

**CASA EL BUEN SAMARITANO**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016**  
**WITH COMPARATIVE TOTALS FOR 2015**

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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, 2016, 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.

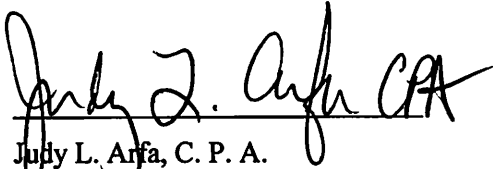
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 31, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, reading "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  
August 15, 2017

CASA EL BUEN SAMARITANO  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2016  
 WITH COMPARATIVE TOTALS FOR 2015

	2016	2015
<b>Assets</b>		
Cash and cash equivalents	\$ 242,292	\$ 129,242
Grants receivable	607,943	805,000
Prepaid expenses	24,215	12,883
Capital assets, net of accumulated depreciation	154,670	168,028
<b>Total assets</b>	<b>\$ 1,029,120</b>	<b>\$ 1,115,153</b>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 17,271	\$ 1,996
Accrued salaries	925	0
Accrued payroll taxes payable	4,792	4,211
Deferred revenue	68,375	51,350
<b>Total Liabilities</b>	<b>91,363</b>	<b>57,557</b>
 <b>Net Assets:</b>		
Unrestricted	319,814	245,390
Temporarily restricted	617,943	812,206
<b>Total Net Assets</b>	<b>937,757</b>	<b>1,057,596</b>
 <b>Total Liabilities and Net Assets</b>	<b>\$ 1,029,120</b>	<b>\$ 1,115,153</b>

See accompanying notes to financial statements.

CASA EL BUEN SAMARITANO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH COMPARATIVE TOTALS FOR 2015

	Unrestricted	Temporarily Restricted	Totals	
			2016	2015
<b>Revenue, Gains, and Other Support</b>				
Contributions - Cash	\$ 239,459	\$ 10,000	\$ 249,459	\$ 186,024
Contributions - Non-Cash	117,918		117,918	91,759
Special events	156,827		156,827	140,855
Local grants	18,120	12,943	31,063	28,984
Investment revenue	370		370	289
Net assets released from restrictions	217,206	(217,206)	0	
<b>Total revenue, gains, and other support</b>	<u>749,900</u>	<u>(194,263)</u>	<u>555,637</u>	<u>447,911</u>
<b>Expenses</b>				
Community Program Services	561,057		561,057	443,812
Supporting Services	11,397		11,397	19,988
Fundraising	102,935	0	102,935	90,352
<b>Total Expenses</b>	<u>675,389</u>	<u>0</u>	<u>675,389</u>	<u>554,152</u>
<b>Increase (decrease) in net assets</b>	<u>74,511</u>	<u>(194,263)</u>	<u>(119,752)</u>	<u>(106,241)</u>
<b>Net assets, beginning of year as adjusted</b>	<u>245,303</u>	<u>812,206</u>	<u>1,057,509</u>	<u>1,163,837</u>
<b>Net assets, end of year</b>	<u>\$ 319,814</u>	<u>\$ 617,943</u>	<u>\$ 937,757</u>	<u>\$ 1,057,596</u>

See accompanying notes to financial statements.

CASA EL BUEN SAMARITANO  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016

WITH COMPARATIVE TOTALS FOR 2015

	Community Program Services	Supporting Services	Fundraising	2016	2015
<b>Personnel</b>					
Salaries	\$ 200,439	\$ 8,629	\$ 14,578	\$ 223,646	\$ 150,530
Payroll Taxes	15,752	678	1,146	17,576	12,783
<b>Total personnel</b>	<b>216,191</b>	<b>9,307</b>	<b>15,724</b>	<b>241,222</b>	<b>163,313</b>
<b>Other expenses</b>					
Maintenance	15,088			15,088	1,995
Postage	306	51	153	510	650
Printing & publications	24	4	12	40	1,160
Promotional expenses	1,756	293	878	2,927	547
Special programs	13,497			13,497	8,013
Utilities	13,973			13,973	18,666
Fundraising - 2015					80,786
Fundraising - 2016			79,924	79,924	
Depreciation	13,358			13,358	14,712
Insurance	2,163	1,070		3,233	13,337
Miscellaneous	5,674			5,674	5,589
Volunteer expenses	115,824			115,824	91,088
Ministry expenses	40,354			40,354	32,713
Licenses & fees	28,530			28,530	25,809
Dues & subscriptions	240			240	505
Interest					7
Professional fees	15,677	323	3,002	19,002	11,714
Supplies	16,926	349	3,242	20,517	20,542
Rent	61,476			61,476	63,006
<b>Total other expenses</b>	<b>344,866</b>	<b>2,090</b>	<b>87,211</b>	<b>434,167</b>	<b>390,839</b>
<b>Total Expenses</b>	<b>561,057</b>	<b>11,397</b>	<b>102,935</b>	<b>675,389</b>	<b>554,152</b>

