends	61,510			61,510
Other income	18,370			18,370
Net assets released from restrictions (Note 6)	<u>57,210</u>	<u>(57,210)</u>		<u>-</u>
Total revenue and support	<u>2,237,460</u>	<u>8,750</u>		<u>2,246,210</u>
Expenses				
Program services	1,870,380			1,870,380
Supporting services:				
Management and general	256,010			256,010
Fund raising	<u>83,810</u>			<u>83,810</u>
Total expenses	<u>2,210,200</u>			<u>2,210,200</u>
Change in net assets from operating activities	<u>27,260</u>	<u>8,750</u>	<u>-</u>	<u>36,010</u>
Nonoperating Activities:				
Contributions for buildings		45,550		45,550
Unrealized loss on beneficial interest (endowment fund)	(40,240)			(40,240)
Net assets released from restrictions (Note 6)	<u>123,230</u>	<u>(123,230)</u>		<u>-</u>
Change in net assets from nonoperating activities	<u>82,990</u>	<u>(77,680)</u>	<u>-</u>	<u>5,310</u>
Change in net assets	110,250	(68,930)	-	41,320
Net assets - beginning of year	<u>2,473,390</u>	<u>326,770</u>	<u>104,390</u>	<u>2,904,550</u>
Net assets - end of year	<u>\$2,583,640</u>	<u>\$ 257,840</u>	<u>\$ 104,390</u>	<u>\$2,945,870</u>

The accompanying notes are an integral part of these financial statements.

**LA AMISTAD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating Activities:				
Revenue and Support				
Resident fees, less scholarship allowances of \$101,760	\$ 1,893,540	\$	\$	\$ 1,893,540
Contributions	77,850	36,750		114,600
Grant	39,750			39,750
Interest and dividends	74,540			74,540
Other income	28,610			28,610
Net assets released from restrictions (Note 6)	<u>34,980</u>	<u>(34,980)</u>	<u> </u>	<u> </u>
Total revenue and support	<u>2,149,270</u>	<u>1,770</u>	<u> </u>	<u>2,151,040</u>
Expenses				
Program services	1,690,580			1,690,580
Supporting services:				
Management and general	305,440			305,440
Fund raising	<u>75,700</u>	<u> </u>	<u> </u>	<u>75,700</u>
Total expenses	<u>2,071,720</u>	<u> </u>	<u> </u>	<u>2,071,720</u>
Change in net assets from operating activities	<u>77,550</u>	<u>1,770</u>	<u> </u>	<u>79,320</u>
Nonoperating Activities:				
Contributions for buildings		137,650		137,650
Gain on sale of property	207,980			207,980
Net assets released from restrictions (Note 6)	<u>64,970</u>	<u>(64,970)</u>	<u> </u>	<u> </u>
Change in net assets from nonoperating activities	<u>272,950</u>	<u>72,680</u>	<u> </u>	<u>345,630</u>
Change in net assets	350,500	74,450	-	424,950
Net assets - beginning of year, as restated (Note 2)	<u>2,122,890</u>	<u>252,320</u>	<u>104,390</u>	<u>2,479,600</u>
Net assets - end of year	<u>\$2,473,390</u>	<u>\$ 326,770</u>	<u>\$ 104,390</u>	<u>\$2,904,550</u>

The accompanying notes are an integral part of these financial statements.

