

Su Casa De Esperanza, Inc.

Financial Statements

Year Ended December 31, 2016

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James A. Hiebert, CPA

2000 E Business Highway 83 Ste A
Mission, TX 78572-8287
956-580-0669

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors:
Su Casa de Esperanza
8000 Cisne
PO Box 1333
Pharr, TX 78577-1333

We have audited the accompanying financial statements of the Su Casa de Esperanza (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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

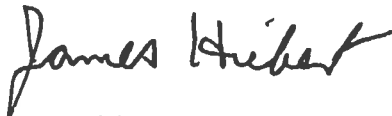
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 the Su Casa de Esperanza as of December 31, 2016, 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

Mission, Texas
September 22, 2017

**Su Casa de Esperanza
Statement of Financial Position
As of December 31, 2016**

Assets

Current Assets	
Cash and Cash Equivalents	\$ 83,805
Total Current Assets	<u>83,805</u>
Property and Equipment	
Property and Equipment	358,618
Less: Accumulated Depreciation	<u>(203,901)</u>
Total Property and Equipment	<u>154,717</u>
Other Assets	
Deposits and Prepaid Expense	<u>7,425</u>
	<u>7,425</u>
Total Assets	<u><u>\$ 245,947</u></u>

Liabilities and Net Assets

Current Liabilities	
Accounts Payable	\$ 853
Payroll Taxes Payable	3,670
Payroll Liabilities	<u>894</u>
Total Current Liabilities	<u>5,417</u>
Net Assets	
Net Assets - Unrestricted	203,870
Net Assets - Temporarily Restricted	36,660
Net Assets - Permanently Restricted	<u>-</u>
Total Net Assets	<u>240,530</u>
Total Liabilities and Net Assets	<u><u>\$ 245,947</u></u>

**Su Casa de Esperanza
Statement of Activities
For the Year Ended December 31, 2016**

Support, Revenues and Reclassifications	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2016</u>
Contributions - Institutions & Foundations	\$ 132,429	\$ 65,169	\$ -	\$ 197,598
Contributions - United Way	46,917	-	-	46,917
Contributions - Churches	17,140	-	-	17,140
Contributions - General	33,060	-	-	33,060
Other Income	889	-	-	889
Revenue released from Temporary Restriction	<u>80,940</u>	<u>(80,940)</u>	<u>-</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>311,375</u>	<u>(15,771)</u>	<u>-</u>	<u>295,604</u>
Expenses				
Program services	222,541	-	-	222,541
Supporting service:				
Management and general	64,782	-	-	64,782
Fundraising and grant development	<u>21,157</u>	<u>-</u>	<u>-</u>	<u>21,157</u>
Total Expenses	<u>308,480</u>	<u>-</u>	<u>-</u>	<u>308,480</u>
Change in Net Assets	2,895	(15,771)	-	(12,876)
Net Assets - Beginning of year	<u>200,975</u>	<u>52,431</u>	<u>-</u>	<u>253,406</u>
Net Assets - End of year	<u><u>\$ 203,870</u></u>	<u><u>\$ 36,660</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 240,530</u></u>

Su Casa de Esperanza
Statement of Functional Expenses
For the Year Ended December 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Grant Development</u>	<u>Total 2016</u>
Compensation and related benefits				
Salaries & wages	\$ 149,667	\$ 39,911	\$ 9,978	\$ 199,556
Payroll Taxes	<u>11,784</u>	<u>3,142</u>	<u>786</u>	<u>15,712</u>
Total personnel and related benefits	<u>161,451</u>	<u>43,053</u>	<u>10,764</u>	<u>215,268</u>
Bank Charges	-	24	-	24
Contract Labor	400	3,601	5,093	9,094
Depreciation	6,402	1,707	427	8,536
Dues & Subscriptions	-	502	-	502
Equipment	3,457	922	231	4,610
Insurance	8,435	2,249	562	11,246
Legal & Accounting	-	3,833	-	3,833
Occupancy	12,307	3,282	820	16,409
Office Supplies	1,109	296	74	1,479
Printing & Publications	-	-	530	530
Program Supplies	20,798	-	-	20,798
Professional Education	-	300	-	300
Postage	27	110	412	549
Public Relations	-	-	1,191	1,191
Travel & Meals	2,773	3,468	694	6,935
Utilities & Telephone	<u>5,382</u>	<u>1,435</u>	<u>359</u>	<u>7,176</u>
Total Functional Expenses	<u>\$ 222,541</u>	<u>\$ 64,782</u>	<u>\$ 21,157</u>	<u>\$ 308,480</u>

**Su Casa de Esperanza
Statement of Cash Flows
For the Year Ended December 31, 2016**

Cash Flows from Operating Activities

Changes in Net Assets	\$ (12,876)
Adjustments to reconcile changes in Net Assets to Net Cash provided by Operating Activities:	
Depreciation	8,536
(Increase) Decrease in Prepaid Expense	(1,911)
Increase (Decrease) in Operating Liabilities:	<u>(2,308)</u>
Net Cash Provided By (Used In) Operating Activities	<u>(8,559)</u>

Cash Flows from Financing Activities

(Increase) Decrease of Property and Equipment	(1,079)
Net Cash Provided By (Used In) Financing Activities	<u>(1,079)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>(9,638)</u>
Cash and Cash Equivalents - Beginning of year	<u>93,443</u>
Cash and Cash Equivalents - End of year	<u><u>\$ 83,805</u></u>

Supplementary Information:
Interest Expense: \$ 0

Su Casa de Esperanza
Notes to Financial Statements
December 31, 2016

1. Accounting Policies

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles. A summary of Su Casa de Esperanza'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. Financial Statement Presentation

The Financial Statements of the Corporation are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statement of Not-for-Profit Organization". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

G. Contributions

The Organization reports contributions in accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under SFAS No. 116, contributions are reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction.

H. 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.

Su Casa de Esperanza
Notes to Financial Statements
December 31, 2016

I. 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.

J. 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.

2. Fund Restrictions

Unrestricted Net Assets

Unrestricted net assets are available for any purpose designated by the Board of Su Casa de Esperanza. Net assets of the Organization that were unrestricted at December 31, 2016 amounted to \$203,870.

Temporarily Restricted Net Assets

Net assets in the amount of \$80,940 were released from restrictions during the fiscal year ended December 31, 2016. Net assets with temporary restrictions total \$36,660. \$5,698 of the temporarily restricted funds are from the Tijerina Foundation and is to be used in funding the "mother + child = School Ready Project." The project is a program for toddlers and includes experiential play areas which allow the children to learn by seeing and physically handling the educational objects. The remaining \$30,962 is restricted for salaries, employer taxes, and travel mileage for each team member.

Permanently Restricted Net Assets

There were no permanently restricted net assets at December 31, 2016.

3. Cash & 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 & 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, 2016 amounted to \$83,805.

4. Property & Equipment

Property and equipment at December 31, 2016 consist of:

Land	\$	9,904
Improvements		33,065
Buildings		240,976
Vehicles		30,903
Furniture and Equipment		43,770
Less: Accumulated Depreciation		<u>(203,901)</u>
Total Net Property & Equipment	\$	<u>154,717</u>

Current year additions were \$1,079 and disposals were \$0.

5. Subsequent Events

The organization has considered all subsequent events through September 22, 2017, the date the financial statements were available to be issued.