



CASA ESPERANZA, INC.

Financial Statement
And
Independent Auditor's Report

June 30, 2009

**CASA ESPERANZA, INC.
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FOR THE YEAR ENDED JUNE 30, 2009**

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**CASA ESPERANZA, INC.
OFFICIAL ROSTER
FOR THE YEAR ENDED JUNE 30, 2009**

BOARD OF DIRECTORS

Johnese M. Turri	Chair
Leo Moya	Vice Chair
Anthony R. Masciotra, Jr.	Treasurer
Julie Tierney	Secretary
Lia Armstrong	Director
Beth Brodie	Director
Melanie Cravens	Director
Lily Curtis	Director
Ryan Dobbs	Director
Trevor Lewis	Director
Ginny Longbotham	Director
Jennifer Lowrie	Director
Justine Meehan	Director
Fred Moore	Director
T. Zane Reeves	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

4317 Lead SE, Suite C.
Albuquerque, NM 87108

Phone: 505-260-0616
Fax: 505-212-0822
Email: odwaterscpa@msn.com

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, 2009, 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. The prior year summarized comparative information has been derived from Casa Esperanza Inc.'s 2008 financial statements and in our report dated September 19, 2008, we expressed an unqualified opinion on those statements.

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, 2009, 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, 2009, total assets, liabilities and net assets would be increased by approximately \$1,392,034, and the change in net assets for the year ended June 30, 2009, would decrease by approximately \$483,015.

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, 2009, 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 13, 2009

CASA ESPERANZA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008

ASSETS:

	<u>2009</u>	<u>2008</u>
Current Assets		
Cash and Cash Equivalents (Note 2)	\$ 181,729	\$ 190,509
Accounts Receivable	32,355	30,185
Contributions Receivable	4,602	4,692
Grant Receivables (Note 3)	50,000	74,036
Related Party Receivable	-	16,987
Other Receivables	88	1,216
Inventory	3,281	2,164
Prepaid Expenses	1,856	463
Total Current Assets	<u>273,911</u>	<u>320,252</u>
Property & Equipment		
Property & Equipment (Note 4)	2,006,803	1,873,414
Less Accumulated Depreciation (Note 4)	<u>(992,996)</u>	<u>(919,307)</u>
Net Property & Equipment	<u>1,013,807</u>	<u>954,107</u>
Other Assets		
Contributed Use of Property (Note 5)	114,696	127,272
Technology Vouchers	-	7,000
Construction in Progress	62,795	-
Total Other Assets	<u>177,491</u>	<u>134,272</u>
Total Assets	<u>\$ 1,465,209</u>	<u>\$ 1,408,631</u>

LIABILITIES:

Current Liabilities		
Accounts Payable	\$ 13,032	\$ 8,342
Accrued Wages & Benefits (Note 6)	21,952	20,273
Deposits Payable	3,863	2,305
Other Payables	826	-
Current Portion of Note Payable	-	13,761
Total Current Liabilities	<u>39,673</u>	<u>44,681</u>
Long Term Liabilities		
Note Payable-net of current portion	-	4,576
Total Liabilities	<u>39,673</u>	<u>49,257</u>

NET ASSETS:

Unrestricted (Note 7)	1,245,560	1,134,557
Temporarily Restricted (Note 7)	179,976	224,817
Total Net Assets	<u>1,425,536</u>	<u>1,359,374</u>
Total Liabilities & Net Assets	<u>\$ 1,465,209</u>	<u>\$ 1,408,631</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, 2009
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
REVENUE:				
Grants (Note 8)	\$ 151,155	\$ 87,500	\$ 238,655	\$ 262,650
Program Income	239,454	-	239,454	252,483
Contributions and Support	73,395	23,500	96,895	72,504
Foundation Support	244,371	-	244,371	70,432
Event Income	13,214	-	13,214	20,351
Interest Income	1,287	-	1,287	3,182
Other Income	3,867	-	3,867	3,120
In-Kind Income (Note 9)	48,126	-	48,126	46,038
Net Assets released from restrictions:				
Restrictions satisfied by program payments	155,841	(155,841)	-	-
Total Revenue	<u>930,710</u>	<u>(44,841)</u>	<u>885,869</u>	<u>730,760</u>
EXPENSES:				
Program	576,723	-	576,723	516,956
General & Administrative	159,126	-	159,126	148,354
Fundraising (Note 10)	10,169	-	10,169	10,922
Total Expenses before Depreciation	<u>746,018</u>	<u>-</u>	<u>746,018</u>	<u>676,232</u>
Change in Net Assets before Depreciation	184,692	(44,841)	139,851	54,528
Depreciation Expense (Note 4)	<u>73,689</u>	<u>-</u>	<u>73,689</u>	<u>70,633</u>
Increase (Decrease) in Net Assets	111,003	(44,841)	66,162	(16,105)
Net Assets at Beginning of Year	1,134,557	224,817	1,359,374	1,375,479
Net Assets at End of Year	<u>\$ 1,245,560</u>	<u>\$ 179,976</u>	<u>\$ 1,425,536</u>	<u>\$ 1,359,374</u>