LA AMISTAD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2008

	Supporting Services			
	Program Services	Management and General	Fund Raising	Total
Salaries	\$ 942,310	\$127,950	\$39,960	\$1,110,220
Payroll taxes	76,280	10,360	3,230	89,870
Employee benefits	179,690	24,410	7,620	211,720
Resident professional services	32,490			32,490
Tuition program	24,710			24,710
Professional fees		20,080		20,080
Insurance	85,060	12,290	980	98,330
Food expense	103,550			103,550
Recreation programs	19,550			19,550
Rent	51,200			51,200
Repairs and maintenance	67,010	6,630		73,640
Utilities	94,870	5,130	270	100,270
Auto	8,670	1,180	660	10,510
Seminars and meetings	8,980		460	9,440
Equipment lease	1,510	310		1,820
Linen service	5,710			5,710
Office supplies and expense	42,870	5,850	12,020	60,740
Interest		11,960		11,960
Licenses, memberships and other	1,960	60	6,660	8,680
Depreciation	121,000	10,640	1,330	132,970
Marketing		24,660		24,660
Other	2,960	(5,500)		(2,540)
Event costs			10,620	10,620
Total expenses	<u>\$1,870,380</u>	<u>\$256,010</u>	<u>\$83,810</u>	<u>\$2,210,200</u>

The accompanying notes are an integral part of these financial statements.

LA AMISTAD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007

	Supporting Services			
	Program Services	Management and General	Fund Raising	Total
Salaries	\$ 825,690	\$175,460	\$30,960	\$1,032,110
Payroll taxes	69,520	14,770	2,610	86,900
Employee benefits	117,200	24,910	4,390	146,500
Resident professional services	26,470			26,470
Tuition program	11,980			11,980
Professional fees		16,790	17,500	34,290
Insurance	82,340	11,900	950	95,190
Food expense	89,050			89,050
Recreation programs	27,570			27,570
Rent	56,600			56,600
Repairs and maintenance	73,200	7,190		80,390
Utilities	96,850	6,810	1,050	104,710
Auto	7,940			7,940
Seminars and meetings	7,610			7,610
Equipment lease	1,270	260		1,530
Linen service	5,110			5,110
Office supplies and expense	32,710	15,250	1,230	49,190
Interest	15,430			15,430
Licenses, memberships and other	12,010	380	120	12,510
Depreciation	130,260	11,450	1,430	143,140
Marketing	1,770	20,270		22,040
Event costs			15,460	15,460
Total expenses	\$1,690,580	\$305,440	\$75,700	\$2,071,720

The accompanying notes are an integral part of these financial statements.

LA AMISTAD FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from Operating Activities:		
Increase in net assets	\$ 41,320	\$ 424,950
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Contributions restricted for building construction	(45,550)	(137,650)
Contribution of vehicle	-	(10,000)
Gain on sale of property	-	(207,980)
Unrealized (gain) loss on investments	40,110	(7,360)
Depreciation	132,970	143,140
Increase in accounts receivable	(23,580)	(8,960)
Increase in other current assets	(14,690)	(1,880)
Increase (decrease) in accounts payable and accrued expenses	(5,170)	<u>11,950</u>
Net cash provided by operating activities	<u>125,410</u>	<u>206,210</u>
Cash flows from Investing Activities:		
Cash restricted for building construction	77,680	(72,680)
Construction costs	(123,230)	(64,970)
Acquisition of equipment	(20,120)	(86,920)
Proceeds from sale of property	-	219,370
Investment in beneficial interest (endowment fund)	-	(100,000)
Deposit	(9,750)	(2,300)
Funds held for (returned to) residents	<u>7,760</u>	<u>(3,040)</u>
Net cash provided by (used in) investing activities	<u>(67,660)</u>	<u>(110,540)</u>
Cash flows from Financing Activities:		
Contributions restricted to building construction	45,550	137,650
Repayment of mortgage debt	<u>(49,750)</u>	<u>(46,280)</u>
Net cash provided by (used in) financing activities	<u>(4,200)</u>	<u>91,370</u>
Net increase in cash	53,550	187,040
Cash and cash equivalents, beginning of year (Note 2)	<u>1,378,660</u>	<u>1,191,620</u>
Cash and cash equivalents, end of year	<u>\$1,432,210</u>	<u>\$1,378,660</u>
Supplemental Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 11,960</u>	<u>\$ 15,430</u>

The accompanying notes are an integral part of these financial statements.

LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 and 2007

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The La Amistad Foundation, Inc. (“the Organization”) is a not for profit corporation that owns and operates a long-term residential treatment facility for chronically mentally ill adults. The facilities are located in Central Florida and are operated as “Lakewood Center”. The Organization provides these services to individuals from throughout the United States. Revenues are realized from residents and their families. Support is provided by contributions, grants and fund raising activities.

La Amistad Foundation, Inc. is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and similar Florida statutes and is classified as other than a private foundation. Contributions to La Amistad Foundation, Inc. qualify as charitable contribution deductions to the extent allowed by income tax regulations.

Operating and Nonoperating Activities

Operating activities relate solely to the continuing programs and supporting services of the Organization. Revenues and support are reported by source and operating expenses are reported by major function.

Nonoperating activities include activities related to the acquisition and disposition of property and buildings; contributions restricted and used for building purposes; and, endowment investing activities.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in banks and certificates of deposits. Cash contributed for long-term purposes (building funds) is classified as an other asset.

Accounts Receivable

Revenue and related receivables are recognized monthly based on participant residency. Bad debts are provided for using the allowance method based on management’s assessment of uncollected accounts at the end of each year. The allowance for doubtful accounts is \$33,500 and \$39,000 at December 31, 2008 and 2007, respectively.

LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 and 2007

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the organization reports expirations of donor restrictions when costs for the long-lived assets are expended.

Property and Equipment

Property and equipment in excess of \$1,500 is recorded at cost when purchased and at estimated fair value when donated. Depreciation is recorded using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	15 - 35
Pool	15
Furniture, fixtures and equipment	5 - 7
Vehicles	5

Use of Estimates

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

Functional Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 and 2007

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Concentration of Credit Risk

The Organization maintains cash balances exceeding the federally insured limits in a bank. At December 31, 2008, cash in the amount of \$504,000 in excess of federally insured limits was on deposit. Subsequent to year end, the Organization transferred cash to various banks to reduce this risk.

NOTE 2 RESTATEMENT OF BEGINNING NET ASSETS

At December 31, 2006, the organization reported a contribution that was given as an endowment contribution as temporarily restricted. The December 31, 2006, net assets have been restated to increase permanently restricted net assets by \$100,000 and decrease temporarily restricted net assets by \$100,000 for this contribution. Additionally, \$ 215,900 in cash contributions restricted for long term purposes (building construction) at December 31, 2006, were reclassified from cash to other assets as of December 31, 2006, for purposes of the 2007 cash flow statement.

There is no effect on the change in net assets or the total net assets as reported at December 31, 2006.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	<u>2008</u>	<u>2007</u>
Land and improvements	\$ 317,560	\$ 317,560
Buildings and improvements	2,570,190	2,560,730
Construction in progress	188,200	64,970
Furniture, fixtures and equipment	182,490	171,830
Pool	88,780	88,780
Vehicles	<u>127,940</u>	<u>127,940</u>
	3,475,160	3,331,810
Less accumulated depreciation	<u>2,043,650</u>	<u>1,910,680</u>
	<u>\$1,431,510</u>	<u>\$1,421,130</u>

LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 and 2007

NOTE 4 BENEFICIAL INTEREST

La Amistad Foundation, Inc. has transferred funds to the Community Foundation of Central Florida, Inc. (CFCF). The transfer is irrevocable, however, CFCF will make annual distributions of income earned on the fund to La Amistad, subject to CFCF's spending policy. La Amistad is the beneficiary of the donation and has not granted variance power to CFCF. The asset is valued, as determined by the recipient organization, at \$87,640 and \$125,300 at December 31, 2008 and 2007, respectively. La Amistad has funded this investment as an endowment.

