

LA AMISTAD FOUNDATION, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2006

LA AMISTAD FOUNDATION, INC.

DECEMBER 31, 2006

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REPONEN & COMPANY, P.A.
Certified Public Accountants

DANIEL W. REPONEN, C.P.A.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of La Amistad Foundation, Inc. (a nonprofit organization) as of December 31, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our 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, 2006, and the changes in its net assets and cash flows for the year, in conformity with accounting principles generally accepted in the United States of America.

Reponen & Co., P.A.

Reponen & Company, P.A.
Certified Public Accountants

March 2, 2007

LA AMISTAD FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2006

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,407,520
Accounts and pledges receivable	12,721
Other current assets	37,546
Total Current Assets	<u>1,457,787</u>

PROPERTY AND EQUIPMENT, NET

1,413,774

OTHER ASSETS

Beneficial interest (endowment fund)	17,942
Investments and deposits	4,783
Total Other Assets	<u>22,725</u>
Total Assets	<u>\$ 2,894,286</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 17,954
Accrued payroll and expenses	71,659
Funds held for residents	31,309
Refundable deposits	46,250
Current portion of mortgages payable	46,422
Total Current Liabilities	<u>213,594</u>

LONG TERM LIABILITIES

Mortgages payable, less current portion	201,092
Total Liabilities	<u>414,686</u>

NET ASSETS

Unrestricted	2,122,888
Permanently restricted	4,391
Temporarily restricted	352,321
Total Net Assets	<u>2,479,600</u>
Total Liabilities and Net Assets	<u>\$ 2,894,286</u>

Read accompanying notes and independent auditors' report

LA AMISTAD FOUNDATION, INC.

STATEMENT OF ACTIVITIES

DECEMBER 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Other Support				
Resident fees (net of \$133,586 scholarship allowance)	\$ 1,722,243	\$	\$	\$ 1,722,243
Contributions	49,396	362,860		412,256
Interest and dividends	49,996	-		49,996
Other income	27,345			27,345
Net assets released from donor restrictions	<u>33,600</u>	<u>(33,600)</u>		<u>-</u>
Total Revenue & Other Support	<u>1,882,580</u>	<u>329,260</u>	<u>-</u>	<u>2,211,840</u>
Expenses				
Program services	1,548,684			1,548,684
Supporting services				
Management and general	276,122			276,122
Fund raising	<u>50,309</u>			<u>50,309</u>
Total Expenses	<u>1,875,115</u>	<u>-</u>	<u>-</u>	<u>1,875,115</u>
Excess of revenue over expenses before gain on sale	7,465	329,260		336,725
Gain on sale of beneficial interest in land trust	<u>15,061</u>			<u>15,061</u>
Change in net assets	22,526	329,260		351,786
Net assets at beginning of year	<u>2,100,362</u>	<u>23,061</u>	<u>4,391</u>	<u>2,127,814</u>
Net assets at end of year	<u>\$ 2,122,888</u>	<u>\$ 352,321</u>	<u>\$ 4,391</u>	<u>\$ 2,479,600</u>

Read accompanying notes and independent auditors' report

LA AMISTAD FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2006

	Program Services	Supporting Services		Total
		Management & General	Fundraising	
Salaries	\$ 756,310	\$ 160,716	\$ 28,362	\$ 945,388
Payroll taxes	62,496	13,280	2,344	78,120
Employee benefits	96,984	20,609	3,637	121,230
Direct program costs	24,180			24,180
Medical services	5,415			5,415
Consulting/professional fees	5,591	10,534	81	16,206
Insurance	78,027	11,276	902	90,205
Food expense	85,517			85,517
Recreation programs	24,960			24,960
Rent	36,999			36,999
Repairs & maintenance	64,862	6,415		71,277
Utilities	101,814	7,154	1,101	110,069
Auto & travel	6,904			6,904
Seminars & meetings	8,599			8,599
Equipment lease	579	119		698
Linen service	3,921			3,921
Office supplies & expense	29,812	13,898	1,121	44,831
Interest	18,678			18,678
Licenses, memberships & other	7,245	226	75	7,546
Depreciation	122,958	10,810	1,351	135,119
Marketing and development	1,833	21,085		22,918
Fundraising event costs			11,335	11,335
Bad debt	5,000			5,000
Total Expenses	\$1,548,684	\$ 276,122	\$ 50,309	\$1,875,115

Read accompanying notes and independent auditors' report

LA AMISTAD FOUNDATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2006

Cash flows from operating activities:

Increase in net assets	\$ 351,785
Adjustment to reconcile decrease in net assets to net cash used in operating activities	
Depreciation	135,118
Decrease in accounts receivable	6,297
Increase in other assets	(4,962)
Increase in accounts payable and other liabilities	<u>14,822</u>
Net cash provided by operating activities	<u>503,060</u>

Cash Flows from Investing Activities:

