

CASA EL BUEN SAMARITANO
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR 2017

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
Casa El Buen Samaritano
Houston, Texas

We have audited the accompanying financial statements of Casa El Buen Samaritano (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 judgment, 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.

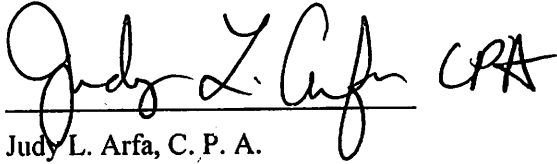
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Casa El Buen Samaritano as of December 31, 2018, 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.

Report on Summarized Comparative Information

We have previously audited Casa El Buen Samaritano's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Judy L. Arfa CPA". The signature is written in a cursive style and is positioned above a horizontal line.

Judy L. Arfa, C. P. A.
Houston, Texas
July 31, 2019

CASA EL BUEN SAMARITANO
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2018
 WITH COMPARATIVE TOTALS FOR 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 189,092	\$ 227,282
Grants receivable	470,000	460,000
Inventory	23,030	7,916
Prepaid expenses	20,706	33,136
Capital assets, net of accumulated depreciation	142,026	146,476
Total assets	\$ 844,854	\$ 874,810
 Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 4,553	\$ 9,755
Accrued salaries	75	280
Accrued payroll taxes payable	2,412	0
Deferred revenue	48,491	55,786
Total Liabilities	55,531	65,821
 Net Assets:		
Without donor restrictions	275,665	313,989
With donor restrictions	513,658	495,000
Total Net Assets	789,323	808,989
 Total Liabilities and Net Assets	\$ 844,854	\$ 874,810

See accompanying notes to financial statements.

CASA EL BUEN SAMARITANO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR 2017

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2018	2017
Revenue, Gains, and Other Support				
Contributions - Cash	\$ 157,698	\$	\$ 157,698	\$ 221,325
Contributions - Non-Cash	269,917		269,917	158,931
Special events	189,974		189,974	158,293
Local grants	124,422	28,658	153,080	75,100
Investment revenue	766		766	503
Net assets released from restrictions	10,000	(10,000)	0	
Total revenue, gains, and other support	<u>752,777</u>	<u>18,658</u>	<u>771,435</u>	<u>614,153</u>
Expenses				
Community Program Services	610,443		610,443	564,624
Supporting Services	80,434		80,434	89,299
Fundraising	100,051	0	100,051	89,295
Total Expenses	<u>790,928</u>		<u>790,928</u>	<u>743,218</u>
Increase (decrease) in net assets	<u>(38,151)</u>	<u>18,658</u>	<u>(19,493)</u>	<u>(129,065)</u>
Net assets, beginning of year as adjusted	<u>313,816</u>	<u>495,000</u>	<u>808,816</u>	<u>938,054</u>
Net assets, end of year	<u>\$ 275,665</u>	<u>\$ 513,658</u>	<u>\$ 789,323</u>	<u>\$ 808,989</u>

See accompanying notes to financial statements.

CASA EL BUEN SAMARITANO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

WITH COMPARATIVE TOTALS FOR 2017

	Community Program Services	Supporting Services	Fundraising	2018	2017
Personnel					
Salaries	\$ 196,801	\$ 48,017	\$ 27,500	\$ 272,318	\$ 262,253
Payroll Taxes	16,020	3,909	2,238	22,167	18,685
Total personnel	212,821	51,926	29,738	294,485	280,938
Other expenses					
Maintenance		9,746		9,746	2,843
Postage	170	58	25	253	468
Printing & publications	109		64	173	833
Promotional expenses	1,905	128	107	2,140	1,688
Special programs	10,951			10,951	19,526
Utilities	13,940			13,940	13,780
Fundraising - 2017					56,127
Fundraising - 2018			64,010	64,010	
Depreciation	7,150			7,150	18,545
Insurance	12,137	5,078		17,215	19,000
Miscellaneous	4,015			4,015	8,460
Volunteer expenses	201,200			201,200	149,218
Ministry expenses	34,522			34,522	36,396
Licenses & fees	38,489	612	215	39,316	44,309
Dues & subscriptions	799			799	
Professional fees	2,675	11,787		14,462	6,313
Supplies	69,344	1,076	5,869	76,289	24,216
Rent	216	23	23	262	60,558
Total other expenses	397,622	28,508	70,313	496,443	462,280
Total Expenses	610,443	80,434	100,051	790,928	743,218

