

Su Casa de Esperanza, Inc.  
Annual Financial Report  
Year Ended December 31, 2018

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# James A. Hiebert, CPA

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors:  
Su Casa de Esperanza, Inc.  
8000 Cisne  
Pharr, TX 78577

We have audited the accompanying financial statements of the Su Casa de Esperanza, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year 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

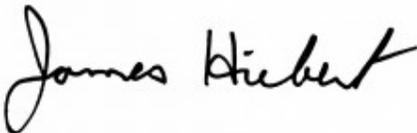
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 Su Casa de Esperanza, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



James Hiebert  
Certified Public Accountant  
McAllen, Texas  
October 11, 2019

Su Casa de Esperanza, Inc.  
Statement of Financial Position  
As of December 31, 2018

Assets

Current Assets	
Cash and cash equivalents	\$ 31,562
<b>Total Current Assets</b>	<b><u>31,562</u></b>
Property and Equipment	
Property and equipment	375,618
Less accumulated depreciation	<u>(220,589)</u>
<b>Net Property and Equipment</b>	<b><u>155,029</u></b>
Other Assets	
Deposits and prepaid expense	<u>2,846</u>
<b>Total Non Current Assets</b>	<b><u>2,846</u></b>
<b>Total Assets</b>	<b><u>\$ 189,437</u></b>

Liabilities and Net Assets

Current Liabilities	
Accounts payable	\$ 526
Payroll liabilities	<u>4,095</u>
<b>Total Current Liabilities</b>	<b><u>4,621</u></b>
Net Assets	
Without donor restrictions	150,119
With donor restrictions	<u>34,697</u>
<b>Total Net Assets</b>	<b><u>184,816</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 189,437</u></b>

Su Casa de Esperanza, Inc.  
Statement of Activities  
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total 2018
Support, Revenues and Reclassifications			
Contributions - institutions & foundations	\$ 23,000	\$ 131,043	\$ 154,043
Contributions - United Way	44,250	-	44,250
Contributions - churches	35,178	-	35,178
Contributions - general	65,172	-	65,172
Other income	526	-	526
Revenue released from temporary restriction	96,346	(96,346)	-
	<u>264,472</u>	<u>34,697</u>	<u>299,169</u>
Total Support, Revenue and Reclassifications			
Reclassifications	<u>264,472</u>	<u>34,697</u>	<u>299,169</u>
Expenses			
Program services	192,294	-	192,294
Support service:			
Management and general	61,684	-	61,684
Fundraising and grant development	18,881	-	18,881
Total Expenses	<u>272,859</u>	<u>-</u>	<u>272,859</u>
Change in Net Assets	(8,387)	34,697	26,310
Net Assets - Beginning of year	<u>158,506</u>	<u>-</u>	<u>158,506</u>
Net Assets - End of year	<u>\$ 150,119</u>	<u>\$ 34,697</u>	<u>\$ 184,816</u>

Su Casa de Esperanza, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2018

	Program Services	Management and General	Fundraising and Grant Development	Total 2018
Compensation and related benefits				
Salaries & wages	\$ 131,896	\$ 35,172	\$ 8,793	\$ 175,861
Payroll Taxes	10,401	2,773	693	13,867
<b>Total Personnel and Related Benefits</b>	<u>142,297</u>	<u>37,945</u>	<u>9,486</u>	<u>189,728</u>
Bank charges	-	302	-	302
Depreciation	6,168	1,645	411	8,224
Dues & subscriptions		210		210
Equipment	6,026	1,607	402	8,035
Insurance	4,090	1,091	273	5,454
Professional fees	-	9,836	5,000	14,836
Occupancy	6,622	1,766	441	8,829
Licenses and permits	-	254	-	254
Program supplies	15,581	-	-	15,581
Professional education	-	1,100	-	1,100
Postage	64	256	960	1,280
Public relations	-	-	657	657
Travel & meals	2,664	3,330	666	6,660
Utilities & telephone	8,782	2,342	585	11,709
<b>Total Functional Expenses</b>	<u>\$ 192,294</u>	<u>\$ 61,684</u>	<u>\$ 18,881</u>	<u>\$ 272,859</u>

Su Casa de Esperanza, Inc.  
Statement of Cash Flows  
For the Year Ended December 31, 2018

