

LA AMISTAD FOUNDATION, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2009 and 2008

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Merry J. Rawls
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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, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of 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, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Merry J. Rawls".

Certified Public Accountant

March 10, 2010

LA AMISTAD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 and 2008

ASSETS	<u>2009</u>	<u>2008</u>	LIABILITIES	<u>2009</u>	<u>2008</u>
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$1,567,910	\$1,432,210	Accounts payable	\$ 19,160	\$ 40,660
Accounts receivable	27,930	45,260	Accrued payroll and expenses	54,450	55,730
Other current assets	<u>46,960</u>	<u>54,120</u>	Deferred revenue	18,430	-
Total Current Assets	<u>1,642,800</u>	<u>1,531,590</u>	Funds held for residents	31,650	23,530
			Refundable deposits	55,250	58,750
PROPERTY AND EQUIPMENT			Current portion of mortgages payable (Note 4)	<u>26,190</u>	<u>53,660</u>
(Notes 2 and 4)	<u>1,430,320</u>	<u>1,431,510</u>	Total Current Liabilities	<u>205,130</u>	<u>232,330</u>
			LONG-TERM LIABILITIES		
OTHER ASSETS			Mortgages payable, less		
Cash restricted for building purposes	346,150	210,900	current portion (Note 4)	<u>71,760</u>	<u>97,820</u>
Pledges receivable for building purposes	472,950	-	Total Long-term Liabilities	<u>71,760</u>	<u>97,820</u>
Endowment investment (Note 3)	111,970	87,640			
Other	<u>14,960</u>	<u>14,380</u>	NET ASSETS		
Total Other Assets	<u>946,030</u>	<u>312,920</u>	Unrestricted	2,742,010	2,583,640
			Temporarily restricted (Note 6)	895,860	257,840
			Permanently restricted (Note 6)	<u>104,390</u>	<u>104,390</u>
			Total Net Assets	<u>3,742,260</u>	<u>2,945,870</u>
Total Assets	<u>\$4,019,150</u>	<u>\$3,276,020</u>	Total Liabilities and Net Assets	<u>\$4,019,150</u>	<u>\$3,276,020</u>

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

**LA AMISTAD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009**

	<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 \$98,530	\$1,879,480	\$	\$	\$1,879,480
Contributions	157,460	90,330		247,790
Interest and dividends	45,850			45,850
Other income	16,980			16,980
Net assets released from restrictions (Note 6)	<u>60,500</u>	<u>(60,500)</u>	<u> </u>	<u> </u>
Total revenue and support	<u>2,160,270</u>	<u>29,830</u>	<u> </u>	<u>2,190,100</u>
Expenses				
Program services	1,708,870			1,708,870
Supporting services:				
Management and general	303,940			303,940
Fund raising	<u>87,030</u>	<u> </u>	<u> </u>	<u>87,030</u>
Total expenses	<u>2,099,840</u>	<u> </u>	<u> </u>	<u>2,099,840</u>
Change in net assets from operating activities	<u>60,430</u>	<u>29,830</u>	<u> </u>	<u>90,260</u>
Nonoperating Activities:				
Contributions for buildings		681,800		681,800
Endowment fund investment gain (Note 3)	24,330			24,330
Net assets released from restrictions (Note 6)	<u>73,610</u>	<u>(73,610)</u>	<u> </u>	<u> </u>
Change in net assets from nonoperating activities	<u>97,940</u>	<u>608,190</u>	<u> </u>	<u>706,130</u>
Change in net assets	158,370	638,020	-	796,390
Net assets - beginning of year	<u>2,583,640</u>	<u>257,840</u>	<u>104,390</u>	<u>2,945,870</u>
Net assets - end of year	<u>\$2,742,010</u>	<u>\$ 895,860</u>	<u>\$ 104,390</u>	<u>\$3,742,260</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>	<u> -</u>
Total revenue and support	<u>2,237,460</u>	<u>8,750</u>	<u>-</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> </u>	<u> </u>	<u>83,810</u>
Total expenses	<u>2,210,200</u>	<u> </u>	<u> </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
Endowment fund investment loss (Note 3)	<u>(40,240)</u>			<u>(40,240)</u>
Net assets released from restrictions (Note 6)	<u>123,230</u>	<u>(123,230)</u>	<u> </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	<u>(68,930)</u>	-	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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009

