

AMIGOS EN CRISTO, INC.

FINANCIAL STATEMENTS

**YEAR ENDED
DECEMBER 31, 2014**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1-2
Financial Statements	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements.....	7-11

Independent Auditor's Report

To the Board of Directors
Amigos en Cristo, Inc.
Bonita Springs, FL

Report on the Financial Statements: We have audited the accompanying financial statements of Amigos en Cristo, Inc. (AEC), a non-profit organization, which comprise of the statement of financial position as of December 31, 2014, 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 controls 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 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 risk 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 the 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 controls. 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of AEC as of December 31, 2014, and the changes in its net assets and its cash flows for year then ended in accordance with accounting principles generally accepted in the United States of America.



Maria P. Hayes, CPA & Associates, P.L.L.C.

Naples, FL

Date: 07-30-15

AMIGOS EN CRISTO, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

ASSETS

Current Assets:

Cash, including restricted cash of \$41,814	\$ 108,188
Accounts Receivable, net of Allowance for Doubtful Accts.	18,298
Prepaid Expenses	6,288
Total Current Assets	<u>132,774</u>

Fixed Assets:

Land	170,000
Building & Equipment	423,379
Less: Accumulated Depreciation	(80,380)
Total Fixed Assets	<u>512,999</u>

TOTAL ASSETS **\$ 645,773**

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 6,492
Accrued Compensated	13,890
LCEF Mortgage	249,871
Total Current Liabilities	<u>270,253</u>

Net Assets:

Unrestricted	333,706
Temporarily Restricted	41,814
Total Net Assets	<u>375,520</u>

TOTAL LIABILITIES AND NET ASSETS **\$ 645,773**

The Accompanying notes are an integral part of this Statement

AMIGOS EN CRISTO, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES AND SUPPORT</u>			
Campaign Income	\$ 139,985	\$ 1,500	\$ 141,485
Church Related Organizations	120,524	3,000	123,524
Client Contributions	145,481	-	145,481
Grants	54,291	37,000	91,291
In-Kind Donations	295,169	-	295,169
Rental Income	11,275	-	11,275
Miscellaneous	19,125	-	19,125
TOTAL REVENUES AND SUPPORT	785,850	41,500	827,350
NET ASSETS RELEASED FROM	27,955	(27,955)	-
TOTAL SUPPORT: REVENUES AND RELEASED FROM	813,805	13,545	827,350
<u>EXPENSES</u>			
Program Services	759,022	-	759,022
Supporting Services	43,325	-	43,325
TOTAL EXPENSES	802,347	-	802,347
CHANGE IN NET ASSETS	11,458	13,545	25,003
NET ASSETS, AT	322,248	28,269	350,517
NET ASSETS, AT END OF	\$ 333,706	\$ 41,814	\$ 375,520

The Accompanying notes are an integral part of this Statement

AMIGOS EN CRISTO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014

	Program Expenses				Supporting Mgmt & Gen. Expenses	Total
	Immigration	Immokalee	Church	Fundraising		
Bad Debts	-	-	1,500	-	3,210	4,710
Benefits	40,481	2,960	15,414	1,318	4,312	64,485
Church Expenses	-	281	22,055	-	-	22,336
Continue Ed./Conferences	1,600	-	10,551	-	-	12,151
Contract Labor	-	-	190	-	260	450
Fundraising Expenses	-	-	-	10,456	299	10,755
Housing	3,284	4,926	46,345	3,284	6,568	64,407
Humanitarian Expenses	-	-	-	-	-	-
In Kind Expenses	25,140	254,389	3,360	5,560	6,720	295,169
Insurance	2,167	4,592	4,682	1,581	1,604	14,626
Interest & Fees	12	12,651	-	1,173	1,056	14,892
Maintenance	1,839	9,285	-	(2,200)	47	8,971
Miscellaneous Expenses	-	(3,598)	(6,516)	(210)	160	(10,164)
Office Supplies	4,024	101	338	457	4,026	8,946
Payroll Taxes	7,473	2,116	1,123	2,544	(2,504)	10,752
Postage	110	78	78	690	194	1,150
Printing, Publicity, PR	710	343	277	1,134	950	3,414
Professional Fees	2,000	88	68	300	4,861	7,317
Program Materials	-	6,607	3,040	-	-	9,647
Telephone	2,875	2,461	3,205	470	181	9,192
Transportation	715	5,433	7,475	711	350	14,684
Travel & Hospitality	3,668	250	2,905	574	3	7,400
Utilities	466	10,214	-	-	-	10,680
Wages and Salaries	97,410	31,083	28,119	7,241	11,846	175,699
	193,974	344,260	144,209	35,083	44,143	761,669
Depreciation Expense	-	12,722	-	-	-	12,722
	\$ 193,974	\$ 356,982	\$ 144,209	\$ 35,083	\$ 44,143	\$ 774,392

