

**CASA DE ESPERANZA**

**FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED  
JUNE 30, 2015 AND 2014**

CASA DE ESPERANZA

FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2015 and 2014

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Casa de Esperanza  
Saint Paul, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Casa de Esperanza (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

(Continued)

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Casa de Esperanza as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2015, on our consideration of Casa de Esperanza’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Casa de Esperanza’s internal control over financial reporting and compliance.

*Mahoney Ulbrich  
Christiansen Russ P.A.*

Saint Paul, Minnesota  
December 4, 2015

CASA DE ESPERANZA

STATEMENTS OF FINANCIAL POSITION

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash - unrestricted	\$ 17,872	\$ 440
Cash - restricted	217,312	279,847
Total cash	<u>235,184</u>	<u>280,287</u>
Contributions receivable	221,112	168,612
Program and grant receivables	205,833	165,078
Other receivables	110	21
Prepaid expenses	53,711	73,449
Security deposits	4,376	4,376
Inventory	33,500	35,445
Property and equipment, net	<u>59,345</u>	<u>76,927</u>
 Total assets	 <u><u>\$ 813,171</u></u>	 <u><u>\$ 804,195</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 136,424	\$ 137,525
Accrued payroll and related expenses	101,207	83,182
Deferred revenue	2,524	4,829
Line of credit	99,000	95,000
Capital lease obligation	<u>2,305</u>	<u>5,920</u>
 Total liabilities	 <u>341,460</u>	 <u>326,456</u>
Net assets:		
Unrestricted net assets	33,287	29,280
Temporarily restricted net assets	<u>438,424</u>	<u>448,459</u>
Total net assets	<u>471,711</u>	<u>477,739</u>
 Total liabilities and net assets	 <u><u>\$ 813,171</u></u>	 <u><u>\$ 804,195</u></u>

See accompanying notes to financial statements.

CASA DE ESPERANZA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2015  
(With Comparative Totals for 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	
Revenues and support:				
Contributions	\$ 50,735	\$ -	\$ 50,735	\$ 40,609
Contributions - in kind	15,885	-	15,885	12,352
Foundation grants	285,052	240,000	525,052	554,000
Greater Twin Cities United Way	-	262,224	262,224	262,226
Government grants and contracts	2,067,815	-	2,067,815	1,848,230
Program service fees	43,646	-	43,646	20,484
Merchandise sales	4,460	-	4,460	5,681
Interest income	134	-	134	156
Other income	27,997	-	27,997	45,408
Net assets released upon satisfaction of time and purpose restrictions	512,259	(512,259)	-	-
<b>Total revenues and support</b>	<b>3,007,983</b>	<b>(10,035)</b>	<b>2,997,948</b>	<b>2,789,146</b>
Expenses:				
Program services				
Family advocacy	900,825	-	900,825	821,651
Community engagement	206,040	-	206,040	132,910
National initiatives	1,425,682	-	1,425,682	1,209,585
<b>Total program services</b>	<b>2,532,547</b>	<b>-</b>	<b>2,532,547</b>	<b>2,164,146</b>
Management and general	419,855	-	419,855	393,340
Fundraising	51,574	-	51,574	75,173
<b>Total expenses</b>	<b>3,003,976</b>	<b>-</b>	<b>3,003,976</b>	<b>2,632,659</b>
Change in net assets	4,007	(10,035)	(6,028)	156,487
Net assets, beginning of year	29,280	448,459	477,739	321,252
Net assets, end of year	\$ 33,287	\$ 438,424	\$ 471,711	\$ 477,739

See accompanying notes to financial statements.