Cash Flows from Operating Activities

Grants	\$	198,293
Contributions		100,350
Other income		<u>526</u>
Total receipts		299,169
Administrative		(3,803)
Employee benefits		(13,867)
Insurance		(4,353)
Program supplies		(15,581)
Professional fees		(14,836)
Occupancy		(8,829)
Salaries and wages		(175,861)
Small equipment		(8,035)
Travel & meals		(6,660)
Utilities		<u>(11,709)</u>
Total receipts		(263,534)
Net cash provided by (used in) operating activities		<u>35,635</u>

Cash Flows from Investing Activities

Net purchase of fixed assets		<u>(17,000)</u>
Net cash provided by (used in) investing activities		<u>(17,000)</u>

Cash Flows from Financing Activities

Cash used for financing activities		<u>0</u>
Net cash provided by (used in) financing activities		<u>0</u>

Net increase (decrease) in cash		<u>18,635</u>
Beginning cash and cash equivalents		<u>12,927</u>
Ending cash and cash Equivalents	\$	<u>31,562</u>

Su Casa de Esperanza, Inc.  
Notes to Financial Statements  
December 31, 2018

**1. Accounting Policies**

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles. A summary of Su Casa de Esperanza, Inc.'s accounting policies are as follows:

**A. About the Organization**

The Company operates an early childhood, parenting program in Pharr, Texas and in Progreso, Texas which provides a family-life ministry to provide education to families of preteen children. The program includes prenatal and postnatal nurturing classes, classes in parenting skills, adult GED classes, and classes for learning English. In addition, there are classes on subjects such as values and nutrition for school age children of families coming to Su Casa de Esperanza, Inc.

**B. Basis of Accounting**

The financial statements are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles.

**C. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**D. Property, Plant and Equipment**

Property and equipment are recorded at cost, except for donated equipment, which is recorded at the estimated value on date of receipt. All assets acquired with a value in excess of \$500 are recorded as fixed assets. Depreciation is provided on the straight-line method based upon estimated useful lives of five years for equipment, seven years for furniture and fixtures, and thirty-nine years for buildings and improvements. Gains or losses on retirement or sales of property and equipment are reflected in income for the period. The proceeds from such sales which are not legally required or expected to be reinvested in property and equipment are transferred to unrestricted net assets.

**E. Compensated Absences**

The Company does not have any vested or accumulated vacation or sick leave.

**F. Contributions**

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or 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 net assets 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 depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**G. Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**H. Contributed Services**

Many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization receives more than 1,000 volunteer hours per year.

**I. Federal Income Taxes**

The Corporation is a non-profit organization exempt from income tax under Section 501 (c) (3) of the Internal Revenue Code. The Organization's tax returns are subject to examination by the Internal Revenue Service.

Su Casa de Esperanza, Inc.  
Notes to Financial Statements  
December 31, 2018

**2. Restrictions on Net Assets**

Without Donor Restrictions

Net assets without donor restrictions are available for any purpose designated by the Board of Su Casa de Esperanza, Inc.. Net assets without donor restrictions at December 31, 2018 amounted to \$150,119.

With Donor Restrictions

Net assets with donor restrictions in the amount of \$96,346 were reclassified to net assets without donor restrictions during the fiscal year ended December 31, 2018. There were \$34,697 of net assets with donor restrictions at December 31, 2018.

**3. Cash and Cash Equivalents**

All cash deposits are held at Frost National Bank under a depository agreement. The Federal Deposit Insurance Corporation (FDIC) insures deposits of the Corporation up to \$250,000. The carrying amounts of cash and cash equivalents reported on the financial statements approximate fair market value because of the short-term maturities of these instruments.

Cash and cash equivalents as of December 31, 2018 amounted to \$31,562.

**4. Property and Equipment**

Property and equipment at December 31, 2018 consist of:

Land	\$	9,904
Improvements		33,065
Buildings		240,976
Construction in Progress - New Progeso Center		17,000
Vehicles		30,904
Furniture and equipment		43,769
Less: Accumulated depreciation		<u>(220,589)</u>
Total net property and equipment	<u>\$</u>	<u>155,029</u>

Current year additions were \$17,000 and disposals were \$0.

**6. Subsequent Events**

The Organization has considered all subsequent events through October 11, 2019, the date the financial statements were available to be issued.