The Accompanying notes are an integral part of this Statement

AMIGOS EN CRISTO, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

CHANGE IN NET ASSETS	\$	25,003
Adjustments to Reconcile change in net Assets to Net cash Used in Operating Activities:		
Depreciation	12,722	
Decrease in Receivables	2,551	
Decrease Prepaid Expenses	2,197	
Decrease in Accounts Payable	(2,405)	
Increase Accrued Compensated Absences & Other	766	
Total Adjustments		<u>15,831</u>
NET CASH USED IN OPERATING ACTIVITIES		40,834.00

CASH FLOWS FROM INVESTING ACTIVITIES

Building Improvements	(3,907)	
Purchased Language Program Equipment	(2,574)	
Prior Period Adjustment	<u>(210)</u>	
NET CASH USED IN INVESTING ACTIVITIES		(6,691)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Paid	(939)	
NET CASH PROVIDED BY FINANCING ACTIVITIES		<u>(939)</u>

CHANGE IN CASH		33,204
CASH AT BEGINNING OF YEAR		<u>74,985</u>
CASH AT END OF YEAR		<u><u>\$ 108,188</u></u>

The Accompanying notes are an integral part of this Statement

AMIGOS EN CRISTO, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Amigos en Cristo, Inc. (the “Organization”), is a not-for-profit entity established under the laws of Florida, on April 12, 2000, and has administrative offices in Ft. Myers, Florida. The organization provides low-cost immigration, social, and spiritual services to immigrants arriving to Southwest Florida. Its mission states: “Amigos en Cristo's mission is to help immigrants to an abundant life in SW Florida (SWFL) and into eternity. In addition to word and sacrament ministry, we provide the immigrants the tools to successfully assimilate into the USA by providing legal immigration services and other humanitarian social services”.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The accounting and reporting policies of AEC are in accordance with the accounting standards issued by the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC).

Recognition of Contributions

Grant revenues are reported as income when performance occurs under the terms of the grant agreement. Promises to give (“pledges”) are recorded when pledged with a light commitment; however, contributions are recognized when the donor makes a promise to give, as an accounts receivable. At year end, Amigos reviews all A/R and the pledges are written off against A/R before year end. In reviewing history of the bad debt, an allowance is not deemed to be necessary.

Statement of Cash Flows

For purposes of reporting cash flows, AEC considers only highly liquid investments held for operations and purchased with an original maturity of three months or less to be cash equivalents.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in restricted net assets, temporarily, or permanently, if such restriction is imposed, depending on the nature of the restriction. When a donor restriction expires, or when the purpose of the restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Should the Organization not be able to comply with donor stipulations, the amounts would have to be returned to the donor.

Property and Equipment

Property and Equipment is recorded at cost, or if donated, at fair market value on the date of donation for items with a cost or donated fair value of \$1,000, or more. Depreciation is recorded using straight-line method over the estimated useful life of any building and building improvements, using 39 and 15 year useful lives. Equipment is depreciated using 200DB with half year convention on new assets, using useful lives of between 3 to 7 years, as appropriate.

In-kind Contributions of Goods and Services

Contributed goods and services are reflected at estimated fair market value at the date the services were performed, or the goods donated. A corresponding administrative expense is also recorded. In accordance with ASC 958-605-25-16, contributions of services recognized as revenues if the services received (1) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were \$295,169 such contributed goods and services during the year ended December 31, 2014. Food was donated from the Harry Chapin Food Bank in Ft. Myers, Florida, estimated with a FMV by Harry Chapin Food Bank in the amount of \$254,189. Office space was also donated with a FMV of \$38,580. Maintenance items were also donated with a FMV of \$2,400. No amounts have been recorded for donated services in as much as no objective basis is available to measure the value of such service, and/or such volunteer hours do not meet the criteria required to record such amounts under the Not-For-Profit Entities Topic of the FASB ASC.

