



CASA ESPERANZA, INC.

Financial Statement
And
Independent Auditor's Report

June 30, 2008

CASA ESPERANZA, INC.
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FOR THE YEAR ENDED JUNE 30, 2008

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**CASA ESPERANZA, INC.
OFFICIAL ROSTER
FOR THE YEAR ENDED JUNE 30, 2008**

BOARD OF DIRECTORS

Johnese M. Turri	Chair
Leo Moya	Vice Chair
Anthony R. Masciotra, Jr.	Treasurer
Lily Curtis	Secretary
Beth Brodie	Director
Melanie Cravens	Director
Ryan Dobbs	Director
Mary Ann Howard	Director
Trevor Lewis	Director
Fred Moore	Director
Betty L. Shaum	Director
Sherri Wells	Director

ADMINISTRATIVE STAFF

Eileen Cook	Executive Director
Mary Loyd	Financial Director

O.D. WATERS, PC
CERTIFIED PUBLIC ACCOUNTANT

2425 Alamo SE, Suite C.
Albuquerque, NM 87106

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To the Board of Directors of
Casa Esperanza, Inc.
Albuquerque, New Mexico

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of Casa Esperanza, Inc. (a nonprofit organization) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Casa Esperanza'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 from 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.

The financial statements of Casa Esperanza, Inc. as of and for the year ended June 30, 2008, do not consolidate the financial statements of Casa Esperanza Endowment Foundation, Inc., (a supporting organization and related non-profit). U.S. generally accepted accounting principles require consolidation of not-for-profit organizations in which an economic or controlling interest exists. If Casa Esperanza Endowment Foundation, Inc. had been consolidated with Casa Esperanza, Inc. as of June 30, 2008, total assets, liabilities and net assets would be increased by approximately \$1,867,545, and the change in net assets for the year ended June 30, 2008, would decrease by approximately \$9,129.

In our opinion, except for the effects of not consolidating Casa Esperanza Endowment Foundation, Inc., as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Casa Esperanza, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Ollie D. Waters, CPA
O.D. Waters, PC
Albuquerque, New Mexico
September 19, 2008

CASA ESPERANZA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

ASSETS:

Current Assets

Cash and Cash Equivalents (Note 2)	\$ 190,509
Accounts Receivable	18,725
Contributions Receivable	4,692
Grant Receivables (Note 3)	85,496
Related Party Receivable (Note 4)	16,987
Other Receivables	1,216
Inventory	2,164
Prepaid Expenses	<u>463</u>
Total Current Assets	<u>320,252</u>

Property & Equipment

Property & Equipment (Note 5)	1,873,414
Less Accumulated Depreciation (Note 5)	<u>(919,307)</u>
Net Property & Equipment	<u>954,107</u>

Other Assets

Contributed Use of Property (Note 6)	127,272
Technology Vouchers	<u>7,000</u>
Total Other Assets	<u>134,272</u>

Total Assets	<u><u>\$ 1,408,631</u></u>
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LIABILITIES:

Current Liabilities

Accounts Payable	\$ 8,342
Accrued Wages & Benefits (Note 7)	20,273
Deposits Payable	2,305
Current Portion of Note Payable (Note 8)	<u>13,761</u>
Total Current Liabilities	44,681

Long Term Liabilities

Note Payable-net of current portion (Note 8)	<u>4,576</u>
Total Liabilities	<u>49,257</u>

NET ASSETS:

Unrestricted (Note 9)	1,134,557
Temporarily Restricted (Note 9)	<u>224,817</u>
Total Net Assets	<u>1,359,374</u>
Total Liabilities & Net Assets	<u><u>\$ 1,408,631</u></u>

SEE INDEPENDENT AUDITOR'S REPORT
The Accompanying Notes Are An Integral Part Of These Financial Statements