CASA DE ESPERANZA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues and support:			
Contributions	\$ 40,609	\$ -	\$ 40,609
Contributions - in kind	12,352	-	12,352
Foundation grants	214,002	339,998	554,000
Greater Twin Cities United Way	-	262,226	262,226
Government grants and contracts	1,848,230	-	1,848,230
Program service fees	20,484	-	20,484
Merchandise sales	5,681	-	5,681
Interest income	156	-	156
Other income	45,408	-	45,408
Net assets released upon satisfaction of time and purpose restrictions	456,476	(456,476)	-
Total revenues and support	<u>2,643,398</u>	<u>145,748</u>	<u>2,789,146</u>
Expenses:			
Program services			
Family advocacy	821,651	-	821,651
Community engagement	132,910	-	132,910
National initiatives	1,209,585	-	1,209,585
Total program services	<u>2,164,146</u>	<u>-</u>	<u>2,164,146</u>
Management and general	393,340	-	393,340
Fundraising	75,173	-	75,173
Total expenses	<u>2,632,659</u>	<u>-</u>	<u>2,632,659</u>
Change in net assets	10,739	145,748	156,487
Net assets, beginning of year	<u>18,541</u>	<u>302,711</u>	<u>321,252</u>
Net assets, end of year	<u>\$ 29,280</u>	<u>\$ 448,459</u>	<u>\$ 477,739</u>

See accompanying notes to financial statements.

CASA DE ESPERANZA

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2015  
(With Comparative Totals for 2014)

	2015							2014
	Family Advocacy	Community Engagement	National Initiatives	Total Program Services	Management and General	Fundraising	Total	
Salaries	\$ 529,963	\$ 114,000	\$ 706,430	\$ 1,350,393	\$ 241,362	\$ 32,915	\$ 1,624,670	\$ 1,453,592
Payroll taxes	38,834	7,979	51,633	98,446	17,552	2,422	118,420	106,861
Employee benefits	57,770	21,617	59,572	138,959	29,557	2,586	171,102	160,569
Total salaries and benefits	626,567	143,596	817,635	1,587,798	288,471	37,923	1,914,192	1,721,022
Professional fees and contracts	17,950	11,245	353,582	382,777	43,854	8,706	435,337	355,891
Special events	-	-	-	-	-	-	-	1,500
Supplies	6,610	847	20,019	27,476	5,575	1,590	34,641	14,164
Postage and shipping	210	53	2,131	2,394	1,553	33	3,980	3,839
Printing and publication	2,975	1,771	1,544	6,290	3,745	745	10,780	11,684
Insurance	2,753	1,042	117	3,912	5,095	132	9,139	8,633
Occupancy:								
Rent	3,363	24,593	1,776	29,732	36,752	1,130	67,614	65,177
Utilities	9,460	1,288	-	10,748	-	-	10,748	11,848
Other	9,944	-	75	10,019	717	-	10,736	9,573
Library, training, and conferences	2,121	3,961	16,075	22,157	6,282	154	28,593	29,173
Telephone	11,549	7,655	4,456	23,660	7,719	328	31,707	33,121
Program activities and supplies	1,658	7,114	2,735	11,507	-	-	11,507	9,191
Housing services - food and supplies	32,261	-	-	32,261	-	-	32,261	28,395
Specific assistance - individuals	133,564	-	-	133,564	-	-	133,564	92,174
Cost of sales	-	-	4,262	4,262	-	-	4,262	4,698
Travel	26,567	2,066	199,330	227,963	8,618	11	236,592	196,079
Bad debts	40	-	-	40	-	-	40	-
Equipment rental and maintenance	3,349	204	7	3,560	341	9	3,910	3,795
Interest expense	-	-	-	-	271	-	271	3,723
Depreciation	9,036	-	-	9,036	8,546	-	17,582	24,875
Miscellaneous expenses	848	605	1,938	3,391	2,316	813	6,520	4,104
	<u>\$ 900,825</u>	<u>\$ 206,040</u>	<u>\$ 1,425,682</u>	<u>\$ 2,532,547</u>	<u>\$ 419,855</u>	<u>\$ 51,574</u>	<u>\$ 3,003,976</u>	<u>\$ 2,632,659</u>

See accompanying notes to financial statements.