CASA EL BUEN SAMARITANO  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH COMPARATIVE TOTALS FOR 2015

	2016	2015
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ (119,752)	\$ (106,241)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	13,358	14,712
(Increase) Decrease in grants receivable	197,057	90,347
(Increase) Decrease in prepaid expenses	(11,419)	(665)
Increase (Decrease) in accounts payable	15,275	(498)
Increase (Decrease) in accrued salaries	925	
Increase (Decrease) in payroll taxes payable	581	1,009
Increase (Decrease) in deferred revenue	17,025	14,950
<b>Net Cash Provided (Used) by Operating Activities</b>	113,050	13,614
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	0	(15,839)
<b>Net Cash Provided (Used) by Investing Activities</b>	0	(15,839)
<b>Net Change in Cash and Cash Equivalents</b>	113,050	(2,225)
<b>Cash and cash equivalents, beginning of year</b>	129,242	131,467
<b>Cash and cash equivalents, end of year</b>	\$ 242,292	\$ 129,242
<b>Cash and cash equivalents, unrestricted</b>	\$ 232,292	\$ 122,035
<b>Cash and cash equivalents, restricted</b>	10,000	7,207
<b>Total cash and cash equivalents</b>	\$ 242,292	\$ 129,242
<b>Supplemental disclosures:</b>		
<b>Interest paid</b>	\$	\$ 7

See accompanying notes to financial statements.



## **CASA EL BUEN SAMARITANO**

### **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

#### **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 2016, Casa El Buen Samaritano provided 1,980 patient 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.

During 2015, Casa El Buen Samaritano signed a contract with Houston Shoulder To Shoulder Foundation. The Organization will provide services to assist Houston Shoulder To Shoulder Foundation in the operation of a medical clinic in Honduras. Such services include consulting, accounting, legal, and quality assurance services. This administrative agreement is for a period of three years. In addition, the Organization signed a lease giving it the same rights as a tenant in common to the property in Honduras where the clinic is located.

The Organization is supported primarily through private and corporate contributions.

**CASA EL BUEN SAMARITANO**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**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:

Contributions and Net Asset Classification – Contributions and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

Unrestricted net assets include those net assets whose use is not restricted by donor-imposed stipulations even though their use may be limited in other respects such as by contract or board designation.

Temporarily restricted net assets include contributions restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Permanently restricted net assets include contributions that donors have restricted in perpetuity. The income from such gifts may be used to support the specified purpose.

Revenues are reported as increases in unrestricted net assets, and expenses are reported as decreases in unrestricted net assets. Amounts are transferred from temporarily restricted net assets to unrestricted net assets as soon as the donor imposed restrictions are removed.

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 and straight-line method based upon estimated useful lives of 3 – 7 years for software, 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.

## CASA EL BUEN SAMARITANO

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

#### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 unrestricted net assets, temporarily restricted net assets, or permanently restricted net assets, 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 medications to treat diabetes) or implicit (such as gifts received in a capital improvements drive or in an appeal for a particular program).

Temporary and Permanent Restrictions - Generally, a restriction is temporary if the organization is authorized to deplete what was donated, such as contributions restricted to purchase assets or to fund program costs; otherwise, it is permanent. Permanent restrictions are those that permanently restrict the organization's use of contributed assets (such as an endowment under which the principal must remain intact). Sometimes an endowment instrument temporarily restricts the use of the income from the principal, such as an endowment to the Organization requiring the income to be used to fund the compensation of a physical therapist. Another example of a permanent restriction is land donated for the organization's permanent use.