CASA ESPERANZA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE:			
Grants (Note 10)	209,150	53,500	262,650
Program Income	252,483	-	252,483
Contributions and Support, net of allowance of \$1,829	58,097	14,407	72,504
Foundation Support	70,432	-	70,432
Event Income	20,351	-	20,351
Interest Income	3,182	-	3,182
Other Income	3,120	-	3,120
In-Kind Income (Note 11)	46,038	-	46,038
Net Assets released from restrictions:			
Restrictions satisfied by program payments	52,501	(52,501)	-
Total Revenue	715,354	15,406	730,760
EXPENSES:			
Program	516,956	-	516,956
General & Administrative	148,354	-	148,354
Fundraising (Note 12)	10,922	-	10,922
Total Expenses before Depreciation	676,232	-	676,232
Change in Net Assets before Depreciation	39,122	15,406	54,528
Depreciation Expense (Note 5)	70,633	-	70,633
Increase (Decrease) in Net Assets	(31,511)	15,406	(16,105)
Net Assets at Beginning of Year	1,166,068	209,411	1,375,479
Net Assets at End of Year	\$ 1,134,557	\$ 224,817	\$ 1,359,374

SEE INDEPENDENT AUDITOR'S REPORT
The Accompanying Notes Are An Intergral Part Of These Financial Statements

CASA ESPERANZA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

	PROGRAM SERVICES		
	PATIENT NAVIGATION & SURVIVOR SERVICES	PATIENT LODGING	TOTAL PROGRAM SERVICES
Salaries & Wages	69,907	136,353	206,260
Payroll Taxes	5,568	12,064	17,632
Benefits (Note 13)	14,112	33,130	47,242
Utilities	907	47,324	48,231
Professional Services	467	33,550	34,017
Repairs & Maintenance	369	26,433	26,802
Patient Support	7,099	15,000	22,099
Occupancy (Note 6)	-	21,000	21,000
Office Expenses	648	9,547	10,195
Resident Supplies	-	20,126	20,126
In-Kind Expenses	100	17,968	18,068
Insurance	-	14,514	14,514
Printing & Publications	527	3,889	4,416
Postage & Shipping	47	4,111	4,158
Advertising & Promotion	236	4,756	4,992
Staff & Donor Recognition	299	2,389	2,688
Assistance to Beneficiary	-	4,240	4,240
Travel & Mileage	428	2,991	3,419
Board Expenses	-	43	43
Cost of Sales	-	2,198	2,198
Conferences & Meetings	467	622	1,089
Interest Expense	-	2,082	2,082
Bad Debt Expenses	-	792	792
Loss on Asset Disposition	-	653	653
	-	-	-
Expenses Before Depreciation	101,181	415,775	516,956
Depreciation Expense (Note 5)	-	68,517	68,517
Total Expenses	101,181	484,292	585,473

SEE INDEPENDENT AUDITOR'S REPORT
The Accompanying Notes Are An Integral Part Of These Financial Statements

CASA ESPERANZA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

	SUPPORTING SERVICES			2008 TOTAL EXPENSES
	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	
Salaries & Wages	78,618	954	79,572	285,832
Payroll Taxes	6,643	96	6,739	24,371
Benefits (Note 13)	23,979	433	24,412	71,654
Utilities	1,533	1,047	2,580	50,811
Professional Services	7,564	27	7,591	41,608
Repairs & Maintenance	1,671	1,123	2,794	29,596
Patient Support	5,000	280	5,280	27,379
Occupancy (Note 6)	-	-	-	21,000
Office Expenses	10,754	-	10,754	20,949
Resident Supplies	-	-	-	20,126
In-Kind Expenses	-	-	-	18,068
Insurance	1,166	334	1,500	16,014
Printing & Publications	3,190	2,239	5,429	9,845
Postage & Shipping	1,255	1,746	3,001	7,159
Advertising & Promotion	638	1,320	1,958	6,950
Staff & Donor Recognition	2,395	1,024	3,419	6,107
Assistance to Beneficiary	-	-	-	4,240
Travel & Mileage	579	155	734	4,153
Board Expenses	2,483	-	2,483	2,526
Cost of Sales	-	-	-	2,198
Conferences & Meetings	886	144	1,030	2,119
Interest Expense	-	-	-	2,082
Bad Debt Expenses	-	-	-	792
Loss on Asset Disposition	-	-	-	653
	-	-	-	-
Expenses Before Depreciation	148,354	10,922	159,276	676,232
Depreciation Expense (Note 5)	2,116	-	2,116	70,633
Total Expenses	150,470	10,922	161,392	746,865

SEE INDEPENDENT AUDITOR'S REPORT
The Accompanying Notes Are An Integral Part Of These Financial Statements