CASA DE ESPERANZA

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2014

	Family Advocacy	Community Engagement	National Initiatives	Total Program Services	Management and General	Fundraising	Total
Salaries	\$ 493,245	\$ 78,479	\$ 607,474	\$ 1,179,198	\$ 223,459	\$ 50,935	\$ 1,453,592
Payroll taxes	35,931	5,726	44,285	85,942	16,931	3,988	106,861
Employee benefits	56,549	9,889	59,151	125,589	32,573	2,407	160,569
<b>Total salaries and benefits</b>	<b>585,725</b>	<b>94,094</b>	<b>710,910</b>	<b>1,390,729</b>	<b>272,963</b>	<b>57,330</b>	<b>1,721,022</b>
Professional fees and contracts	24,818	3,674	278,661	307,153	37,481	11,257	355,891
Special events	-	-	-	-	-	1,500	1,500
Supplies	1,971	2,485	4,682	9,138	4,923	103	14,164
Postage and shipping	237	38	2,469	2,744	707	388	3,839
Printing and publication	3,363	1,799	2,172	7,334	4,254	96	11,684
Insurance	3,411	632	1,147	5,190	3,245	198	8,633
Occupancy:							
Rent	6,146	14,657	7,593	28,396	35,493	1,288	65,177
Utilities	10,535	1,313	-	11,848	-	-	11,848
Other	9,532	-	-	9,532	41	-	9,573
Library, training, and conferences	2,434	3,470	15,436	21,340	6,463	1,370	29,173
Telephone	11,416	4,707	5,520	21,643	10,384	1,094	33,121
Program activities and supplies	2,441	4,680	2,070	9,191	-	-	9,191
Housing services - food and supplies	28,395	-	-	28,395	-	-	28,395
Specific assistance - individuals	92,174	-	-	92,174	-	-	92,174
Cost of sales	-	-	4,698	4,698	-	-	4,698
Travel	19,074	1,260	173,027	193,361	2,520	198	196,079
Equipment rental and maintenance	3,536	21	78	3,635	147	13	3,795
Interest expense	-	-	-	-	3,723	-	3,723
Depreciation	16,329	-	-	16,329	8,546	-	24,875
Miscellaneous expenses	114	80	1,122	1,316	2,450	338	4,104
	<u>\$ 821,651</u>	<u>\$ 132,910</u>	<u>\$ 1,209,585</u>	<u>\$ 2,164,146</u>	<u>\$ 393,340</u>	<u>\$ 75,173</u>	<u>\$ 2,632,659</u>

See accompanying notes to financial statements.

CASA DE ESPERANZA

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2015 and 2014

Increase (Decrease) in Cash

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (6,028)	\$ 156,487
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	17,582	24,875
Changes in operating assets and liabilities:		
Contributions receivable	(52,500)	67,500
Program and grant receivables	(40,755)	(46,015)
Other receivables	(89)	3,675
Prepaid expenses	19,738	(16,848)
Inventory	1,945	345
Accounts payable	(1,101)	43,317
Accrued payroll and related expenses	18,025	(13,243)
Deferred revenue	(2,305)	(14,671)
Net cash from operating activities	<u>(45,488)</u>	<u>205,422</u>
Cash flows from financing activities:		
Advances on line of credit, net	4,000	-
Payments on capital lease obligation	(3,615)	(3,469)
Net cash from financing activities	<u>385</u>	<u>(3,469)</u>
Net increase (decrease) in cash	(45,103)	201,953
Cash, beginning of year	<u>280,287</u>	<u>78,334</u>
Cash, end of year	<u>\$ 235,184</u>	<u>\$ 280,287</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 271	\$ 3,723

See accompanying notes to financial statements.