A temporarily restricted contribution generally is recognized when received and is reclassified from temporarily restricted net assets to unrestricted net assets when the donor's restriction is satisfied or when the stipulated time has elapsed. Cash received to support the activities of a particular program would be reported as contribution revenue, increasing temporarily restricted net assets. When expenditures for the program are incurred, the financial statements would report a reduction in temporarily restricted net assets and an increase in unrestricted net assets.

Unrestricted support contributions not restricted by time or manner of use are recognized as unrestricted support in the period in which they are received (or the promise is made). However, if a donor has stipulated that funds are to be used in a subsequent period, the contribution is considered restricted. Unconditional promises to give contributions to be received in future periods are assumed to be temporarily restricted unless the donor explicitly states that the contribution is to support the current period.

**CASA EL BUEN SAMARITANO**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

Contributions Whose Restrictions Are Met in the Same Year - Restricted contributions may be reported as unrestricted support 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 an unrestricted contribution 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 unrestricted contributions of \$25,000 and temporarily restricted contributions 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 roof repairs. 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)(iii).

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, 2016**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of December 31, 2016 and December 31, 2015 consisted of the following:

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Checking	\$190,756	\$190,756	\$ 77,907	\$ 77,907
Money market funds	<u>51,536</u>	<u>51,536</u>	<u>51,335</u>	<u>51,335</u>
Total	<u>\$242,292</u>	<u>\$242,292</u>	<u>\$129,242</u>	<u>\$129,242</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 \$115,824 for 2016. 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, 2016 and December 31, 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Supplies	\$ 2,094	\$ 671
Volunteers	<u>115,824</u>	<u>91,088</u>
Total	<u>\$117,918</u>	<u>\$91,759</u>

**CASA EL BUEN SAMARITANO**  
**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**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, 2016 and December 31, 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Receivable in less than one year	<u>\$607,943</u>	<u>\$805,000</u>
Total grants receivable	<u>\$607,943</u>	<u>\$805,000</u>

**NOTE 7 – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2016 and December 31, 2015 are detailed below:

	<u>2016</u>	<u>2015</u>
Buildings & Improvements	\$184,543	\$184,543
Equipment	37,517	37,517
Trailers	64,576	64,576
Software	12,928	12,928
Furniture & Fixtures	<u>8,491</u>	<u>8,491</u>
	308,055	308,055
Accumulated Depreciation	<u>(153,385)</u>	<u>(140,027)</u>
	<u>\$154,670</u>	<u>\$168,028</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, 2015, from which the summarized information was derived.

**CASA EL BUEN SAMARITANO**  
**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**NOTE 9 – TEMPORARILY RESTRICTED ASSETS**

Temporarily Restricted Net Assets:

Temporarily restricted net assets at December 31, 2016, are available for the following periods:

Periods after December 31, 2016	<u>\$ 617,943</u>
Total temporarily restricted funds	<u>\$ 617,943</u>

Net assets will be released from restrictions as follows:

Upon receipt of funds	\$607,943
Upon use of funds for Santa Ana Clinic	<u>10,000</u>
	<u>\$617,943</u>

**NOTE 10 – 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, 2016. 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 11 – SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 15, 2017, the date the financial statements were available to be issued. There were no additional subsequent events.

**NOTE 12 – 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, 2016 and December 31, 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Deferred revenue	<u>\$68,375</u>	<u>\$51,350</u>
Total	<u>\$68,375</u>	<u>\$51,350</u>

**CASA EL BUEN SAMARITANO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 13 – OPERATING LEASE COMMITMENTS**

Casa El Buen Samaritano has entered into a lease in perpetuity for clinic facilities from Rio Canas S. A. in Honduras under an operating lease agreement. Rent expense, which includes the long-term lease described above, was \$60,000 in 2016. Future annual minimum lease commitments at December 31, 2016 are as follows:

Year ended:	December 31, 2017	<u>\$60,000</u>
		<u>\$60,000</u>

In exchange for providing administrative medical services to support the clinic in Honduras, the Organization will receive an annual fee of \$20,000 from Houston Shoulder To Shoulder. This is for a period of three years.

**NOTE 14 – FUNDRAISING REVENUE AND EXPENSES**

	<u>2016</u>	<u>2015</u>
Fundraising Income	\$156,827	\$140,855
Fundraising Expenses	<u>102,935</u>	<u>90,352</u>
	<u>\$ 53,892</u>	<u>\$ 50,503</u>