

LA AMISTAD FOUNDATION, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of La Amistad Foundation, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, 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

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 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 statement, 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2019 and 2018, 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.


Certified Public Accountant

June 9, 2020

LA AMISTAD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash	\$1,538,900	\$1,693,840
Cash - contributions restricted for operating costs	80,400	80,840
Certificates of deposit	458,050	235,000
Accounts receivable, less \$6,000 allowance for doubtful accounts in 2018	4,840	8,580
Prepaid expenses	100,840	104,120
Pledge receivable	<u>53,000</u>	<u>53,000</u>
Total Current Assets	<u>2,236,030</u>	<u>2,175,380</u>
PROPERTY AND EQUIPMENT (Note 2)	<u>3,617,100</u>	<u>3,809,650</u>
OTHER ASSETS		
Endowment investment (Note 3)	200,630	176,570
Other	<u>23,340</u>	<u>28,670</u>
Total Other Assets	<u>223,970</u>	<u>205,240</u>
Total Assets	<u><u>\$6,077,100</u></u>	<u><u>\$6,190,270</u></u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable	\$ 22,720	\$ 42,440
Accrued payroll and expenses	123,670	53,160
Funds held for residents	56,040	50,480
Resident refundable deposits	<u>105,750</u>	<u>90,250</u>
Total Current Liabilities	<u>308,180</u>	<u>236,330</u>
NET ASSETS		
Net assets without donor restrictions	5,564,130	5,748,710
Net assets with donor restrictions (Note 6)	100,400	100,840
Net assets with donor restrictions - endowment (Note 3)	<u>104,390</u>	<u>104,390</u>
Total Net Assets	<u>5,768,920</u>	<u>5,953,940</u>
Total Liabilities and Net Assets	<u><u>\$6,077,100</u></u>	<u><u>\$6,190,270</u></u>

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

LA AMISTAD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities:			
Revenue and Support			
Resident fees, less financial assistance of \$144,510	\$2,206,580	\$ -	\$2,206,580
Contributions	149,860	107,430	257,290
Special events, less \$54,270 direct costs	58,080	-	58,080
Interest and dividends	21,990	-	21,990
Net assets released from restrictions (Note 6)	<u>107,870</u>	<u>(107,870)</u>	<u>-</u>
Total revenue and support	<u>2,544,380</u>	<u>(440)</u>	<u>2,543,940</u>
Expenses			
Program services	2,330,860	-	2,330,860
Supporting services:			
Management and general	301,760	-	301,760
Fund raising and development	126,800	<u>-</u>	<u>126,800</u>
Total expenses	<u>2,759,420</u>	<u>-</u>	<u>2,759,420</u>
Change in net assets from operating activities	<u>(215,040)</u>	<u>(440)</u>	<u>(215,480)</u>
Nonoperating Activities:			
Endowment fund investment gain	<u>30,460</u>	<u>-</u>	<u>30,460</u>
Change in net assets from nonoperating activities	<u>30,460</u>	<u>-</u>	<u>30,460</u>
Change in net assets	<u>(184,580)</u>	<u>(440)</u>	<u>(185,020)</u>
Net assets - beginning of year	<u>5,748,710</u>	<u>205,230</u>	<u>5,953,940</u>
Net assets - end of year	<u>\$5,564,130</u>	<u>\$ 204,790</u>	<u>\$5,768,920</u>