Impairment of Long-Lived Assets

AEC adheres to the Property, Plant and Equipment Topic of the FASB ASC to account for the impairment of long-lived assets. This topic requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable. This topic had no effect on the financial statements of AEC since no assets were considered to be impaired as of December 31, 2014.

Fair Value of Financial Instruments

The FASB ASC Topic "Financial Instruments" clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurements of fair value more consistent and comparable.

AEC financial statements includes cash and cash equivalents, receivables, prepaid expenses, fixed assets, payables and accrued liabilities. AEC estimates that the fair value of these financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Functional Expenses

AEC allocates its expenses on a functional basis among its programs and supporting services (Administrative and Fundraising). Expenses that can be identified with a specific program service are allocated directly to the appropriate program. Non-direct expenses are allocated using a reasonable method determined by management.

Income Taxes

No provision for income tax expense has been made in the accompanying financial statements since AEC is exempt from income taxes under Section 501 c (3) of the Internal Revenue Code. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. AEC reports no unrelated business income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities. AEC files Form 990, Return of Organization Exempt from Income Tax, for the tax year(s) up to and including year-end December 31, 2014, and are subject to examination by the IRS, generally for three years after they were filed.

Accounting for Uncertainty in Income Tax Items

The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and AEC has adopted this guidance. AEC has evaluated its tax positions, and any estimates utilized in its tax returns, and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and 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.

Compensated Absences

Employees of the Organization are entitled to be paid for unused vacation days, depending on job classification, length of service and other factors. Any unused vacation is forfeited at the end of each calendar year, but employees who terminate their employment during the year are entitled to receive payment for any unused annual vacation at the date of termination. The organization accrued a liability for vacation at fiscal year-end 2014 in the amount of \$13,840.

NOTE B – PROPERTY AND EQUIPMENT

Property and Equipment at December 31, 2014 consists of the following:

Land	\$170,000
Buildings	414,399
Equipment	<u>8,980</u>
	593,379
Accumulated Depreciation	<u>(80,380)</u>
Total net of Depreciation	<u>\$512,999</u>

NOTE C – RETIREMENT/INSURANCE PLAN

The organization participates in the benefit plan of the Church. The Plan provides retirement and insurance benefits and covers substantially all full time employees. For employees who work more than 20 hours per week AEC provides (1) Concordia Disability and Supplemental Plan (2.25% of salary and housing) in the amount of \$4,247 for 2014; Retirement Plan (8.7% of salary and housing) in the amount of \$16,423 for 2014; Accidental Insurance Program (AIP) is provided for full-time [over 30 hours per week] and for part-time [more than 20 hours/week and less than 31 hours]], for a total cost of \$269.

Health Insurance benefits were also provided to these employees in the amount of \$37,392, through the Concordia Health Plan "E".

NOTE D – RESTRICTION OF NET ASSETS

Temporarily restricted net assets are available for:

Bus/Van	\$ 287
Immigration	\$ 27,000
Immokalee Food Pantry	491
Language Program	470
Parish Nurse Ministry	509
PEM 3	132
Theological Training	11,446
Youth Ministry	<u>1,479</u>
	<u>\$ 41,814</u>

NOTE: Amigos en Cristo will discuss with the donor, and ask for re-characterization should they not be able to deliver on the restriction of the donation.

NOTE E – NOTE PAYABLE – LCEF

The organization has a note payable with the Lutheran Church Extension Fund – Missouri Synod (LCEF) originally dated October 16, 2006, modified on October 16, 2011 and again on October 16, 2014, with a Principal balance of \$250,089.70. The terms of the new note are amortization at 240 months with a monthly payment of \$1,586.75, and fixed 4.5% APR for the first five years. Beginning with the 61st payment, the rate will adjust to the index rate at that time. The note is secured by the church building.

NOTE F – EVALUATION OF SUBSEQUENT EVENTS

Management has assessed subsequent events through July 23, 2015, the date on which the financial statements were available to be issued, and has determined no events have occurred that would require additional disclosure.

NOTE G – PRIOR PERIOD ADJUSTMENTS

An adjustment for prior period was made to remove payroll related liabilities that are from prior year(s) that have been deemed invalid by management. This adjustment has been made in the current year, and is reflected in the beginning balance of unrestricted net assets. Total adjustment is for \$691.