NOTE 5 LONG-TERM DEBT

Mortgage notes payable are as follows:

	<u>2008</u>	<u>2007</u>
Mortgage note bearing interest at 6 percent; collateralized by land and building; payable in monthly payments of \$2,080, including interest; matures February 2014	\$ 110,740	\$ 128,450
Mortgage note bearing interest at 8 percent; collateralized by land and building; payable in monthly payments of \$3,060, including interest; matures February 2010	<u>40,740</u>	<u>72,780</u>
	151,480	201,230
Less current portion	<u>53,660</u>	<u>49,910</u>
	<u>\$ 97,820</u>	<u>\$ 151,320</u>

Maturities are as follows:

Year ending December 31,

2009	\$ 53,660
2010	26,190
2011	21,370
2012	22,680
2013	24,060
2014	<u>3,520</u>
	<u>\$ 151,480</u>

LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 and 2007

NOTE 6 RESTRICTED NET ASSETS

Net assets released from restrictions during the year are as follows:

	<u>2008</u>	<u>2007</u>
Operating activities:		
Scholarships	\$ 23,000	\$ 23,000
Tuition	24,710	11,980
Food service	<u>9,500</u>	<u>-</u>
	<u>\$ 57,210</u>	<u>\$ 34,980</u>
Nonoperating activities:		
Construction costs	<u>\$123,230</u>	<u>\$ 64,970</u>

Temporarily restricted net assets at December 31, are as follows:

Building construction	\$ 210,900	\$ 288,580
Scholarships	30,000	23,000
Food service	10,500	-
Tuition	<u>6,440</u>	<u>15,190</u>
	<u>\$ 257,840</u>	<u>\$ 326,770</u>

An endowment fund in the amount of \$104,390 is permanently restricted at December 31, 2008 and 2007. See note 9.

NOTE 7 RETIREMENT PLAN

In 2008, the Organization adopted a 403(b) retirement plan for its employees. All employees who work more than 20 hours per week and have one year of service are eligible. Employer contributions are discretionary. In 2008, the Organization contributed 15 percent of qualified wages which totaled \$96,450.

In 2007, the Organization had a simplified employee pension plan for its employees. All employees with three years of service were eligible to participate. In 2007, the Organization contributed \$48,850 to the plan, which was 7.5 percent of qualified wages. Contributions to the plan are discretionary.

LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 and 2007

NOTE 8 LEASE

The Organization has entered into a five year facility lease agreement. Minimum lease payments are as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2009	\$ 43,480
2010	44,780
2011	46,350
2012	<u>40,570</u>
	<u>\$ 175,180</u>

Rent expense under this lease totaled \$43,050 and \$7,000 for the years ended December 31, 2008 and 2007, respectively.

NOTE 9 ENDOWMENTS

La Amistad Foundation, Inc.'s net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Contributions received with donor imposed restrictions are reported at the fair value of the original gift as of the date of the gift, as permanently restricted net assets. Earnings and investment gains and losses on the endowment are classified as unrestricted net assets absent explicit donor stipulations to the contrary. There are no donor stipulations regarding the earnings, gains and losses of the currently held endowments.

The endowment fund is held and managed by the Community Foundation of Central Florida, Inc. See Note 4.

The composition of the Organization's endowment by net asset class is as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>
Endowment net assets, December 31, 2006	\$ 13,550	\$ 4,390
Investment of 2006 contribution in 2007	-	100,000
Interest and dividends	3,220	-
Net appreciation in investments, less fees of \$1,180	<u>4,140</u>	<u>-</u>
Endowment net assets, December 31, 2007	<u>\$ 20,910</u>	<u>\$ 104,390</u>

**LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 and 2007**

NOTE 9 ENDOWMENTS (Continued)

	<u>Unrestricted</u>	<u>Permanently Restricted</u>
Endowment net assets, December 31, 2007	\$ 20,910	\$ 104,390
Interest and dividends	2,580	-
Net depreciation in investments, including fees of \$1,480	(40,240)	<u>-</u>
Endowment net assets, December 31, 2008	\$ (16,750)	\$ <u>104,390</u>