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, 2009
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008

	PROGRAM SERVICES		
	PATIENT NAVIGATION & SURVIVOR SERVICES	PATIENT LODGING	TOTAL PROGRAM SERVICES
Salaries & Wages	\$ 81,716	\$ 140,327	\$ 222,043
Payroll Taxes	6,804	12,185	18,989
Benefits (Note 11)	24,842	48,203	73,045
Utilities	805	48,230	49,035
Professional Services	387	35,341	35,728
Repairs & Maintenance (Note 12)	-	26,801	26,801
Patient Support	27,842	-	27,842
Occupancy (Note 5)	-	21,000	21,000
Office Expenses	432	6,727	7,159
Resident Supplies	-	16,329	16,329
In-Kind Expenses	3,065	39,417	42,482
Insurance	-	14,150	14,150
Printing & Publications	390	2,673	3,063
Postage & Shipping	242	4,157	4,399
Advertising & Promotion	232	4,747	4,979
Staff & Donor Recognition	402	866	1,268
Assistance to Beneficiary	-	2,199	2,199
Travel & Mileage	257	3,366	3,623
Board Expenses	-	-	-
Cost of Sales	-	-	-
Conferences & Meetings	527	766	1,293
Interest Expense	-	663	663
Bad Debt Expenses	-	633	633
Loss on Asset Disposition	-	-	-
	-	-	-
Expenses Before Depreciation	147,943	428,780	576,723
Depreciation Expense (Note 4)	223	72,382	72,605
Total Expenses	<u>\$ 148,166</u>	<u>\$ 501,162</u>	<u>\$ 649,328</u>

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, 2009
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008

	SUPPORTING SERVICES			2009	2008
	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	TOTAL EXPENSES	TOTAL EXPENSES
Salaries & Wages	\$ 70,606	\$ -	\$ 70,606	\$ 292,649	\$ 285,832
Payroll Taxes	6,032	-	6,032	25,021	24,371
Benefits (Note 11)	32,109	-	32,109	105,154	71,654
Utilities	1,609	-	1,609	50,644	50,811
Professional Services	11,125	12	11,137	46,865	41,608
Repairs & Maintenance (Note 12)	2,557	-	2,557	29,358	29,596
Patient Support	-	571	571	28,413	27,379
Occupancy (Note 5)	-	-	-	21,000	21,000
Office Expenses	12,730	58	12,788	19,947	20,949
Resident Supplies	-	-	-	16,329	20,126
In-Kind Expenses	4,010	176	4,186	46,668	18,068
Insurance	5,424	-	5,424	19,574	16,014
Printing & Publications	1,908	1,376	3,284	6,347	9,845
Postage & Shipping	2,325	2,266	4,591	8,990	7,159
Advertising & Promotion	683	289	972	5,951	6,950
Staff & Donor Recognition	3,135	1,337	4,472	5,740	6,107
Assistance to Beneficiary	-	-	-	2,199	4,240
Travel & Mileage	485	5	490	4,113	4,153
Board Expenses	2,282	-	2,282	2,282	2,526
Cost of Sales	-	2,152	2,152	2,152	2,198
Conferences & Meetings	981	57	1,038	2,331	2,119
Interest Expense	-	-	-	663	2,082
Bad Debt Expenses	1,125	1,870	2,995	3,628	792
Loss on Asset Disposition	-	-	-	-	653
	-	-	-	-	-
Expenses Before Depreciation	159,126	10,169	169,295	746,018	676,232
Depreciation Expense (Note 4)	1,084	-	1,084	73,689	70,633
Total Expenses	\$ 160,210	\$ 10,169	\$ 170,379	\$ 819,707	\$ 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, 2009
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from rental fees	\$ 238,412	\$ 260,857
Cash received from grantors	262,691	228,775
Cash received from foundation support	181,575	70,432
Cash received from contributions and support	96,985	68,300
Proceeds from fundraising event	13,214	20,351
Cash received from interest income	1,287	3,182
Cash received from other income sources	3,868	3,120
Cash paid for interest	(663)	(2,082)
Cash paid for operating expenses	(245,852)	(263,641)
Cash paid to and on behalf of employees	(421,147)	(388,847)
Net cash provided by operating activities	<u>130,370</u>	<u>447</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for investment in equipment	<u>(120,813)</u>	<u>(29,436)</u>
Net cash provided by investing activities	<u>(120,813)</u>	<u>(29,436)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	<u>(18,337)</u>	<u>(12,943)</u>
Net cash provided by financing activities	<u>(18,337)</u>	<u>(12,943)</u>
Net increase (decrease) in cash and cash equivalents	(8,780)	(41,932)
Cash and cash equivalents at beginning of year	<u>190,509</u>	<u>232,441</u>
Cash and cash equivalents at end of year:	<u>\$ 181,729</u>	<u>\$ 190,509</u>

