

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**

**COMBINED FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.

### ***Opinion***

We have audited the accompanying combined financial statements of Casa Esperanza, Inc. and Casa Esperanza Endowment Foundation, Inc. (collectively referred to hereafter as the Organization), (both not-for-profit organizations), which comprise the combined statement of financial position as of June 30, 2023, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of June 30, 2023, and the combined changes in its net assets and its combined cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Combined Financial Statements***

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Combined Financial Statements***

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period-of-time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Report on Combining Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining supplementary information is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

***Report on Summarized Comparative Information***

We have previously audited the Organization's 2022 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated November 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

November 21, 2023

*PULAKOS CPAs, PC*

Pulakos CPAs, PC

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**

**COMBINED STATEMENTS OF FINANCIAL POSITION**

**June 30, 2023  
(With Comparative Totals for 2022)**

	<u>Assets</u>	
	<u>2023</u>	<u>2022</u>
Current assets		
Cash	\$ 1,117,843	\$ 877,646
Investments	1,150,370	1,217,506
Accounts receivable, net of uncollectible receivables	47,202	36,085
Contributions receivable	7,769	14,997
Inventory	32,375	50,330
Prepaid expenses	9,137	8,529
	<hr/>	<hr/>
Total current assets	2,364,696	2,205,093
Property and equipment		
Building and building improvements	2,362,909	2,255,883
Furniture	394,235	373,534
Equipment	74,279	73,714
Construction in process	3,868	-
	<hr/>	<hr/>
	2,835,291	2,703,131
Less: Accumulated depreciation	<hr/> (1,900,212)	<hr/> (1,779,390)
	935,079	923,741
Other assets		
Long-term investments	210,094	209,047
Land held-for-sale	73,599	73,599
Charitable gift annuity	43,717	42,394
Contributed use of property	280,859	283,075
	<hr/>	<hr/>
Total other assets	608,269	608,115
	<hr/>	<hr/>
Total assets	<u>\$ 3,908,044</u>	<u>\$ 3,736,949</u>

**Liabilities and Net Assets**

	<u>2023</u>	<u>2022</u>
Current liabilities		
Accounts payable	\$ 14,337	\$ 15,102
Accrued wages and benefits	71,657	75,289
Current portion of charitable gift annuity	1,250	1,250
	<hr/>	<hr/>
Total current liabilities	87,244	91,641
Long-term liabilities		
Charitable gift annuity, net of current portion	10,622	11,872
	<hr/>	<hr/>
Total long-term liabilities	10,622	11,872
	<hr/>	<hr/>
Total liabilities	97,866	103,513
Net assets		
Without donor restrictions	3,093,839	2,924,248
With donor restrictions	716,339	709,188
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Total net assets	3,810,178	3,633,436

Total liabilities and net assets	<u>\$ 3,908,044</u>	<u>\$ 3,736,949</u>
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**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**

**COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Year Ended June 30, 2023  
(With Comparative Totals for 2022)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
<b>Revenues, gains and public support</b>				
Vehicle donation program revenue	\$ 276,361	\$ -	\$ 276,361	\$ 334,412
Cost of sales				
Advertising expense	82,444	-	82,444	136,598
Car lot rental expense	60,000	-	60,000	60,000
Auction expense	49	-	49	14,230
Towing expense	8,295	-	8,295	16,278
Consulting expense	-	-	-	18,304
Car sales and other expenses	54,297	-	54,297	21,073
	<u>205,085</u>	<u>-</u>	<u>205,085</u>	<u>266,483</u>
Total cost of sales				
Gross profit on vehicle sales	71,276	-	71,276	67,929
Contributions and grants	450,073	278,435	728,508	583,345
Program income	278,556	-	278,556	221,327
Event income	51,176	-	51,176	51,131
Investment income (loss), net	127,034	-	127,034	(221,993)
In-kind income	33,653	-	33,653	54,435
Net assets released from restriction	271,284	(271,284)	-	-
	<u>1,283,052</u>	<u>7,151</u>	<u>1,290,203</u>	<u>756,174</u>
Total support and revenues				
<b>Expenses:</b>				
Program services	540,009	-	540,009	569,937
Fundraising	119,545	-	119,545	158,682
Management and general	333,085	-	333,085	334,362
	<u>992,639</u>	<u>-</u>	<u>992,639</u>	<u>1,062,981</u>
Total expenses before depreciation				
Change in net assets before depreciation	290,413	7,151	297,564	(306,807)
Depreciation	120,822	-	120,822	112,601
	<u>169,591</u>	<u>7,151</u>	<u>176,742</u>	<u>(419,408)</u>
Change in net assets				
Net assets, beginning of year	2,924,248	709,188	3,633,436	4,052,844
	<u>2,924,248</u>	<u>709,188</u>	<u>3,633,436</u>	<u>4,052,844</u>
Net assets, end of year	<u>\$ 3,093,839</u>	<u>\$ 716,339</u>	<u>\$ 3,810,178</u>	<u>\$ 3,633,436</u>