# CASA DE ESPERANZA

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

### 1. ORGANIZATION

Casa de Esperanza (the Organization) is a national Latina organization that mobilizes Latinas and Latino communities to end domestic violence. Rooted in Latino values, the Organization proactively addresses the causes and impact of violence in the home. Casa de Esperanza creates family support systems; changes community attitudes about domestic violence; facilitates community networks; and increases Latinos' access to resources and support across the country. Headquartered in Saint Paul, Minnesota, Casa de Esperanza's work is comprised of three areas:

**Family Advocacy** - Casa de Esperanza's Latina-based advocacy is based on the conviction that each woman who has experienced domestic violence knows what is best for her and her family; Family Advocates follow her lead and support her decisions. Casa de Esperanza works with women and children who find safety at the shelter, *El Refugio*, and with Latinas living in the community. The 24/7 bilingual crisis line provides support and information to thousands of callers each year.

**Community Engagement** - Casa de Esperanza believes that strong communities and social networks decrease domestic violence. Cultivating leadership, facilitating connections and resources, and changing attitudes about violence in the home are key elements in mobilizing communities to prevent and end domestic violence. This work focuses on building leadership, community connections and social support, and developing key partnerships to increase access to services and resources. Two neighborhood Information and Resource Centers provide access to technology and other information critical to Latin@s' daily lives. Leadership development and peer education opportunities are available to Latin@ teens and adults, who also focus on developing community action projects that promote the well-being of Latin@ communities.

**National Initiatives** - Casa de Esperanza is a national leader in improving services and access for Latino families experiencing domestic violence. The Organization's National Latin@ Network for Healthy Families and Communities offers connections, resources, training and tools to organizations and individuals serving Latino communities. Casa de Esperanza supports the network with:

- The National Latin@ Research Center on Family and Social Change, centered in Atlanta, Georgia.
- A public policy initiative that takes research findings and Latino voice to legislative tables in Washington, DC, then translates and disseminates policy decisions for network members and local communities throughout the country.
- Training and technical assistance (TA) funded by the Office on Violence Against Women, Department of Justice. Casa de Esperanza provides TA nationally to organizations serving Latino families and culturally specific organizations.

(Continued)

# CASA DE ESPERANZA

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

### 1. **ORGANIZATION (Continued)**

Casa de Esperanza is supported primarily through contributions, government grants and reimbursements, foundation grants, and the Greater Twin Cities United Way.

### 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates** - The preparation of financial statements in accordance with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Financial Statement Presentation** - Revenues and support are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- Unrestricted net assets are not restricted by donors or the donor-imposed restrictions have expired. Unrestricted net assets are available for programs and supporting services at the discretion of management and the board of directors.
- Temporarily restricted net assets arise from contributions that are restricted by donors for specific purposes or time periods.
- Permanently restricted net assets arise from contributions that the donor has stipulated must be maintained in perpetuity. At this time, Casa de Esperanza has no permanently restricted net assets.

**Inventory** - Inventory consists of training films, training manuals, audio-visual tools and children's products held for resale by Casa de Esperanza. Inventory is valued at the lower of cost, determined on a first-in, first-out basis, or market.

**Property and Equipment** - Property and equipment with a value of at least \$5,000 and a useful life greater than one year are carried at cost, with the exception of donated equipment, which is recorded at its fair market value at date of gift. Property and equipment are depreciated using the straight-line method over their estimated useful lives. Maintenance and repairs are expensed as incurred. Major renewals or betterments that extend the lives of property and equipment are capitalized. Management evaluates these assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

(Continued)

CASA DE ESPERANZA

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government Grants and Reimbursements** - Government grants and reimbursement funds are generally considered exchange transactions and are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are incurred. Funds received but not yet earned are recorded as deferred revenue.

Expenditures under government grants and contracts are subject to review by the granting authority. If, as a result of such a review, expenditures are determined to be unallowable, the disallowance will be recorded at the time the assessment for refund is made. All program and grant receivables are deemed to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded at June 30, 2015 and 2014.

**Contributions** - Contributions are recognized when the donor makes an unconditional commitment to give to Casa de Esperanza. Contributions that are restricted by the donor are reported as temporarily or permanently restricted net assets depending on the nature of the restrictions. Cash collected from donors for a specific purpose or time period is reported as restricted cash until donor restrictions have been satisfied. When a restriction expires or is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and restricted cash is released. Contributions with donor-imposed restrictions that expire in the same fiscal year the contribution is recognized are reported as unrestricted net assets.