**CASA ESPERANZA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from rental fees	\$ 260,857
Cash received from grantors	228,775
Cash received from foundation support	70,432
Cash received from contributions and support	68,300
Proceeds from fundraising event	20,351
Cash received from interest income	3,182
Cash received from other income sources	3,120
Cash paid for interest	(2,082)
Cash paid for operating expenses	(263,641)
Cash paid to and on behalf of employees	(388,847)
Net cash provided by operating activities	<u>447</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash paid for investment in equipment	<u>(29,436)</u>
Net cash provided by investing activities	<u>(29,436)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on debt	<u>(12,943)</u>
Net cash provided by financing activities	<u>(12,943)</u>
Net increase (decrease) in cash and cash equivalents	(41,932)
Cash and cash equivalents at beginning of year	<u>232,441</u>
Cash and cash equivalents at end of year	<u>\$ 190,509</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Increase in Net Assets	\$ (16,105)
Adjustments to reconcile increases in net assets to cash provided by operating activities:	
Depreciation	70,633
Unrealized loss on asset disposition	522
(Increases) Decreases in operating assets:	
(Increase) Decrease in Account Receivable	9,416
(Increase) Decrease in Prepaid Expenses	7,072
(Increase) Decrease in Other Receivable	(1,042)
(Increase) Decrease in Inventory	(1,769)
(Increase)Decrease in Contribution Receivable	(4,204)
(Increase) Decrease in Foundation Receivable	(16,547)
(Increase)Decrease in Grant Receivable	(33,875)
Increases (Decreases) in operating liabilities:	
Increase (Decrease) in Deposits	190
Increase (Decrease) in Accounts Payable	(6,854)
Increase (Decrease) in Accrued Wages & Benefits	(6,990)
Net cash provided by operating activities	<u>\$ 447</u>
SIGNIFICANT NON CASH ACTIVITIES	
In-Kind Donation of Professional Services	5,030
In-Kind Donation of Supplies	17,367
In-Kind Donation of Long Lived Assets	<u>23,641</u>
Total non-cash activities	<u>46,038</u>

SEE INDEPENDENT AUDITOR'S REPORT
The Accompanying Notes Are An Integral Part Of These Financial Statements

CASA ESPERANZA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Note 1. Summary of Significant Accounting Policies

A. Function of Entity

Casa Esperanza, Inc., a nonprofit organization, was incorporated in the State of New Mexico on April 9, 1987. The stated mission of Casa Esperanza, Inc. is to provide a facility offering temporary lodging for cancer patients and their family members while the patient is undergoing diagnostic, treatment, or follow up care in a Albuquerque health care facility. Casa Esperanza, Inc. operates and maintains twenty-eight rooms specifically for this purpose.

In addition to the provision of low cost lodging to cancer patients and their families, Casa Esperanza, Inc. provides comprehensive support services. These programs are as follows:

Clinical Counseling:

Clinical support services include:

- Professional counseling and confidential consultation regarding any mental, emotional, or psychological issues related to cancer and cancer treatment for individuals and families.
- Psycho-educational presentations and discussion groups for staff and families on a variety of issues related to cancer and cancer treatment.

Patient Navigation and Survivor Services:

- This program provides for an on-site Cancer Information and Resource Center with free publications and materials on cancer related topics. Dedicated staff are available to assist patients and families with:
 - Locating resources
 - Communicating with your health care team
 - Coordinating translation services
 - Interpreting physician instructions
 - Locating counseling and mental health providers
 - Finding survivors and support groups
 - Solving practical problem related to treatment
 - Finding legal and financial counseling services.

Funding for these programs is provided by grants from the NM Departments of Health and Human Services, the Con Alma Foundation, the United Way of Central NM, the Red Rock Foundation, the Frost Foundation, the McCune Foundation, and the Casa Esperanza Endowment Foundation. Additional funding is provided by grants from various foundations, support from individual and corporate donors, and proceeds from the provision of patient and family lodging.

Casa Esperanza, Inc. is governed by a Board of Directors, which has the responsibility for determining policy and for the execution and evaluation of programs and activities conducted by the Organization. Board members represent government, business, public sector, and private individuals. The term served by Board members is three years.

CASA ESPERANZA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

B. Tax Exempt Status

Casa Esperanza, Inc. is exempt from Federal Income taxes under section 501C(3) of the Internal Revenue Code and is not considered a private foundation within the meaning of Section 509 (A) of the Code.

C. Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenues are recognized when earned rather than received, and expenses are recognized when the related liability is incurred rather than when paid.

D. Financial Statement Presentation

The accompanying financial statements have been prepared following the guidance required under Financial Accounting Standards (SFAS) #116 "*Accounting for Contributions Received and Contributions Made*" and (SFAS) #117, "*Financial Statements of Not-for-Profit Organizations.*" Under guidance expressed in these statements, "An organization's net assets and its revenues, expenses, gains and losses are classified based on whether they are restricted by donors. Amounts for each of these three classes of net assets; permanently restricted, temporarily restricted, and unrestricted, are required to be displayed in a statement of financial position and amounts of change in each of these classes of net assets are required to be displayed in a statement of activities. Recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expire is required. Expirations of restrictions that simultaneously increase one class of net assets and decrease another (reclassifications) are reported separately from other transactions in the statement of activities".

Amounts for Casa Esperanza Inc.'s total assets, liabilities and net assets are to be reported in a statement of financial position; the change in Casa Esperanza Inc.'s net assets is reported in a statement of activities; and the change in its cash and cash equivalents is reported in a statement of cash flows.

E. Statement of Cash Flows

For purposes of the statement of cash flows, Casa Esperanza, Inc. considers all highly liquid investments as cash equivalents. At June 30, 2008, Casa Esperanza, Inc. did not own any cash equivalents. Cash includes amounts held in checking accounts at local banking institutions.

F. Grant Receivables

Grant receivables represent the amount expended during the grant period but reimbursed by the grantor after year-end. When revenues are received in the next year, the receivable will then be reduced.

G. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

CASA ESPERANZA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Note 1. Summary of Significant Accounting Policies –continued:

H. Fixed Assets

Fixed assets are stated at cost. Casa Esperanza, Inc. capitalizes all acquisitions at cost in excess of \$500. Depreciation, which includes the assets recorded under capital leases, is computed principally using the straight-line method over the estimated useful lives of individual assets. Asset lives range from three to forty years.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Contribution of Services

Contributions of services are recognized in the financial statements of Casa Esperanza, Inc. only if the services received (a) create or enhance the nonfinancial assets of Casa Esperanza, Inc., and (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

K. Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specified purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Casa Esperanza, Inc. reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Casa Esperanza, Inc. reclassifies temporarily restricted net assets to unrestricted net assets at that time.

L. Restricted and Unrestricted Support and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

M. Expense Allocation

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

**CASA ESPERANZA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

Note 2. Cash Balances

Casa Esperanza Inc.'s cash balance on the Statement of Financial Position consists of the following at June 30, 2008:

	<u>Reconciled Balance</u>
Checking & Savings Accts	\$185,585
Cash on Hand	<u>4,924</u>
Total	<u>\$190,509</u>

All deposits with financial institutions are fully insured with the Federal Deposit Insurance Corporation.

Note 3. Grant Receivable

Grant receivables represent the following amounts due to Casa Esperanza, Inc. at June 30, 2008:

NM Department of Health	\$ 20,536
NM Human Services Department	11,460
Con Alma Foundation	25,000
United Way of Central NM	<u>28,500</u>
Total	<u>\$85,496</u>

Note 4. Related Party Receivable

Casa Esperanza Inc. incurred and paid expenses on behalf of the Casa Esperanza Endowment Foundation. Reimbursement for these expenses was received from the Endowment Foundation subsequent to June 30, 2008.

Note 5. Property & Equipment

The components of property and equipment at June 30, 2008 are as follows:

Vehicles	\$2,578
Furniture and Fixtures	423,793
Equipment	87,172
Leasehold Improvements	22,164
Buildings	1,337,707
Total property & equipment	<u>1,873,414</u>
Less accumulated depreciation	<u>(919,307)</u>
Net property & equipment	<u>\$954,107</u>

Depreciation expense for the year ended June 30, 2008 was \$70,633.