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**  
**COMBINED STATEMENTS OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>2023 Total</u>	<u>2022 Total</u>
	<u>Patient Lodging</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Supporting Services</u>		
Salaries and wages	\$ 196,689	\$ 92,737	\$ 196,871	\$ 289,608	\$ 486,297	\$ 514,477
Professional fees	77,406	1,480	25,034	26,514	103,920	108,344
Benefits	31,138	6,921	42,652	49,573	80,711	71,195
Utilities	48,582	1,201	2,869	4,070	52,652	49,999
Payroll taxes	15,424	7,691	18,891	26,582	42,006	41,445
Repairs and maintenance	41,348	50	61	111	41,459	82,723
Insurance	21,884	781	15,130	15,911	37,795	34,817
Office expenses	9,322	3,466	24,157	27,623	36,945	34,570
Other expenses	29,914	-	470	470	30,384	21,047
Resident assistance	25,750	-	-	-	25,750	30,479
Resident supplies	15,070	-	-	-	15,070	18,436
In-kind expenses	14,869	-	-	-	14,869	34,913
Bad debt expenses	9,179	-	-	-	9,179	1,423
Staff and donor recognition	2,436	1,954	3,852	5,806	8,242	6,394
Fundraising expenses	-	1,963	-	1,963	1,963	6,135
Printing and publications	305	672	672	1,344	1,649	2,483
Conferences and meetings	113	431	668	1,099	1,212	939
Travel and mileage	216	198	654	852	1,068	896
Board expenses	-	-	786	786	786	1,898
Advertising and promotions	364	-	42	42	406	368
Total expenses before depreciation	540,009	119,545	332,809	452,354	992,363	1,062,981
Depreciation	120,546	-	276	276	120,822	112,601
Total functional expenses	<u>\$ 660,555</u>	<u>\$ 119,545</u>	<u>\$ 333,085</u>	<u>\$ 452,630</u>	<u>\$ 1,113,185</u>	<u>\$ 1,175,582</u>

See Notes to Combined Financial Statements and Independent Auditors' Report.

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**

**COMBINED STATEMENTS OF CASH FLOWS**

**Year Ended June 30, 2023  
(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
Operating activities		
Change in net assets	\$ 176,742	\$ (419,408)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	120,822	112,601
Contributed use of property	2,216	2,078
Net realized and unrealized (gain) loss on investments	(135,845)	268,783
Changes in operating assets and liabilities		
Accounts receivable, net	(11,117)	(6,400)
Contributions receivable	7,228	7,816
Inventory	17,955	(20,324)
Prepaid expenses	(608)	(438)
Accounts payable	(765)	8,048
Accrued wages and benefits	(3,632)	9,994
Refundable advances - PPP loan	-	(117,000)
Liabilities under charitable gift annuity	(1,250)	(1,250)
	171,746	(155,500)
Cash provided (used) by operating activities		
Investing activities		
Purchase of investments and reinvestment of dividends and interest	(178,099)	(141,773)
Proceeds from sale of investments	378,710	-
Purchase of property and equipment	(132,160)	(45,945)
	68,451	(187,718)
Cash provided (used) by investing activities		
Change in cash and cash equivalents	240,197	(343,218)
Cash and cash equivalents, beginning of year	877,646	1,220,864
Cash and cash equivalents, end of year	\$ 1,117,843	\$ 877,646



**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**

**COMBINED NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Definition of Reporting Entity

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

Casa Esperanza Endowment Foundation, Inc. (the Foundation), a nonprofit organization, was incorporated in the State of New Mexico on May 3, 2001. The stated mission of the Foundation is to operate for the sole benefit of Casa by assisting it in carrying out its charitable purpose. The Foundation serves as a support organization for Casa. The Foundation manages an investment portfolio, a vehicle donation program and sponsors fundraising events in order to raise funds to support the mission of Casa.

In addition to providing low-cost lodging to cancer patients, those with other serious medical needs, and their families, Casa provides comprehensive support services. These programs are as follows:

Family Care Services Team

The dedicated staff of the Family Care Services Team assists patients and their families with locating resources; finding survivors and support groups; helping patients and their families to get in touch with their contracted clinical counselor; finding legal and financial counseling and confidential consultation; and providing presentations and discussion groups on a variety of issues related to cancer and cancer treatment. There is constant training for the Family Care Services Team and support staff to assist patients and their families in the best way possible.