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

**LA AMISTAD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities:			
Revenue and Support			
Resident fees, less financial assistance of \$201,290	\$2,436,510	\$ -	\$2,436,510
Contributions	189,080	11,580	200,660
Special events fundraising	95,690	-	95,690
Interest and dividends	19,140	-	19,140
Net assets released from restrictions (Note 6)	<u>72,200</u>	<u>(72,200)</u>	<u>-</u>
Total revenue and support	<u>2,812,620</u>	<u>(60,620)</u>	<u>2,752,000</u>
Expenses			
Program services	2,417,590	-	2,417,590
Supporting services:			
Management and general	273,550	-	273,550
Fund raising and development	163,130	<u>-</u>	<u>163,130</u>
Total expenses	<u>2,854,270</u>	<u>-</u>	<u>2,854,270</u>
Change in net assets from operating activities	<u>(41,650)</u>	<u>(60,620)</u>	<u>(102,270)</u>
Nonoperating Activities:			
Pledge receivable for equipment	-	20,000	20,000
Endowment fund investment loss	<u>(9,680)</u>	<u>-</u>	<u>(9,680)</u>
Change in net assets from nonoperating activities	<u>(9,680)</u>	<u>20,000</u>	<u>10,320</u>
Change in net assets	<u>(51,330)</u>	<u>(40,620)</u>	<u>(91,950)</u>
Net assets - beginning of year	<u>5,800,040</u>	<u>245,850</u>	<u>6,045,890</u>
Net assets - end of year	<u>\$5,748,710</u>	<u>\$ 205,230</u>	<u>\$5,953,940</u>

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

LA AMISTAD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<u>Supporting Services</u>			
	<u>Program</u>	<u>Management</u>	<u>Fund</u>	
	<u>Services</u>	<u>and General</u>	<u>Raising and</u>	<u>Total</u>
			<u>Development</u>	
Personnel	\$1,152,070	\$ 149,550	\$ 83,080	\$1,384,700
Employee benefits	187,090	24,290	13,490	224,870
Payroll taxes	88,680	11,510	6,400	106,590
Utilities	151,010	17,330	-	168,340
Food expense	133,930	-	-	133,930
Depreciation	176,600	15,950	-	192,550
Repairs and maintenance	105,320	3,280	-	108,600
Insurance	115,170	15,880	2,790	133,840
Rent	102,000	-	-	102,000
Professional fees	18,840	31,790	1,650	52,280
Recreation programs	19,190	-	-	19,190
Office supplies and expense	11,680	11,680	-	23,360
Marketing and fund raising	1,640	13,080	9,360	24,080
Auto	9,320	-	-	9,320
Travel and meetings	10,720	2,790	-	13,510
Licenses	13,760	330	-	14,090
Event fund raising costs	-	-	10,030	10,030
Other	<u>33,840</u>	<u>4,300</u>	<u>-</u>	<u>38,140</u>
Total expenses	<u>\$2,330,860</u>	<u>\$ 301,760</u>	<u>\$126,800</u>	<u>\$2,759,420</u>

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

LA AMISTAD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	<u>Supporting Services</u>			
	<u>Program</u>	<u>Management</u>	<u>Fund</u>	
	<u>Services</u>	<u>and General</u>	<u>Raising and</u>	<u>Total</u>
			<u>Development</u>	
Personnel	\$1,197,870	\$ 124,510	\$ 78,500	\$1,400,880
Employee benefits	223,300	23,210	14,630	261,140
Payroll taxes	92,710	9,640	6,080	108,430
Utilities	139,780	16,780	-	156,560
Food expense	160,840	-	-	160,840
Depreciation	180,630	10,040	-	190,670
Repairs and maintenance	123,200	7,540	-	130,740
Insurance	105,300	13,860	2,060	121,220
Rent	97,500	-	-	97,500
Professional fees	18,150	34,140	1,420	53,710
Recreation programs	21,290	-	-	21,290
Office supplies and expense	13,240	13,340	-	26,580
Marketing and fund raising	1,280	9,750	6,970	18,000
Auto	10,630	-	-	10,630
Travel and meetings	5,480	7,400	-	12,880
Licenses	2,780	490	-	3,270
Event costs	-	-	53,470	53,470
Other	<u>23,610</u>	<u>2,850</u>	<u>-</u>	<u>26,460</u>
Total expenses	<u>\$2,417,590</u>	<u>\$ 273,550</u>	<u>\$163,130</u>	<u>\$2,854,270</u>