**RECONCILIATION OF INCREASE IN NET ASSETS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Increase in Net Assets	\$ 66,162	\$ (16,105)
Adjustments to reconcile increases in net assets to cash provided by operating activities:		
Depreciation	73,689	70,633
Non cash Endowment support	(62,795)	
Unrealized loss on asset disposition	-	522
(Increases) Decreases in operating assets:		
(Increase) Decrease in Account Receivable	(2,170)	9,416
(Increase) Decrease in Prepaid Expenses	(1,393)	7,072
(Increase) Decrease in Other Receivable	1,128	(1,042)
(Increase) Decrease in Inventory	(1,117)	(1,769)
(Increase)Decrease in Contribution Receivable	90	(4,204)
(Increase) Decrease in Foundation Receivable	16,987	(16,547)
(Increase)Decrease in Grant Receivable	24,036	(33,875)
(Increase)Decrease in Technology Vouchers	7,000	-
Increases (Decreases) in operating liabilities:		
Increase (Decrease) in Deposits	2,384	190
Increase (Decrease) in Accounts Payable	4,690	(6,854)
Increase (Decrease) in Accrued Wages & Benefits	1,679	(6,990)
Net cash provided by operating activities	<u>\$ 130,370</u>	<u>\$ 447</u>

CASA ESPERANZA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

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, the Walmart Foundation, the Hancock Foundation, the Albert I. Pierce 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, 2009

Note 1. Summary of Significant Accounting Policies –continued:

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 with an original maturity of three months or less as cash equivalents. At June 30, 2009, 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, 2009

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 \$1,000. 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, 2009

Note 1. Summary of Significant Accounting Policies –continued:

N. Prior –Year Comparative Information

The financial statements include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with financial statements for the year ended June 30, 2008 from which the summarized information was derived.

Note 2. Cash Balances

Casa Esperanza Inc.'s cash balance on the Statement of Financial Position consists of the following at June 30, 2009:

	<u>Reconciled Balance</u>
Checking & Savings Accts	\$179,761
Cash on Hand	<u>1,968</u>
Total	<u>\$181,729</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, 2009:

United Way of Central NM	<u>\$ 50,000</u>
Total	<u>\$ 50,000</u>

Note 4. Property & Equipment

The components of property and equipment at June 30, 2009 are as follows:

Vehicles	\$ 2,578
Furniture and Fixtures	423,793
Equipment	92,936
Leasehold Improvements	149,789
Buildings	<u>1,337,707</u>
Total property & equipment	2,006,803
Less accumulated depreciation	<u>(992,996)</u>
Net property & equipment	<u>\$1,013,807</u>

Depreciation expense for the year ended June 30, 2009 was \$73,689.

CASA ESPERANZA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

Note 5. 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:

2010	13,409
2011	14,296
2012	15,242
2013	16,251
2014	14,741
Thereafter	<u>40,757</u>
Total Contribution Receivable	<u>\$114,697</u>

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

2010	7,591
2011	6,704
2012	5,758
2013	4,749
2014	3,673
Thereafter	<u>3,829</u>
Total Contribution Receivable	<u>\$32,304</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 6. 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.

CASA ESPERANZA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

Note 7. 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, 2009 consist of:

Assets restricted under Land Lease	106,272
United Way of Central NM	50,000
Revenue restricted to specific programs	<u>23,704</u>
Total	<u>\$179,976</u>

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

Note 8. Grant Income

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

NM Department of Health	115,000
United Way of New Mexico	50,000
Frost Foundation	15,000
Walmart Foundation	10,000
Hancock Family Foundation	7,500
Albert I. Pierce Foundation	5,000
Attorney General of NM	5,830
UNM Intern & Resident Union Fund	2,825
Staff Designated Grant	1,500
Duke City Civitans	1,000
Other	<u>25,000</u>
Total grant income	<u>\$ 238,655</u>

Note 9. Donated Materials and Services

During the fiscal year ended June 30, 2009, Casa Esperanza, Inc. received \$22,340 in donated professional services, \$17,362 in donated materials and supplies, and \$8,424 in contributed use of property.

Note 10. 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, 2009, fund raising expense was \$10,169. Funds raised as a result of these expenses were approximately \$640,212. This resulted in a fundraising ratio of 1%, (\$10,169 in expenses divided by \$640,212 in contribution revenue). Casa Esperanza, Inc. is supported by a related 501 (C)(3) organization; Casa Esperanza Endowment Inc. Most fundraising efforts are made through this supporting foundation.

CASA ESPERANZA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

Note 11. 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 contribute between 15% to 21 % of eligible employee salary. Retirement expense for the year ended June 30, 2009 totaled \$47,361.

Note 12. 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,	
2010	7,572
2011	7,572
2012	<u>5,679</u>
Remaining balance on leases	<u>\$20,823</u>