	Supporting Services			
	Program Services	Management and General	Fund Raising	Total
Salaries	\$ 883,690	\$139,520	\$52,410	\$1,075,620
Employee benefits	151,640	23,940	8,990	184,570
Payroll taxes	67,650	10,680	4,010	82,340
Food expense	107,550			107,550
Utilities	103,330	12,850		116,180
Repairs and maintenance	68,270	4,350		72,620
Rent	42,000			42,000
Recreation programs	34,920			34,920
Resident professional services	19,800			19,800
Licenses, memberships and other	11,080	980	490	12,550
Transportation	8,510			8,510
Linen service	6,440			6,440
Depreciation	112,890	11,290		124,180
Insurance	77,740	15,940	1,420	95,100
Office supplies and expense	13,360	13,290	5,830	32,480
Professional fees		26,040		26,040
Marketing		25,690		25,690
Event costs			12,520	12,520
Interest		8,180		8,180
Equipment lease		6,770		6,770
Seminars, meetings and travel		2,910	1,360	4,270
Other		1,510		1,510
	<u>\$1,708,870</u>	<u>\$303,940</u>	<u>\$87,030</u>	<u>\$2,099,840</u>
Total expenses	<u>\$1,708,870</u>	<u>\$303,940</u>	<u>\$87,030</u>	<u>\$2,099,840</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
Employee benefits	179,690	24,410	7,620	211,720
Payroll taxes	76,280	10,360	3,230	89,870
Food expense	103,550			103,550
Utilities	94,870	5,130	270	100,270
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
Recreation programs	19,550			19,550
Rent	51,200			51,200
Repairs and maintenance	67,010	6,630		73,640
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
	<u>\$1,870,380</u>	<u>\$256,010</u>	<u>\$83,810</u>	<u>\$2,210,200</u>
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.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from Operating Activities:		
Increase in net assets	\$ 796,390	\$ 41,320
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Contributions restricted for building construction	(681,800)	(45,550)
Unrealized (gain) loss on investments	(24,330)	40,110
Depreciation	124,180	132,970
(Increase) decrease in accounts receivable	17,330	(23,580)
(Increase) decrease in other assets	6,580	(14,690)
Increase (decrease) in accounts payable and accrued expenses	(22,780)	(5,170)
Increase (decrease) in deferred revenue	<u>18,430</u>	<u>-</u>
Net cash provided by operating activities	<u>234,000</u>	<u>125,410</u>
Cash flows from Investing Activities:		
Cash restricted for building purposes	(135,250)	77,680
Building costs paid	(73,610)	(123,230)
Acquisition of equipment	(49,380)	(20,120)
Deposit	-	(9,750)
Funds held for residents	<u>4,620</u>	<u>7,760</u>
Net cash used in investing activities	<u>(253,620)</u>	<u>(67,660)</u>
Cash flows from Financing Activities:		
Contributions restricted to building construction	208,850	45,550
Repayment of mortgage debt	<u>(53,530)</u>	<u>(49,750)</u>
Net cash provided by (used in) financing activities	<u>155,320</u>	<u>(4,200)</u>
Net increase in cash	135,700	53,550
Cash and cash equivalents, beginning of year	<u>1,432,210</u>	<u>1,378,660</u>
Cash and cash equivalents, end of year	<u>\$1,567,910</u>	<u>\$1,432,210</u>
Supplemental Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 8,180</u>	<u>\$ 11,960</u>

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

LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 and 2008

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.

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.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in banks and certificates of deposits. Cash contributed for long-term purposes (building purposes) 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 \$31,500 and \$33,500 at December 31, 2009 and 2008, respectively.

Pledges Receivable

Pledges receivable at December 31, 2009, are restricted for building purposes. Accordingly, the pledges are classified as noncurrent. Pledges are due substantially ratably over the next three years. Receivables due after 2010 have been discounted to present value based on an interest rate of three percent. Total pledges receivable at December 31, 2009, are \$490,750 and the unamortized discount at December 31, 2009, is \$17,800.

LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 and 2008

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

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.

Concentration of Credit Risk

The Organization may maintain cash balances exceeding the federally insured limits in a bank. At December 31, 2009, cash in the amount of \$73,000 in excess of federally insured limits was on deposit.

Subsequent Events

Subsequent events have been evaluated through March 10, 2010, which is the date the financial statements were available to be issued.

**LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 and 2008**

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	<u>2009</u>	<u>2008</u>
Land and improvements	\$ 317,560	\$ 317,560
Buildings and improvements	2,671,080	2,570,190
Construction in progress	162,980	188,200
Furniture, fixtures and equipment	205,850	182,490
Pool	88,780	88,780
Vehicles	<u>126,360</u>	<u>127,940</u>
	3,572,610	3,475,160
Less accumulated depreciation	<u>2,142,290</u>	<u>2,043,650</u>
	<u>\$1,430,320</u>	<u>\$1,431,510</u>

NOTE 3 ENDOWMENT INVESTMENT

Beneficial interest in assets held by others:

The Organization transferred certain endowment funds to Community Foundation of Central Florida, Inc. (CFCFI). The Organization is the beneficiary of the endowment fund and has not granted variance power to Community Foundation of Central Florida, Inc.

The transfer is irrevocable, however, Community Foundation of Central Florida, Inc. may make annual distributions of the income earned on the fund to the Organization, subject to the foundation's spending policy.

Statements on Financial Accounting Standards, No. 157, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority and the most reliable evidence of fair value. Level 2 inputs include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Level 3 are unobservable inputs and have the lowest priority and are used only when Level 1 or Level 2 inputs are not available.

Community Foundation of Central Florida, Inc. manages and maintains the endowment investments as a component fund of the CFCFI and reports fair value primarily based on quoted market prices. As the beneficiary, La Amistad Foundation, Inc. cannot determine the value of its Beneficial Interest. The Beneficial Interest is reported in these financial statements at the value reported by CFCFI, which is a Level 3 unobservable input.

LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 and 2008

NOTE 3 ENDOWMENT INVESTMENT (Continued)

At December 31, 2009 and 2008, the endowment value was \$111,970 and \$87,640, respectively, as determined by CFCFI.

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 fair market 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 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, 2007	\$ 20,910	\$ 104,390
Interest and dividends	2,580	-
Net depreciation in investments	(38,760)	-
Investment fees	(1,480)	-
Endowment net assets, December 31, 2008	(16,750)	104,390
Interest and dividends	1,750	-
Realized losses	(1,760)	-
Net appreciation in investments	25,620	-
Investment fees	(1,280)	-
Endowment net assets, December 31, 2009	<u>\$ 7,580</u>	<u>\$ 104,390</u>

LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 and 2008

NOTE 4 LONG-TERM DEBT

	<u>2009</u>	<u>2008</u>
Notes payable are as follows:		
Mortgage note bearing interest at 6 percent; collateralized by land and building; payable in monthly payments of \$2,080, including interest; matures February 2014	\$91,900	\$110,740
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>6,050</u>	<u>40,740</u>
	97,950	151,480
Less current portion	<u>26,190</u>	<u>53,660</u>
	<u>\$71,760</u>	<u>\$ 97,820</u>

Maturities are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2010	\$26,190
2011	21,370
2012	22,680
2013	24,060
2014	<u>3,650</u>
	<u>\$97,950</u>

NOTE 5 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 2009 and 2008, the Organization contributed \$85,780 and \$96,450, to the plan.

**LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 and 2008**

NOTE 6 RESTRICTED NET ASSETS

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

	<u>2009</u>	<u>2008</u>
Operating activities:		
Scholarships	\$ 30,000	\$ 23,000
Tuition	-	24,710
Food service	<u>30,500</u>	<u>9,500</u>
	<u>\$ 60,500</u>	<u>\$ 57,210</u>
Nonoperating activities:		
Construction costs	<u>\$ 73,610</u>	<u>\$123,230</u>

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

Building construction, including pledges receivable of \$472,950 in 2009	\$819,100	\$210,900
Scholarships	30,000	30,000
Food service	-	10,500
Tuition	<u>46,760</u>	<u>6,440</u>
	<u>\$895,860</u>	<u>\$257,840</u>

An endowment fund in the amount of \$104,390 is permanently restricted at December 31, 2009 and 2008. See note 3.

NOTE 7 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>
2010	\$ 44,450
2011	45,780
2012	47,150
2013	<u>3,940</u>
	<u>\$141,320</u>

Rent expense under this lease totaled \$42,000 and \$43,050 for the years ended December 31, 2009 and 2008, respectively.

NOTE 8 SUBSEQUENT EVENT

The Organization entered in a contract for construction in the amount of \$1,687,500 in February 2010.