Patient Lodging

This program provides low-cost lodging to patients and their families. Casa, an 18,000 square foot residence, can accommodate 28 families at a time, for both long and short-term stays. Twelve suites (with family living space separate room sleeping areas) and 16 rooms, four of which are fully handicap-accessible, are all fully furnished. Each of the 28 family units has a private phone with voice mail, bathroom and television. Four fully equipped kitchens, a common dining area and a spacious common room encourage personal responsibility, therapeutic interaction and sharing among families.

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**

**COMBINED NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Definition of Reporting Entity – Continued

*Patient Lodging – Continued*

Casa Esperanza, Inc. and Casa Esperanza Endowment Foundation, Inc. (collectively referred to hereafter as the Organization) 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 and an additional three years with a Board vote.

Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Combined Financial Statement Presentation

The assets, liabilities and results of activities of Casa and the Foundation are combined in the accompanying combined financial statements and have been collectively referred to as "the Organization." All significant intercompany accounts and transactions are eliminated in the combination. These combined statements are not those of a separate legal entity.

Cash

For purposes of preparing the combined statements of cash flows, the Organization considers all cash depository accounts and highly liquid investments with initial maturities of three months or less as cash. Cash includes cash on hand, cash in banks and money market accounts held with a brokerage firm. Amounts classified as restricted are segregated for donor-imposed or internally designated purposes.

The Organization maintains cash depository accounts with various financial institutions. These deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances in these accounts may at times exceed the federally insured amount. The Organization has not experienced, and its management believes it is not exposed to, significant credit risk from excess deposits.

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**  
**COMBINED NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Accounts Receivable

Accounts receivable represent the amount billed but uncollected for services provided to patients and their families. The Organization uses the allowance method of accounts receivable valuation. The allowance is based on a five-year historical write-off average. Balances that are still outstanding and determined to be permanently impaired after management has used reasonable collection efforts are written off, after three months for lodging billed to an insurance carrier and one year if billed to a resident. As of June 30, 2023 and 2022, respectively, the allowance for uncollectible receivables was \$2,216 and \$1,142, respectively.

Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions receivable are reflected at their discounted present value of estimated future cash flows. Contributions receivable are recognized as revenues or gains in the period received and as assets, decreases of liabilities or expenses, depending on the form of the benefits received. Management believes all amounts are collectible and therefore, no allowance has been recorded as of June 30, 2023 and 2022, respectively.

Grants and Contracts Receivable

Receivable balances represent the amount expended during the grant period but reimbursed by the grantor after year-end. Management believes all such amounts are collectible and therefore, no allowance is deemed necessary as of June 30, 2023 and 2022, respectively.

Inventory

Inventory, which primarily consists of donated vehicles for sale, is valued at the lower of cost or market. Cost is determined on the first-in, first-out method for purchased items and on the specific identification method at estimated fair market value for donated vehicles.

Property and Equipment

Property and equipment is stated at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years. The Organization capitalizes all individual items over \$1,000. Depreciation expense for the years ended June 30, 2023 and 2022 was \$120,822 and \$112,601, respectively.

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**

**COMBINED NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. There was no impairment of long-lived assets at June 30, 2023 and 2022, respectively.

Investments

Investments consist primarily of mutual funds, corporate and government bonds, stocks and exchange traded funds, and are reported at their fair values.

The Organization carries its investments in marketable securities with readily determinable fair values and all investments in debt securities at their values in the combined statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying combined statements of activities and changes in net assets.

Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage-of-time or by use) in the reporting period in which the income and gains are recognized; otherwise, such income, gains, and losses are reported as net assets with donor restrictions. The Organization operates under an investment policy that is reviewed annually by the investment committee and approved by the Board. Investment expenses were \$9,248 and \$10,989 for the years ended June 30, 2023 and 2022, respectively.

Net Assets

The Organization classifies net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and the changes therein are classified and reported as follows:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**  
**COMBINED NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Net Assets – Continued

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage-of-time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition

Contributions and grants received are recorded without donor restrictions, or with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities and changes in net assets as net assets released from restrictions.

Program income represents room rental income collected from residents and third-party payers such as Medicaid and independent companies. Investment income includes investments and interest income from investment funds, net of investment expenses held in Casa Esperanza Endowment Foundation, Inc. Event income includes fundraising income raised through events such as a Spring Signature Gala, Give Hope a Ride car donation program or from fundraising campaigns throughout the year. In-kind income includes non-cash donations to the Organization that can be used by the Organization in its charitable mission or can be easily sold. Income from these sources is recognized when the donation is received.