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

LA AMISTAD FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from Operating Activities:		
Decrease in net assets	\$(185,020)	\$(91,950)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized (gain) loss on investment	630	3,150
Unrealized (gain) loss on endowment investment	(30,460)	9,680
Unrealized revaluation of other asset	4,700	-
Depreciation expense	192,550	190,670
(Increase) decrease in accounts receivable	3,740	(6,080)
Increase in pledge receivable	-	(48,000)
(Increase) decrease in prepaid expense	3,280	(13,410)
Increase (decrease) in accounts payable and accrued expenses	<u>50,790</u>	<u>(35,840)</u>
Net cash provided by operating activities	<u>40,210</u>	<u>8,220</u>
Cash flows from Investing Activities:		
Distribution from endowment investment	6,400	-
Equipment acquisition	<u>-</u>	<u>(33,070)</u>
Net cash provided by (used in) investing activities	<u>6,400</u>	<u>(33,070)</u>
Cash flows from Financing Activities:		
Resident funds and deposits, net deposited (returned)	<u>21,060</u>	<u>(5,180)</u>
Net cash provided by (used in) financing activities	<u>21,060</u>	<u>(5,180)</u>
Net increase (decrease) in cash	67,670	(30,030)
Cash and cash equivalents, beginning of year	<u>2,009,680</u>	<u>2,039,710</u>
Cash and cash equivalents, end of year	<u>\$2,077,350</u>	<u>\$2,009,680</u>
Statement of Financial Position presentation:		
Cash	\$1,538,900	\$1,693,840
Cash contributions restricted for specific operating costs	80,400	80,840
Certificates of deposit, current	<u>458,050</u>	<u>235,000</u>
	<u>\$2,077,350</u>	<u>\$2,009,680</u>

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

LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

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. “Financial aid” as reported in the statement of activities are reductions in resident fees from standard resident rates.

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. Cash when contributed for long-term purposes (typically for building and/or expansion purposes) is classified as an other asset - cash.

Accounts Receivable

Revenue and related receivables are recognized monthly based on participant residency. An allowance for bad debts is recognized annually based on management’s assessment of uncollected accounts at the end of each year.

Contributions

Contributions received are reported as “with donor restrictions” or “without donor restrictions” 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 with donor restrictions are reported as increases in contributions without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Gifts of cash or other assets that must be used to acquire long-lived assets are reported as contributions with donor restrictions. The Organization reports expirations of donor restrictions when the long-lived asset is completed and placed in service.

LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(Continued)**

Property and Equipment

Property and equipment in excess of \$5,000 is recorded at cost when purchased and at estimated fair value when donated. Depreciation is recognized using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	15-40
Pool	15
Furniture, fixtures, and equipment	5-10
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. Significant program costs include medical personnel costs, facilities and related occupancy and resident costs necessary to provide services to residents. Significant administrative costs include management, administrative and supporting personnel costs allocated based on estimates of time incurred between functional activities as well as other administrative costs related to managing and operating the organization. Significant fund raising costs include development personnel costs and indirect costs of fund raising. For the year ended December 31, 2019, the direct cost of fund raising events (direct donor benefits) are reported separately as a cost of the related event(s).

Concentration of Credit Risk

The Organization may maintain cash balances exceeding the federally insured limits in a bank. At December 31, 2019, cash held in banks in excess of federally insured limits was \$1,043,000.

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.

Subsequent Events

Subsequent events have been evaluated through June 9, 2020, which is the date the financial statements were available to be issued.

LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	<u>2019</u>	<u>2018</u>
Land and improvements	\$ 310,540	\$ 310,540
Buildings and improvements	6,043,020	6,043,020
Furniture, fixtures and equipment	355,450	355,450
Pool and pool equipment	86,460	86,460
Vehicles	<u>105,850</u>	<u>105,850</u>
	6,901,320	6,901,320
Less accumulated depreciation	<u>3,284,220</u>	<u>3,091,670</u>
	<u>\$3,617,100</u>	<u>\$3,809,650</u>

Depreciation expense totaled \$192,550 and \$190,670 for the years ended December 31, 2019 and 2018.

NOTE 3 - ENDOWMENT INVESTMENT

Beneficial interest in assets held by others:

The Organization transferred certain endowment funds to Central Florida Foundation, Inc. The Organization is the beneficiary of the endowment fund and has not granted variance power to Central Florida Foundation, Inc. The transfer is irrevocable, however, Central Florida Foundation, Inc. (CFF) may make annual distributions of the income earned on the fund to the Organization, subject to the foundation's spending policy.

Financial Accounting Standards Board, ASC 820-10, 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.

CFF manages and maintains the endowment investment as a component fund of CFF and reports fair value based on quoted market prices, primarily. 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 CFF which is a Level 3 unobservable input.

The Organization has an annual option to withdraw an amount, as determined by Central Florida Foundation, Inc., from the endowment. In 2019, the Organization withdrew \$6,400.

LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

NOTE 3 - ENDOWMENT INVESTMENT (Continued)

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 endowment fair value, as determined by CFF, at December 31, 2019 and 2018, was \$200,630 and \$176,570, respectively. The composition of the Organization's endowment by net asset class is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Endowment net assets, December 31, 2017	\$ 81,860	\$ 104,390
Interest and dividends	3,730	-
Realized gains	8,170	-
Net depreciation in investments	(19,150)	-
Investment fees	(2,430)	-
Endowment net assets, December 31, 2018	\$ 72,180	\$ 104,390
Interest and dividends	4,030	-
Realized gains	4,100	-
Unrealized gains	24,710	-
Investment fees	(2,380)	-
Cash withdrawn	(6,400)	-
Endowment net assets, December 31, 2019	<u>\$ 96,240</u>	<u>\$ 104,390</u>

NOTE 4 - RETIREMENT PLAN

The Organization maintains a 403(b) retirement plan for its employees. Employees who are eligible, work more than 20 hours per week, and have one year of service participate in an annual employer contribution. Employer contributions are discretionary. The Organization contributed \$80,790 and \$73,790 for the years ended December 31, 2019 and 2018, respectively.

NOTE 5 - LEASE

Effective January 1, 2019, the organization entered into a lease for the use of a facility for a period of five years. Rent expense under this agreement totaled \$102,000 for the year ended December 31, 2019. Minimum lease payments under this lease are: 2020 - \$104,400; 2021 - \$106,800; 2022 - \$109,200; 2023 - \$111,600. The lease includes an option to renew for an additional five years.

**LA AMISTAD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018**

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

	2019	2018
Net assets released from donor restrictions are as follows:		
Operating activities:		
Resident scholarships	\$ 84,200	\$ 62,000
Tuition and related costs	23,670	10,200
	\$107,870	\$ 72,200

Net assets with donor restrictions at December 31, are as follows:

Resident scholarships	\$ 41,510	\$ 35,700
Tuition and related costs	38,890	45,140
Use restrictions	80,400	80,840
Time restriction, pledge receivable	20,000	20,000
	\$100,400	\$100,840

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Board of Trustees and management are responsible for maintaining financial assets that are sufficient to meet cash needs for general expenditures, to comply with donor restrictions, and to ensure the continuity of operations for the benefit of residents. The Organization meets this responsibility through the budgeting process and frequent monitoring of operating results and the level of liquid assets. Excess cash is maintained in money market accounts and, at various times, in short-term certificates of deposit. The Organization also engages in long-term planning to ensure that facility expansion is considered and anticipated. There is no planned expansion as of December 31, 2019. Financial assets available to meet cash needs for general expenditures within one year total \$1,907,850 as of December 31, 2019.