CASA ESPERANZA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Note 6. Contributed Use of Property

Casa Esperanza, Inc. received the use of the land on which the facility is constructed in the form of a 25 year, no cost, lease that originated in June of 1992. The contributed land was recorded at fair market value on the date of the donation. The fair market value of the contribution is reduced annually to record the recognition of income and the reduction in market value. The annual revenue recognized as a result of this transaction is recorded as in-kind income based on an amortization rate of 9.25% over the life of the lease. The amount receivable over the next five years, and thereafter, is as follows:

2009	\$12,576
2010	13,409
2011	14,296
2012	15,242
2013	16,251
Thereafter	<u>55,498</u>
Total Contribution Receivable	<u>\$127,271</u>

The amount recorded as income over the next five years, and thereafter, is as follows:

2009	\$8,424
2010	7,591
2011	6,704
2012	5,758
2013	4,749
Thereafter	<u>7,502</u>
Total Contribution Receivable	<u>\$40,728</u>

In each year the total of these two amounts are offset by recording an in-kind occupancy expense in the amount of \$21,000.

Note 7. Accrued Wages & Benefits

Employees of Casa Esperanza, Inc. earn wages and annual leave based on stated policies. Earned but unpaid wages and annual leave are payable to the employee upon termination. These accrued amounts are shown as a liability on the statement of financial position and the related change in liability is reflected as an expense in the year of change.

Note 8. Note Payable

Casa Esperanza, Inc. has an obligation to Wells Fargo Bank bearing interest rates based upon the prime rate plus 1%. Currently Casa Esperanza, Inc. is paying 6%. The loans are payable in monthly installments of \$1,173, including interest, and is collateralized by demand deposits.

Loan maturities for each of the five years following June 30, 2008 are as follows:

2009	\$13,761
2010	4,576
2011	0
2012	0
2013	0
Thereafter	<u>0</u>
Total Note Payable	<u>\$18,337</u>

CASA ESPERANZA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Note 9. Net Assets

Casa Esperanza, Inc. classifies its net assets into the following categories:

Unrestricted – net assets that are not subject to donor-imposed stipulations. This includes certain amounts designated by the Board for grants, endowments and other purposes.

Temporarily Restricted – net assets subject to donor-imposed stipulations that, may, or will be met either by actions of Casa Esperanza, Inc. and/or the passage of time.

Temporarily restricted net assets at June 30, 2008 consist of:

Assets restricted under Land Lease	127,271
United Way of Central NM	28,500
Con Alma Foundation	25,000
Revenue restricted to specific programs	<u>44,046</u>
Total	<u>\$224,817</u>

Permanently Restricted – net assets subject to donor-imposed restrictions that they be maintained permanently by Casa Esperanza, Inc.

Note 10. Grant Income

Grant income represents support received by the Casa Esperanza, Inc. from the following funding sources:

NM Department of Health	126,400
Con Alma Foundation	50,000
United Way of Central NM	28,500
Red Rock Foundation	10,000
Frost Foundation	10,000
McCune Foundation	10,000
Other	<u>27,750</u>
Total grant income	<u>\$ 262,650</u>

Note 11. Donated Materials and Services

During the fiscal year ended June 30, 2008, Casa Esperanza, Inc. received \$5,030 in donated professional services, \$17,367 in donated materials and supplies, and \$23,641 in contributed use of property.

Note 12. Fundraising

Casa Esperanza, Inc. conducted ongoing fundraising appeals in order to raise awareness for their mission, and to persuade potential donors to make contributions and grants to the Organization. For the year ended June 30, 2008, fund raising expense was \$10,922. Funds raised as a result of these expenses were approximately \$355,505. This resulted in a fundraising ratio of 3%, (\$10,922 in expenses divided by \$355,505 in contribution revenue).

CASA ESPERANZA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Note 13. Benefit Plans

Casa Esperanza, Inc. participates in a defined contribution retirement plan administered by Mutual of America. This plan is for the benefit of all eligible professional and support staff of Casa Esperanza, Inc. who qualify under applicable participation requirements. Under the terms of the plan, contributions are made under Section 403(b) of the Code and are invested, at the discretion of the plan participant, in one or more of the investment vehicles available under the plan. The plan provides for Casa Esperanza, Inc. to match participant contributions up to 15% of eligible salary. Retirement expense for the year ended June 30, 2008 totaled \$32,293.

Note 14. Operating Leases

Casa Esperanza, Inc. leases a digital copier under an operating lease expiring in March of 2012. Rental expenses under the operating lease were approximately \$7,572. The future remaining lease payments under these agreements are as follows:

Year ended June 30,	
2009	7,572
2010	7,572
2011	7,572
2012	5,679
2013	<u>0</u>
Remaining balance on leases	<u>\$28,395</u>