Donated Assets and Services

Donated assets and services are recorded at their estimated fair values as of the date of contribution and capitalized if exceeding the Organization's threshold policy. Contributions of services are recognized in the combined financial statements if the services received enhance or create non-financial assets, require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Some services are provided by volunteers who perform a variety of tasks that benefit the Organization but are not recorded, as they do not meet the above criteria.

Expense Allocation

The cost of providing the various programs and all other activities has been summarized on a functional basis in the combined statements of activities and changes in net assets and the combined statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**  
**COMBINED NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$82,444 and \$136,598 for the years ended June 30, 2023 and 2022, respectively. The majority of this cost was related to the Organization's Give Hope a Ride Car Program (GHAR) and that portion is included in cost of goods sold in the combined statements of activities and changes in net assets for the years ended June 30, 2023 and 2022, respectively.

Income Taxes

Both Casa and the Foundation are nonprofit organizations and are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and are not classified by the Internal Revenue Service as private foundations.

The Organization is a nonprofit charitable corporation and has been recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions, and has evaluated its tax positions taken for open tax years. Management believes that the activities of the Organization are within their tax-exempt purpose, and that there are no uncertain tax positions that require disclosure or recognition in the combined financial statements.

There were no interest or penalties recorded as of June 30, 2023 and 2022, respectively.

New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition* to Topic 842; ASU 2018-10, *Codification Improvements* to Topic 842, *Leases*; ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases* (Topic 842): *Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the combined statements of financial position.

The Organization elected to adopt these ASUs effective July 1, 2022 and utilized all of the available practical expedients. The adoption did not have a significant impact on the combined financial statements of the Organization, as neither Casa nor the Foundation have any leases that were deemed to qualify for treatment under Topic 842.

Subsequent Events

The Organization has evaluated all events occurring subsequent to June 30, 2023 and through November 21, 2023, which is the date that the combined financial statements were issued and does not believe that any events occurring during this period require either recognition or disclosure in the accompanying combined financial statements.

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**  
**COMBINED NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,117,843	\$ 877,646
Investments	1,360,464	1,426,553
Receivables, net	<u>54,971</u>	<u>51,082</u>
Total financial assets	2,533,278	2,355,281
Financial assets not available for use within one year:		
Net assets with donor restrictions	716,339	709,188
Less: net assets with donor restrictions expected to be met in less than one year	(267,275)	(257,908)
Board designated net assets	<u>1,159,588</u>	<u>1,222,305</u>
Total financial assets not available for use within one year	<u>1,608,652</u>	<u>1,673,585</u>
Financial assets available to meet cash needs for general expenditure within one year from June 30, 2023 and 2022	<u>\$ 924,626</u>	<u>\$ 681,696</u>

The Organization manages its cash flow and liquidity on an on-going basis to ensure that sufficient funds are available to cover current operational needs. The Organization has a goal to maintain financial assets, which consist of cash and investments on hand to meet 60 days of normal operating expenses. The Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. As part of its liquidity plan, the Organization is continuously evaluating the amount of cash on hand and expected to be collected within 30 days, against the financial obligations. Although board designated net assets are not intended to be used for current operational needs, the Organization's Board of Directors has the ability to re-appropriate these funds at their discretion.

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**  
**COMBINED NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**  
**(With Comparative Totals for 2022)**

**NOTE 3 – CHARITABLE GIFT ANNUITY**

The Organization is named a remainder beneficiary of a charitable gift annuity. Two income beneficiaries are to receive, first from income and, to the extent that income is insufficient, from principal, a total annuity each year of \$1,250, in equal quarterly payments of \$313. The payment amount is calculated as 5% of the charitable contribution of \$25,000. Upon the death of both beneficiaries, 100% of the remaining principal is to be distributed to the Organization. At June 30, 2023 and 2022, the fair market value of the trust assets were \$43,717 and \$42,394, respectively. The related liability, which is recorded at the estimated present value of future cash distributions to the income beneficiaries, was \$11,872 and \$13,122 at June 30, 2023 and 2022, respectively.

**NOTE 4 – FAIR VALUE MEASUREMENTS**

Accounting Standards Codification Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical investments that the Organization has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, inputs other than observable quoted prices, or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.