CASA EL BUEN SAMARITANO
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR 2017

	2018	2017
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (19,493)	\$ (129,065)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	7,150	18,545
(Increase) Decrease in grants receivable	(10,000)	147,943
(Increase) Decrease in inventory	(15,114)	(7,916)
(Increase) Decrease in prepaid expenses	12,430	(8,624)
Increase (Decrease) in accounts payable	(5,377)	(7,516)
Increase (Decrease) in accrued salaries	(203)	(645)
Increase (Decrease) in payroll taxes payable	2,412	(4,792)
Increase (Decrease) in deferred revenue	(7,295)	(12,589)
Net Cash Provided (Used) by Operating Activities	(35,490)	(4,659)
Cash Flows From Investing Activities		
Purchases of property and equipment	(2,700)	(10,351)
Net Cash Provided (Used) by Investing Activities	(2,700)	(10,351)
Net Change in Cash and Cash Equivalents	(38,190)	(15,010)
Cash and cash equivalents, beginning of year	227,282	242,292
Cash and cash equivalents, end of year	\$ 189,092	\$ 227,282
Cash and cash equivalents, without donor restrictions	\$ 145,434	\$ 192,282
Cash and cash equivalents, with donor restrictions	43,658	35,000
Total cash and cash equivalents	\$ 189,092	\$ 227,282

See accompanying notes to financial statements.

CASA EL BUEN SAMARITANO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - ORGANIZATION

Casa El Buen Samaritano (the Organization) is a not-for-profit organization incorporated in the State of Texas in 2007 and is exempt from federal income taxes pursuant to Section 501 (c) (3) of the Internal Revenue Code. The Organization is governed by a Board of Directors selected pursuant to the bylaws of the Organization, and they significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Organization.

The Organization's mission is to share the love of Jesus Christ while providing whole-person—body, soul, spirit—healthcare to the low-income and uninsured population in their community. Many individuals in the Houston area have extremely limited options for accessing medical care. Casa El Buen Samaritano seeks to minister to the medical and spiritual needs of these individuals.

In 2018, Casa El Buen Samaritano provided 3,006 patient visits and 1,519 outreach ministry visits. Clinical care is provided predominantly by volunteers who graciously donate their time several evenings per month. Casa El Buen Samaritano provides general outpatient care to patients with a broad range of medical needs including hypertension, diabetes, cholesterol, and women's health. For many patients, Casa El Buen Samaritano serves as their medical home, and they receive ongoing follow up care for chronic conditions. All care is provided free of charge, including medical services, laboratory testing, and medications dispensed from the clinic pharmacy.

The Organization is supported primarily through private and corporate contributions.

CASA EL BUEN SAMARITANO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Casa El Buen Samaritano have been prepared on the accrual basis. Significant accounting policies are summarized below:

Cash and Cash Equivalents – For purposes of the statement of cash flows, Casa El Buen Samaritano considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash is held in both interest bearing and non-interest bearing demand accounts. Accounts are insured by the Federal Deposit Insurance Corporation.

Pledges Receivable – Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in more than one year are discounted to estimate the present value of future cash flows.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Property and Equipment - Property and equipment purchased by Casa El Buen Samaritano are recorded at cost. Donations of property and equipment are recorded at their fair value at the date of the gift. All purchases and donations in excess of \$2,000 are capitalized. Depreciation is provided on the straight-line method based upon estimated useful lives of 39 years for buildings and leasehold improvements and on the declining balance method based upon estimated useful lives of 5 – 7 years for equipment and furniture. Gains or losses on retired or sold 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.