Absent explicit donor restrictions regarding how long donated assets must be maintained, Casa de Esperanza reports expiration of donor restrictions when the donated or acquired assets are placed in service.

**Donated Services and Materials** - Donated materials are recorded as contributions at their estimated fair market value in the period received. Donated services are recorded as contributions at their estimated fair value only if the services create or enhance a nonfinancial asset or if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During 2015, Casa de Esperanza received contributed professional services valued at \$15,885 for management and general purposes. During 2014, Casa de Esperanza received contributed professional and consulting services valued at \$10,000 for program purposes and \$2,352 for management and general purposes.

The Organization regularly receives donated services from many volunteers. However no amounts have been recognized for these services because they do not meet the criteria described above.

(Continued)

CASA DE ESPERANZA

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Expenses** - Expenses have been recorded in program services and support service categories based on specific identification. In the absence of specific identification, expenses have been allocated based on staff time spent in each category. The time allocations are based on detailed timesheets prepared by employees.

**Concentration of Credit Risk** - Casa de Esperanza maintains cash balances in one financial institution. At times, the balance exceeds the federally insured limit. At June 30, 2015, these accounts did not exceed the FDIC limits. At June 30, 2014, these accounts exceeded the FDIC limit by approximately \$52,000. Casa de Esperanza has not experienced any losses from these deposits and management believes there is no significant credit risk.

**Income Taxes** - Casa de Esperanza is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes, except to the extent it has taxable income from businesses that are not related to its exempt purpose. Management believes Casa de Esperanza did not have any unrelated business income in 2015 or 2014.

The Organization believes that it has appropriate support for any tax positions taken, and accordingly, does not have any uncertain tax positions that are material to the financial statements.

3. **CONTRIBUTIONS RECEIVABLE**

Contributions receivable are due in 2016.

4. **UNEMPLOYMENT FUND DEPOSIT**

Casa de Esperanza has elected to opt out of the State of Minnesota's tax-rated unemployment system and become a direct reimbursing employer. As a reimbursing employer, the Organization pays dollar for dollar for benefits paid to its former employees should there be a claim. The Organization uses Unemployment Services Trust (UST) to manage assets set aside for payment of claims and to monitor claims. UST is a grantor trust created by and for nonprofit organizations. The Organization's UST account balance of \$42,364 and \$52,452, at June 30, 2015 and 2014, respectively, is included in prepaid expenses.

(Continued)

CASA DE ESPERANZA

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

5. **PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>2015</u>	<u>2014</u>	<u>Depreciation lives-years</u>
Land	\$ 25,000	\$ 25,000	-
Building and building improvements	340,959	340,959	7-30
Furniture and equipment	<u>125,722</u>	<u>125,722</u>	3-10
Total	491,681	491,681	
Less accumulated depreciation	<u>(432,336)</u>	<u>(414,754)</u>	
Net property and equipment	<u><u>\$ 59,345</u></u>	<u><u>\$ 76,927</u></u>	

6. **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets result from restrictions on contributions received from donors. The restrictions expire over time or when the stated purpose has been met. Temporarily restricted net assets consist of the following:

	<u>2015</u>	<u>2014</u>
Implementation of a community engagement strategy	\$ 133,426	\$ 152,794
National Domestic Violence Awareness Programs	150,503	214,327
Grants for future periods	-	37,500
Family advocacy - transitional housing	38,495	43,838
Resource development - capacity building	<u>116,000</u>	<u>-</u>
	<u><u>\$ 438,424</u></u>	<u><u>\$ 448,459</u></u>

(Continued)

CASA DE ESPERANZA

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

6. **TEMPORARILY RESTRICTED NET ASSETS (Continued)**

Corresponding temporarily restricted assets consist of the following:

	<u>2015</u>	<u>2014</u>
Cash - restricted	\$ 217,312	\$ 279,847
Contributions receivable	<u>221,112</u>	<u>168,612</u>
	<u>\$ 438,424</u>	<u>\$ 448,459</u>

7. **LINE OF CREDIT**

Casa de Esperanza has a \$100,000 line of credit with Bremer Bank with interest at the prime rate plus two-and-a-half percent (5.75% at June 30, 2015), not to drop below 4.5% at any time. The line of credit expires on February 9, 2016. A mortgage on the building secures the line of credit. At June 30, 2015 and 2014, \$99,000 and \$95,000 has been advanced on the line of credit.