**Casa Esperanza, Inc. and  
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**COMBINED NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**  
**(With Comparative Totals for 2022)**

**NOTE 4 – FAIR VALUE MEASUREMENTS – CONTINUED**

The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2023:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Fixed income	\$ 242,063	\$ -	\$ -	\$ 242,063
Large cap	120,429	-	-	120,429
Mid-small cap	128,239	-	-	128,239
Foreign	87,633	-	-	87,633
Absolute return/ multi-class	46,609	-	-	46,609
Bank loan	25,528	-	-	25,528
Short term	24,763	-	-	24,763
Exchange traded funds				
Large cap	281,678	-	-	281,678
Foreign exchange	103,966	-	-	103,966
Mid cap	122,670	-	-	122,670
Preferred stock	11,201	-	-	11,201
Real estate	33,260	-	-	33,260
Fixed income bonds	134,253	-	-	134,253
Land held-for-sale	-	73,599	-	73,599
Albuquerque Community Foundation funds	-	-	41,889	41,889
Total assets at fair value	<u>\$ 1,362,290</u>	<u>\$ 73,599</u>	<u>\$ 41,889</u>	<u>\$ 1,477,780</u>
Charitable gift annuity	<u>\$ -</u>	<u>\$ (11,872)</u>	<u>\$ -</u>	<u>\$ (11,872)</u>
Total liabilities at fair value	<u>\$ -</u>	<u>\$ (11,872)</u>	<u>\$ -</u>	<u>\$ (11,872)</u>

**Casa Esperanza, Inc. and  
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**COMBINED NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 4 – FAIR VALUE MEASUREMENTS – CONTINUED**

The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2022:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Fixed income	\$ 408,431	\$ -	\$ -	\$ 408,431
Large cap	116,988	-	-	116,988
Mid-small cap	100,049	-	-	100,049
Foreign	85,445	-	-	85,445
Absolute return/ multi-class	51,909	-	-	51,909
Bank loan	32,545	-	-	32,545
Short term	32,385	-	-	32,385
Exchange traded funds				
Large cap	277,121	-	-	277,121
Foreign exchange	122,643	-	-	122,643
Mid cap	125,062	-	-	125,062
Preferred stock	27,739	-	-	27,739
Real estate	36,333	-	-	36,333
Fixed income bonds	11,455	-	-	11,455
Land held-for-sale	-	73,599	-	73,599
Albuquerque Community Foundation funds	-	-	40,842	40,842
Total assets at fair value	<u>\$ 1,428,105</u>	<u>\$ 73,599</u>	<u>\$ 40,842</u>	<u>\$ 1,542,546</u>
Charitable gift annuity	<u>\$ -</u>	<u>\$ (13,122)</u>	<u>\$ -</u>	<u>\$ (13,122)</u>
Total liabilities at fair value	<u>\$ -</u>	<u>\$ (13,122)</u>	<u>\$ -</u>	<u>\$ (13,122)</u>

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

*Mutual funds, exchange traded funds, fixed income bonds:* Valued at using quoted and observable market prices.

**Casa Esperanza, Inc. and  
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**COMBINED NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 4 – FAIR VALUE MEASUREMENTS – CONTINUED**

*Land held-for-sale:* Valued at fair market value of donated price, adjusted for assessments as determined by management based on the value of similar comparable properties.

*Albuquerque Community Foundation funds:* Valued at net realizable value, as determined by the quoted prices as provided by the investment manager, which pools all funds and allocates investment activity to each fund accordingly.

*Charitable gift annuity:* Valued at the present value of expected future payments using a discount rate of 2%.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Level 3 Investments

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended June 30, 2023 and 2022.

	<b>2023</b>	<b>2022</b>
Balance – beginning of year	\$ 40,842	\$ 42,272
Dividend income	859	1,357
Net unrealized gain (loss)	650	(2,343)
Investment management fees	(462)	(444)
Balance – end of year	\$ 41,889	\$ 40,842

**NOTE 5 – CONTRIBUTED USE OF PROPERTY**

The Organization 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. In February 2009, the lease was extended through the year 2057 under the same terms as the original lease. 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.

**Casa Esperanza, Inc. and  
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**COMBINED NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 5 – CONTRIBUTED USE OF PROPERTY – CONTINUED**

The amount receivable for the years ended June 30, is as follows:

2024	\$	2,363
2025		2,520
2026		2,687
2027		2,866
2028		3,056
Thereafter		<u>267,367</u>
Total contribution receivable	\$	<u>280,859</u>

The amount to be recorded as income for the future following fiscal years is as follows:

2024	\$	18,637
2025		18,480
2026		18,313
2027		18,134
2028		17,944
Thereafter		<u>341,642</u>
Total contribution expected	\$	<u>433,150</u>

In each year, the total of these two amounts is offset by recording an in-kind occupancy expense in the amount of \$21,000 in 2023 and 2022, respectively.