Net asset classification – Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- Net assets without donor restrictions are available for use in general operations and are not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
- Net assets with donor restrictions are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when the stipulated time has elapsed, the stipulated purpose has been fulfilled, or both. Contributions of long-lived assets and of cash restricted for the acquisition of long-lived assets are released when the assets are placed in service. Donor-restricted endowment earnings are released when those earnings are appropriated in accordance with spending policies and are used for their restricted purpose.

CASA EL BUEN SAMARITANO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support.

Public Support and Revenue - Financial ASC 958-605-25-2 and 958-605-30-2 (formerly SFAS No. 116) generally requires measuring contributions received at the fair value of the assets or services received or promised, or the fair value of the liabilities satisfied. Contributions are recognized as revenues or gains in the period they are received, even if the donor has restricted their use and the restriction will be met in a future reporting period; that is, none are deferred. As a result, contributions are recorded immediately either as an increase in net assets without donor restrictions or net assets with donor restrictions depending on the nature of the donor restrictions, if any.

Restricted Support - After determining that support should be recorded in the financial statements, the organization must determine whether the donor has restricted its use in some manner or to some time period. For example, a donor may specify that a gift be used for the operation of a particular program, the acquisition of property or equipment, or an endowment, whereby only income generated by the gift may be used for operating purposes. Restrictions may be explicit (such as a letter specifying that the contribution be used for hiring of additional employees) or implicit (such as gifts received in a capital improvements drive or in an appeal for a particular program).

CASA EL BUEN SAMARITANO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Contributions Whose Restrictions Are Met in the Same Year - Restricted contributions may be reported as support without donor restrictions if (a) the restrictions are met in the same reporting period, (b) that policy is followed consistently, (c) the policy is disclosed, and (d) the organization has a similar policy for accounting for restricted investment income and gains. For example, an organization may receive a \$50,000 contribution to fund the cost of a one-week educational seminar. If the \$50,000 is received in the same year the seminar is held, the donation can be reflected as a contribution without donor restrictions in the statement of activities provided the organization meets the criteria in this paragraph. If the educational seminar straddled the organization's year end and restrictions on only \$25,000 of the donation were met, the statement of activities could reflect contributions with donor restrictions of \$25,000 and contributions without donor restrictions of \$25,000.

Designations Imposed Internally - Sometimes, the Board of directors may designate a portion of unrestricted net assets for a specific purpose as a management planning tool. For example, the board of directors may designate a certain amount of current year contributions to be used to fund future technology improvements. Those board designations are not restrictions because the designations may be reversed by the board, and they do not alter the nature of unrestricted contributions.

Federal Income Taxes – Casa El Buen Samaritano is exempt from federal income tax under Internal Revenue Code Section 501 (c) (3) and is classified as a public charity under 509(a)(1) and 170(b)(1)(A)(vi).

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expense Allocation – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The majority of expenses can generally be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications on the basis of square footage of office space occupied, salaries, time sheets, and other methods determined by management.

Prepaid Expenses – Prepaid gala expenses result from making deposits for fundraising events that will take place during the next fiscal year. Expenses are recognized in the year of the event. Prepaid insurance is recorded in the month of payment and amortized over the life of the policy.

Deferred Revenue - Deferred revenue results from advances from donors who will be attending fundraising events during the next fiscal year. Revenue is recognized only to the extent that related expenses have been incurred in the year of the event.

CASA EL BUEN SAMARITANO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2018 and December 31, 2017 consisted of the following:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Checking	\$136,989	\$136,989	\$ 175,525	\$175,525
Money market funds	<u>52,103</u>	<u>52,103</u>	<u>51,757</u>	<u>51,757</u>
Total	<u>\$189,092</u>	<u>\$189,092</u>	<u>\$227,282</u>	<u>\$227,282</u>

NOTE 4 – DONATED SERVICES

Contributions of services are recognized when services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which an amount has been recorded in the financial statements, because the services did meet the criteria for recognition under generally accepted accounting principles. The estimated value of these volunteer services is \$201,200 for 2018, and the estimated value of these volunteer services is \$149,217 for 2017. These amounts are reflected in the financial statements.