8. **RETIREMENT PLAN**

Casa de Esperanza has a Tax Deferred Annuity Savings Plan in accordance with Section 403(b) of the Internal Revenue Code. An employee becomes eligible to make voluntary contributions to the plan beginning the first payroll period after the date of hire. During 2015 and 2014, Casa de Esperanza did not make employer contributions to the plan.

9. **OPERATING LEASES**

Casa de Esperanza leases its office space under the terms of various operating lease agreements that expire prior to or on August 31, 2016. In addition to base rent for operating space, Casa de Esperanza pays its share of operating costs. Total rent expense was \$67,614 and \$65,177 for 2015 and 2014, respectively.

Casa de Esperanza leased certain office equipment under an operating lease which expires in December 2019. Lease expense was \$2,349 and \$4,699 for 2015 and 2014, respectively.

(Continued)



CASA DE ESPERANZA

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

9. **OPERATING LEASES (Continued)**

Future minimum rental payments for the years ending June 30 are as follows:

2016	\$ 62,164
2017	14,894
2018	5,724
2019	5,724
2020	<u>2,862</u>
	<u>\$ 91,368</u>

10. **CAPITAL LEASE**

During 2013, Casa de Esperanza entered into a capital lease for a server. At June 30, 2015, the cost of the server under the capital lease is \$10,682 and the corresponding accumulated depreciation is \$8,377.

Future minimum lease payments for the years ending June 30 are as follows:

2016	\$ 2,338
Less interest	<u>(33)</u>
	<u>\$ 2,305</u>

11. **COMMITMENTS AND CONTINGENCIES**

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies. Such audits could result in claims against Casa de Esperanza for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

(Continued)

CASA DE ESPERANZA

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

12. **ECONOMIC DEPENDENCY**

Casa de Esperanza received approximately 69% and 66% of its revenues and support from federal, state and local governments for 2015 and 2014. Casa de Esperanza also received approximately 9% of its support from United Way for 2015 and 2014. A significant reduction in the level of this support would have an effect on Casa de Esperanza's programs and services and could prevent Casa de Esperanza from continuing in its present form.

13. **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 4, 2015, the date on which the financial statements were available for issue, and identified no further significant events or transactions to disclose.