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

With donor restriction net assets consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Assets restricted under land lease	\$ 280,859	\$ 283,075
Restricted for time	39,272	39,272
Restricted for purpose	<u>228,003</u>	<u>218,636</u>
	548,134	540,983

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**

**COMBINED NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS – CONTINUED**

	<b>2023</b>	<b>2022</b>
Endowments – subject to endowment spending policy/appropriation		
Storr endowment	100,000	100,000
2K2K endowment	68,205	68,205
	168,205	168,205
Total	\$ 716,339	\$ 709,188

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage-of-time or other events specified by the donors as follows for the years ended June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Casa Esperanza, Inc.		
Satisfaction of purpose restriction or passage-of-time	\$ 271,284	\$ 129,677

**NOTE 7 – ENDOWMENT**

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) provides industry guidance to organizations similar to the Organization. The State of New Mexico adopted UPMIFA effective July 1, 2009. The Organization has determined that certain assets meet the definition of endowment funds under UPMIFA.

Endowment Investment and Spending Policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for initiatives supported by its endowments while seeking to maintain the purchasing power of the endowments.

In determining the prudent amount to distribute in a given year, the Organization considers the donor’s intent, the purpose of the fund as stated in the fund agreement, and relevant economic factors. The Organization’s current spending policy with regards to its endowments is determined annually by the Board of Directors.

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**  
**COMBINED NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 7 – ENDOWMENT – CONTINUED**

Endowment Investment and Spending Policies – Continued

The investment policies establish a return objective through diversification of asset classes. The current long-term return objective is the rate of inflation plus spending, net of any investment fees. To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns may be achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The Organization's endowment funds consist of restricted and board-designated funds. Board designated funds totaled \$1,159,588 and \$1,222,305 for the years ended June 30, 2023 and 2022, respectively, and are included in net assets without donor restrictions in the accompanying combined financial statements. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund a perpetual duration. In accordance with accounting principles generally accepted in the United State of America, deficiencies of this nature, when applicable, are reported in unrestricted net assets. These deficiencies, when applicable, result from unfavorable market fluctuations.

Return Objective and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve long-term return objectives within prudent risk constraints.

Spending Policy and Who the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year 4% of the time-weighted average balance of each fund for the previous 12 months. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**  
**COMBINED NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 7 – ENDOWMENT – CONTINUED**

**Changes in Endowment Net Assets for the Years Ending June 30, 2023 and 2022**

	<b>Without Donor Restrictions – Board Designated</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, June 30, 2021	\$ 1,517,024	\$ 168,205	\$ 1,685,229
Investment return			
Interest income	55,100	-	55,100
Depreciation	(262,136)	-	(262,136)
Total investment return	(207,036)	-	(207,036)
Appropriation for expenditure	(87,683)	-	(87,683)
Endowment net assets, June 30, 2022	1,222,305	168,205	1,390,510
Investment return			
Interest income	39,454	-	39,454
Appreciation	93,014	-	93,014
Total investment return	132,468	-	132,468
Appropriation for expenditure	(195,185)	-	(195,185)
Endowment net assets, June 30, 2023	<u>\$ 1,159,588</u>	<u>\$ 168,205</u>	<u>\$ 1,327,793</u>

**NOTE 8 – DONATED MATERIALS AND SERVICES**

During the fiscal years ended June 30, 2023 and 2022, Casa received \$33,653 and \$54,435, respectively, of in-kind contributions, which consisted of donated professional services, materials and contributed use of property. During 2023 and 2022, volunteer hours provided were 897 and 1,101, respectively, which were not valued and recorded, as they did not meet the standards for recording as in-kind contributions. During 2023 and 2022, volunteer hours provided to the Foundation were 48 and 74.5, which were not valued and recorded, as they did not meet the standards for recording as in-kind contributions.

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**

**COMBINED NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 8 – DONATED MATERIALS AND SERVICES – CONTINUED**

Casa conducts ongoing fundraising appeals. The Foundation runs the Give Hope a Ride Car Program, which generates the great majority of the fundraising expenses.

**NOTE 9 – FUNDRAISING**

For the years ended June 30, 2023 and 2022, the combined fundraising expense before depreciation for both companies was \$119,545 and \$158,682, respectively. Funds raised as a result of these expenses for the years ended June 30, 2023 and 2022 were \$912,648 and \$882,781, respectively. This resulted in a combined fundraising ratio of 13% and 18% (fundraising expense divided by fundraising income) for the years ended June 30, 2023 and 2022, respectively.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

Retirement Plan

The Organization participates in a defined contribution retirement plan (the Plan) administered by Mass Mutual. This Plan is for the benefit of all eligible professional and support staff of the Organization who qualify under applicable participation requirements. Employees are allowed to defer up to the maximum allowed by the Internal Revenue Service. Under the terms of the Plan, contributions are made under Section 401(k) 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 Organization matches employee contributions up to 3.5% of their annual salary. The Organization has an employee funded Flex plan available for qualifying medical and childcare expenses under Section 125 requirements. Retirement expense for Casa for the years ended June 30, 2023 and 2022, total \$8,055 and \$7,112, respectively. Retirement expense for the Foundation for the years ended June 30, 2023 and 2022 totaled \$3,106 and \$6,660, respectively.