Noncash gifts, including donated services, supplies, and equipment, are reported on the financial statements. They are recorded based on their fair market value on the date of the gift. The estimated fair market value of donated services, supplies, and equipment for the year ended December 31, 2018 and December 31, 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Supplies & Office Furniture	\$ 66,017	\$ 2,732
Medical Equipment	2,700	6,982
Volunteers	<u>201,200</u>	<u>149,217</u>
Total	<u>\$269,917</u>	<u>\$158,931</u>

CASA EL BUEN SAMARITANO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 5 – RELATED PARTY TRANSACTIONS

A few of the Board members have provided professional services to the Organization at no cost. There appears to be no conflict of interest as a result of transactions with these Board members.

NOTE 6 – GRANTS RECEIVABLE

Grants receivable at December 31, 2018 and December 31, 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Receivable in less than one year	<u>\$470,000</u>	<u>\$460,000</u>
Total grants receivable	<u>\$470,000</u>	<u>\$460,000</u>

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018 and December 31, 2017 are detailed below:

	<u>2018</u>	<u>2017</u>
Buildings & Improvements	\$184,543	\$184,543
Equipment	50,568	47,868
Trailers	64,576	64,576
Software	12,928	12,928
Furniture & Fixtures	<u>8,491</u>	<u>8,491</u>
	321,106	318,406
Accumulated Depreciation	<u>(179,080)</u>	<u>(171,930)</u>
	<u>\$142,026</u>	<u>\$146,476</u>

NOTE 8 – PRIOR YEARS SUMMARIZED DATA

The financial statements include certain 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 accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

CASA EL BUEN SAMARITANO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9 – CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Organization to credit risk include bank deposits. There were no uninsured balances at December 31, 2018. The Organization manages credit risk by maintaining these balances with high-quality financial institutions. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

NOTE 10 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 31, 2019, the date the financial statements were available to be issued. There were no additional subsequent events.

NOTE 11 – DEFERRED REVENUE

Deferred revenue is recorded each year as a result of monies collected during December that are deposits for the gala to be held in the succeeding year. Revenue from the annual gala is recognized at the time of the gala.

Deferred revenue at December 31, 2018 and December 31, 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Deferred revenue	<u>\$48,491</u>	<u>\$55,786</u>
Total	<u>\$48,491</u>	<u>\$55,786</u>

NOTE 12 – FUNDRAISING REVENUE AND EXPENSES

	<u>2018</u>	<u>2017</u>
Fundraising Income	\$189,974	\$158,293
Fundraising Expenses	<u>100,051</u>	<u>89,295</u>
	<u>\$ 89,923</u>	<u>\$ 68,998</u>

CASA EL BUEN SAMARITANO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 13 – INVENTORY

Inventory based at fair market value as of December 31, 2018 and December 31, 2017 was estimated as follows:

	<u>2018</u>	<u>2017</u>
Gala silent auction inventory	\$ <u>23,030</u>	\$ <u>7,916</u>
Total	\$ <u>23,030</u>	\$ <u>7,916</u>

NOTE 14 – PREPAID EXPENSES

Prepaid expenses at December 31, 2018 and December 31, 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Deposits for events	\$ 4,507	\$11,498
Deposits for software	-0-	2,999
Insurance paid in advance	<u>16,199</u>	<u>18,639</u>
Total prepaid expenses	<u>\$ 20,706</u>	<u>\$33,136</u>

NOTE 15 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	<u>2018</u>
Contributions receivable-general operations	\$470,000
Hurricane Harvey-renovations	<u>43,658</u>
Total net assets with donor restrictions	<u>\$513,658</u>

NOTE 16 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are composed of the following:

	<u>2018</u>
Undesignated	<u>\$275,665</u>
Total net assets without donor restrictions	<u>\$275,665</u>