**SUPPLEMENTARY INFORMATION**

## CASA DE ESPERANZA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor Identifying Number	Award Amount	Federal Expenditures
<b>Department of Justice, Violence Against Women Office:</b>				
Direct programs:				
OVW Technical Assistance Initiative	16.526			
Award #2009-TA-AX-K007		N/A	\$ 1,515,000	\$ 238,307
Award #2013-TA-AX-K015		N/A	400,000	168,865
Award #2014-TA-AX-K015		N/A	275,000	26,583
Award #2014-TA-AX-K041		N/A	500,000	110,628
Passed through Fund for the City of New York-Center for Court Innovation				
OVW Technical Assistance Initiative	16.526			
Award #2012-TA-AX-K023		2012-TA-AX-K023	97,504	32,630
Award #2013-TA-AX-K042		2012-TA-AX-K042	83,417	20,495
				<u>597,508</u>
Passed through City of Minneapolis				
Violence Against Women Formula Grants	16.588			
Award Agreement signed 8/13/13 - Knock & Talk		C-3713	19,469	5,335
Passed through State of Minnesota, Department of Public Safety, Office of Justice Programs				
Violence Against Women Formula Grants	16.588			
A-VAWA-2015-CASAESP-00015		A-VAWA-2015-CASAESP-00015	130,000	24,469
				<u>29,804</u>
Passed through Minneapolis Police Department				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590			
Award Agreement signed 5/15/14 - Gone on Arrival		C-38334	106,704	28,828
Direct programs:				
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736			
Award # 2012-WH-AX-0070		N/A	300,000	128,921
<b>Department of Justice, Bureau of Justice Assistance:</b>				
Passed through State of Minnesota Department of Public Safety, Office of Justice Programs				
Edward Byrne Memorial Justice Assistance Grant Program	16.738			
Byrne Justice Assistance Grants 2011		A-JAG-2011-CASAESP-00050	60,000	560
				<u>785,621</u>
<i>Total Department of Justice</i>				
<b>Department of Health and Human Services, Administration for Children and Families:</b>				
Direct programs:				
Family Violence Prevention and Services/Discretionary Grants	93.592			
Award # 90EV0413		N/A	2,394,000	675,847
Passed through State of Minnesota Department of Public Safety, Office of Justice Programs				
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671			
Crime Victim Services 2015 Grant		A-CVS-2015-CASAESP-00094	62,500	62,500
				<u>738,347</u>
<i>Total Department of Health and Human Services</i>				

(Continued)

CASA DE ESPERANZA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor Identifying Number	Award Amount	Federal Expenditures
<b>Department of Homeland Security</b>				
Passed through Ramsey County:				
Emergency Food and Shelter National Board Program	97.024	503200-006	\$ 3,000	\$ 3,000
<i>Total Department of Homeland Security</i>				<u>3,000</u>
Total				<u>\$ 1,526,968</u>

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Casa de Esperanza under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Casa de Esperanza, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Casa de Esperanza.

**Note 2. Summary of Significant Accounting Policies**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.



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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Casa de Esperanza  
Saint Paul, Minnesota

We have audited the financial statements of Casa de Esperanza (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated December 4, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Casa de Esperanza's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Casa de Esperanza's internal control. Accordingly, we do not express an opinion on the effectiveness of Casa de Esperanza's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

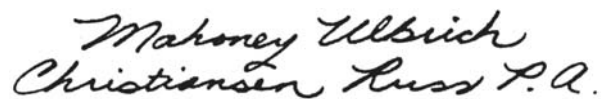
(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Casa de Esperanza's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Casa de Esperanza's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Casa de Esperanza's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mahoney Ulbich  
Christiansen Russ P.A.

Saint Paul, Minnesota  
December 4, 2015



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors  
Casa de Esperanza  
Saint Paul, Minnesota

### **Report on Compliance for the Major Federal Program**

We have audited Casa de Esperanza's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Casa de Esperanza's major federal program for the year ended June 30, 2015. Casa de Esperanza's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Casa de Esperanza's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about Casa de Esperanza's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Casa de Esperanza's compliance.

(Continued)



### ***Opinion on the Major Federal Program***

In our opinion, Casa de Esperanza complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

Management of Casa de Esperanza is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Casa de Esperanza's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Casa de Esperanza's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Mahoney Ulbrich  
Christiansen Russ P.A.*

Saint Paul, Minnesota  
December 4, 2015

CASA DE ESPERANZA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

SECTION I – SUMMARY OF AUDITOR’S RESULTS

**FINANCIAL STATEMENTS**

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(s) identified? \_\_\_\_\_ yes   X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

**FEDERAL AWARDS**

Internal control over major program:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(s) identified? \_\_\_\_\_ yes   X   none reported

Type of auditor’s report issued on compliance for major program Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? \_\_\_\_\_ yes   X   no

Identification of major program:

- CFDA Number 16.526 – OVW Technical Assistance Initiative

Dollar threshold used to distinguish between type A and type B programs   \$ 300,000  

Auditee qualified as low-risk auditee?   X   yes \_\_\_\_\_ no

SECTION II – FINDINGS – FINANCIAL STATEMENTS AUDIT

No matters were reported.

SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

No matters were reported.