## **COMBINING SUPPLEMENTARY INFORMATION**

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023**

	<u>Casa Esperanza</u>	<u>Foundation</u>	<u>Elimination</u>	<u>Combined</u>
<b><u>Assets</u></b>				
Current assets				
Cash	\$ 977,727	\$ 140,116	\$ -	\$ 1,117,843
Investments	-	1,150,370	-	1,150,370
Accounts receivable, net of uncollectible receivables	46,280	922	-	47,202
Contributions receivable	2,769	5,000	-	7,769
Inventory	1,050	31,325	-	32,375
Prepaid expenses	2,784	6,353	-	9,137
Total current assets	1,030,610	1,334,086	-	2,364,696
Property and equipment, net	934,477	602	-	935,079
Other assets				
Long-term investments	-	210,094	-	210,094
Land held-for-sale	-	73,599	-	73,599
Charitable gift annuity	-	43,717	-	43,717
Contributed use of property	280,859	-	-	280,859
Total other assets	280,859	327,410	-	608,269
Total assets	<u>\$ 2,245,946</u>	<u>\$ 1,662,098</u>	<u>\$ -</u>	<u>\$ 3,908,044</u>
<b><u>Liabilities and Net Assets</u></b>				
Current liabilities				
Accounts payable	\$ 12,925	\$ 1,412	\$ -	\$ 14,337
Accrued wages and benefits	55,141	16,516	-	71,657
Current portion of charitable gift annuity	-	1,250	-	1,250
Total current liabilities	68,066	19,178	-	87,244
Long-term liabilities				
Charitable gift annuity, net of current portion	-	10,622	-	10,622
Total long-term liabilities	-	10,622	-	10,622
Total liabilities	68,066	29,800	-	97,866
Net assets				
Without donor restrictions	1,667,025	1,426,814	-	3,093,839
With donor restrictions	510,855	205,484	-	716,339
Total net assets	2,177,880	1,632,298	-	3,810,178
Total liabilities and net assets	<u>\$ 2,245,946</u>	<u>\$ 1,662,098</u>	<u>\$ -</u>	<u>\$ 3,908,044</u>

See Independent Auditors' Report.

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**June 30, 2022**

<u>Assets</u>	<u>Casa Esperanza</u>	<u>Foundation</u>	<u>Elimination</u>	<u>Combined</u>
Current assets				
Cash	\$ 806,905	\$ 70,741	\$ -	\$ 877,646
Investments	-	1,217,506	-	1,217,506
Accounts receivable, net of uncollectible receivables	31,460	4,625	-	36,085
Contributions receivable	4,075	10,922	-	14,997
Inventory	480	49,850	-	50,330
Prepaid expenses	2,175	6,354	-	8,529
Total current assets	845,095	1,359,998	-	2,205,093
Property and equipment, net	922,913	828	-	923,741
Other assets				
Long-term investments	-	209,047	-	209,047
Land held-for-sale	-	73,599	-	73,599
Charitable gift annuity	-	42,394	-	42,394
Contributed use of property	283,075	-	-	283,075
Total other assets	283,075	325,040	-	608,115
Total assets	\$ 2,051,083	\$ 1,685,866	\$ -	\$ 3,736,949
 <u>Liabilities and Net Assets</u>				
Current liabilities				
Accounts payable	\$ 10,901	\$ 4,201	\$ -	\$ 15,102
Accrued wages and benefits	50,217	25,072	-	75,289
Current portion of charitable gift annuity	-	1,250	-	1,250
Total current liabilities	61,118	30,523	-	91,641
Long-term liabilities				
Charitable gift annuity, net of current portion	-	11,872	-	11,872
Total long-term liabilities	-	11,872	-	11,872
Total liabilities	61,118	42,395	-	103,513
Net assets				
Without donor restrictions	1,486,261	1,437,987	-	2,924,248
With donor restrictions	503,704	205,484	-	709,188
Total net assets	1,989,965	1,643,471	-	3,633,436
Total liabilities and net assets	\$ 2,051,083	\$ 1,685,866	\$ -	\$ 3,736,949

See Independent Auditors' Report.