Purchase of property and equipment	(40,757)
Decrease in land trust receivable	333,295
Increase in value of Endowment Fund and investments	<u>(2,967)</u>
Net cash provided by investing activities	<u>289,571</u>

Cash Flows from Financing Activities:

Mortgage loan payments	<u>(43,034)</u>
Net increase in cash	<u>749,597</u>

Cash & cash equivalents, beginning of year	<u>657,923</u>
Cash & cash equivalents, end of year	<u>\$ 1,407,520</u>

Supplemental Cash Flow Information:

Cash paid during the year for interest	<u>\$ 18,677</u>
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Read accompanying notes and independent auditors' report

LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2006

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The La Amistad Foundation, Inc. ("the Organization") is a non-profit corporation, which owns and operates long-term residential treatment facilities known as Lakewood Center in Central Florida for chronically mentally ill adults. The Organization provides these services to individuals from throughout the United States. Revenues are realized from these individuals and their insurance companies.

Accounts Receivable

Revenue and related receivables are recognized monthly based on participant residency. Based on management's evaluation of uncollected accounts receivable at the end of each year, bad debts are provided for on the allowance method. The allowance for doubtful accounts as of December 31, 2006 was \$40,000.

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.

Income Taxes

La Amistad Foundation, Inc. is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and similar Florida statutes and operates as a private foundation. Contributions to La Amistad Foundation, Inc. qualify as charitable contribution deductions to the extent allowable by income tax regulations.

Read independent auditors' report

LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2006

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED**

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized and recorded at cost or, if donated, at estimated fair value at date of donation. Depreciation is recorded using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	15-35
Furniture, fixtures and equipment	5-7
Vans and autos	3-5

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.

The Organization uses the allowance method to provide for uncollectible unconditional pledges and promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. No allowance was provided at December 31, 2006 as all pledges are considered collectible.

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 benefited.

Read independent auditors' report

LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2006

NOTE 2 - CASH

The total cash held by the Organization at December 31, 2006, exceeded federally insured limits by \$1,294,099. It is the opinion of management that the solvency of the financial institutions holding the cash is not of particular concern at this time.

Seed money to begin an endowment fund was provided by a donor and is reflected as permanently restricted.

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Net assets released from restrictions during the period were as follows:

Scholarships, tuition	\$ 30,000
Other	<u>3,600</u>
	\$ <u>33,600</u>

Temporarily restricted net assets at December 31, 2006 are as follows:

Building fund	\$ 215,900
Endowment fund	100,000
Scholarships	<u>36,421</u>
	\$ <u>352,321</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2006 consisted of the following:

Land and improvements	\$ 280,929
Buildings and improvements	2,634,865
Furniture, fixtures and equipment	263,386
Pool	88,780
Vehicles	<u>101,064</u>
	\$3,369,024
Less: accumulated depreciation	<u>(1,955,249)</u>
	\$ <u>1,413,775</u>

Read independent auditors' report

LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2006

NOTE 5 - LAND TRUST

On December 29, 1986, the Organization received the ownership rights and privileges of an interest in a land trust donated by an individual who was an original one-third beneficiary of the trust. The land was sold in 2005 and gains of \$142,894 and \$15,061 were recognized in 2005 and 2006.

NOTE 6 - RETIREMENT PLAN

The Organization has a simplified employee pension plan for its employees. All employees with three years in service are eligible to participate. In 2006 the Organization paid \$33,977 to the plan, which represented 5% of qualified wages. Contributions to the plan are discretionary and management funding (if any) will vary from year to year.

NOTE 7 - LONG-TERM DEBT

	December 31, 2006	
	<u>Total</u>	<u>Current</u>
Mortgage note payable to bank, collateralized by land and building; monthly payments of \$2,084, interest at 5.96% through February 2014.	\$ 145,158	\$ 16,844
Mortgage note payable to an individual, collateralized by land and building; monthly payments of \$3,058, principal and interest at 8.00% per annum through February 2010.	<u>102,356</u>	<u>29,578</u>
Total Notes Payable	<u>\$ 247,514</u>	<u>\$ 46,422</u>

Maturities of long-term debt during the next five years are as follows:

December 31, 2007	\$ 46,422
December 31, 2008	49,908
December 31, 2009	53,662
December 31, 2010	26,187
December 31, 2011	21,366
Thereafter	<u>49,969</u>
	<u>\$247,514</u>

Read independent auditors' report

LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2006

NOTE 8 - BENEFICIAL INTEREST

La Amistad Foundation, Inc. has transferred funds to the Community Foundation of Central Florida, Inc. (CFCF). The transfer is irrevocable, however, CFCF will make annual distributions of income earned on the fund to La Amistad, subject to CFCF's spending policy. La Amistad is the beneficiary of the donation and has not granted variance power to CFCF. The asset is valued (as determined by the recipient organization) at \$17,942 at December 31, 2006. La Amistad has funded this investment as an endowment.

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