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**  
**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**Year Ended June 30, 2023**

	<b>Without Donor Restrictions Casa Esperanza</b>	<b>With Donor Restrictions Casa Esperanza</b>	<b>Without Donor Restrictions Foundation</b>	<b>With Donor Restrictions Foundation</b>	<b>Elimination</b>	<b>Combined</b>
<b>Revenues, gains and public support</b>						
Vehicle donation program revenue	\$ -	\$ -	\$ 276,361	\$ -	\$ -	\$ 276,361
Cost of sales						
Advertising expense	-	-	82,444	-	-	82,444
Car lot rental expense	-	-	60,000	-	-	60,000
Auction expense	-	-	49	-	-	49
Towing expense	-	-	8,295	-	-	8,295
Car sales and other expenses	-	-	54,297	-	-	54,297
Total cost of sales	-	-	205,085	-	-	205,085
Gross profit on vehicle sales	-	-	71,276	-	-	71,276
Contributions and grants	441,544	278,435	78,629	-	(70,100)	728,508
Program income	278,556	-	-	-	-	278,556
Event income	49,301	-	1,875	-	-	51,176
Investment income, net	258	-	126,776	-	-	127,034
In-kind income	33,653	-	-	-	-	33,653
Net assets released from restriction	271,284	(271,284)	-	-	-	-
Total revenues, gains and public support	1,074,596	7,151	278,556	-	(70,100)	1,290,203
<b>Expenses</b>						
Program services	493,254	-	46,755	-	-	540,009
Fundraising	91,509	-	98,136	-	(70,100)	119,545
Management and general	188,523	-	144,562	-	-	333,085
Total expenses before depreciation	773,286	-	289,453	-	(70,100)	992,639
Change in net assets before depreciation	301,310	7,151	(10,897)	-	-	297,564
Depreciation	120,546	-	276	-	-	120,822
Changes in net assets	180,764	7,151	(11,173)	-	-	176,742
Net assets - beginning of year	1,486,261	503,704	1,437,987	205,484	-	3,633,436
Net assets - end of year	<u>\$ 1,667,025</u>	<u>\$ 510,855</u>	<u>\$ 1,426,814</u>	<u>\$ 205,484</u>	<u>\$ -</u>	<u>\$ 3,810,178</u>

See Independent Auditors' Report.

**Casa Esperanza, Inc. and  
Casa Esperanza Endowment Foundation, Inc.**

**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

Year Ended June 30, 2022

	<b>Without Donor Restrictions Casa Esperanza</b>	<b>With Donor Restrictions Casa Esperanza</b>	<b>Without Donor Restrictions Foundation</b>	<b>With Donor Restrictions Foundation</b>	<b>Elimination</b>	<b>Combined</b>
<b>Revenues, gains and public support</b>						
Vehicle donation program revenue	\$ -	\$ -	\$ 334,412	\$ -	\$ -	\$ 334,412
Cost of sales						
Advertising expense	-	-	136,598	-	-	136,598
Car lot rental expense	-	-	60,000	-	-	60,000
Auction expense	-	-	16,278	-	-	16,278
Towing expense	-	-	14,230	-	-	14,230
Consulting expense	-	-	18,304	-	-	18,304
Car sales and other expenses	-	-	21,073	-	-	21,073
Total cost of sales	-	-	266,483	-	-	266,483
Gross profit on vehicle sales	-	-	67,929	-	-	67,929
Contributions and grants	429,177	179,635	56,104	-	(81,571)	583,345
Program income	221,327	-	-	-	-	221,327
Event income	24,450	-	26,681	-	-	51,131
Investment income (loss), net	21	-	(222,014)	-	-	(221,993)
In-kind income	54,040	-	395	-	-	54,435
Net assets released from restriction	129,677	(129,677)	-	-	-	-
Total revenues, gains and public support	858,692	49,958	(70,905)	-	(81,571)	756,174
<b>Expenses</b>						
Program services	568,223	-	1,714	-	-	569,937
Fundraising	18,503	-	221,750	-	(81,571)	158,682
Management and general	167,055	-	167,307	-	-	334,362
Total expenses before depreciation	753,781	-	390,771	-	(81,571)	1,062,981
Change in net assets before depreciation	104,911	49,958	(461,676)	-	-	(306,807)
Depreciation	112,325	-	276	-	-	112,601
Changes in net assets	(7,414)	49,958	(461,952)	-	-	(419,408)
Net assets - beginning of year	1,493,675	453,746	1,899,939	205,484	-	4,052,844
Net assets - end of year	\$ 1,486,261	\$ 503,704	\$ 1,437,987	\$ 205,484	\$ -	\$ 3,633,436

See Independent Auditors' Report.