

**CASA DE ESPERANZA**

**FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED  
JUNE 30, 2019 AND 2018**

# CASA DE ESPERANZA

## FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2019 and 2018

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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, 2019 and 2018, and the related statements of activities, 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, 2019 and 2018, 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.

**Change in Accounting Principle**

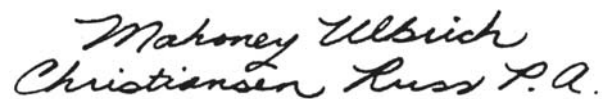
As discussed in Note 2 to the financial statements, Casa de Esperanza has adopted Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

**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 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 March 10, 2020, 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 solely 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 the effectiveness of Casa de Esperanza's 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.

March 10, 2020

# CASA DE ESPERANZA

## STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash - unrestricted	\$ 12,873	\$ 96,422
Cash - restricted	132,516	280,447
Total cash	<u>145,389</u>	<u>376,869</u>
Contributions receivable	25,000	132,500
Program and grant receivables	487,504	383,057
Other receivables	296	429
Prepaid expenses	77,577	73,283
Security deposits	14,376	4,376
Property and equipment, net	<u>80,107</u>	<u>88,905</u>
Total assets	<u>\$ 830,249</u>	<u>\$ 1,059,419</u>
LIABILITIES AND NET ASSETS		
Line of credit	\$ 236,645	\$ 150,000
Accounts payable	120,328	184,581
Accrued payroll and related expenses	<u>260,558</u>	<u>231,866</u>
Total liabilities	<u>617,531</u>	<u>566,447</u>
Net assets:		
Without donor restrictions	70,348	94,595
With donor restrictions	<u>142,370</u>	<u>398,377</u>
Total net assets	<u>212,718</u>	<u>492,972</u>
Total liabilities and net assets	<u>\$ 830,249</u>	<u>\$ 1,059,419</u>

See accompanying notes to financial statements.

**CASA DE ESPERANZA**

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues and support:				
Contributions	\$ 85,509	\$ -	\$ 85,509	\$ 44,643
Contributions - in kind	3,575	-	3,575	25,488
Foundation grants	166,000	211,000	377,000	724,250
Greater Twin Cities United Way	272	-	272	75,000
Government grants and contracts	3,251,458	-	3,251,458	3,449,449
Special event revenue	-	-	-	75,653
Less: costs of direct benefits to donors	-	-	-	(68,628)
Net revenue from special events	-	-	-	7,025
Program service fees	82,101	-	82,101	59,334
Merchandise sales	1,316	-	1,316	3,382
Other income	27,693	-	27,693	36,927
Net assets released upon satisfaction of time and purpose restrictions	467,007	(467,007)	-	-
Total revenues and support	<u>4,084,931</u>	<u>(256,007)</u>	<u>3,828,924</u>	<u>4,425,498</u>
Expenses:				
Program services				
Family advocacy	1,092,220	-	1,092,220	1,046,496
Community engagement	318,611	-	318,611	253,277
National initiatives	1,918,169	-	1,918,169	2,224,133
Total program services	<u>3,329,000</u>	<u>-</u>	<u>3,329,000</u>	<u>3,523,906</u>
Management and general	611,145	-	611,145	699,499
Fundraising	169,033	-	169,033	162,332
Total expenses	<u>4,109,178</u>	<u>-</u>	<u>4,109,178</u>	<u>4,385,737</u>
Change in net assets	(24,247)	(256,007)	(280,254)	39,761
Net assets, beginning of year	<u>94,595</u>	<u>398,377</u>	<u>492,972</u>	<u>453,211</u>
Net assets, end of year	<u>\$ 70,348</u>	<u>\$ 142,370</u>	<u>\$ 212,718</u>	<u>\$ 492,972</u>

See accompanying notes to financial statements.

**CASA DE ESPERANZA**

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	\$ 44,643	\$ -	\$ 44,643
Contributions - in kind	25,488	-	25,488
Foundation grants	274,250	450,000	724,250
Greater Twin Cities United Way	-	75,000	75,000
Government grants and contracts	3,449,449	-	3,449,449
Special event revenue	75,653	-	75,653
Less: costs of direct benefits to donors	(68,628)	-	(68,628)
Net revenue from special events	7,025	-	7,025
Program service fees	59,334	-	59,334
Merchandise sales	3,382	-	3,382
Other income	36,927	-	36,927
Net assets released upon satisfaction of time and purpose restrictions	508,965	(508,965)	-
Total revenues and support	4,409,463	16,035	4,425,498
Expenses:			
Program services			
Family advocacy	1,046,496	-	1,046,496
Community engagement	253,277	-	253,277
National initiatives	2,224,133	-	2,224,133
Total program services	3,523,906	-	3,523,906
Management and general	699,499	-	699,499
Fundraising	162,332	-	162,332
Total expenses	4,385,737	-	4,385,737
Change in net assets	23,726	16,035	39,761
Net assets, beginning of year	70,869	382,342	453,211
Net assets, end of year	\$ 94,595	\$ 398,377	\$ 492,972

See accompanying notes to financial statements.

**CASA DE ESPERANZA**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)

	2019					Total		
	Family Advocacy	Community Engagement	National Initiatives	Program Services	Management and General		Fundraising	Total
Salaries	\$ 705,653	\$ 209,187	\$ 1,263,289	\$ 2,178,129	\$ 370,829	\$ 106,021	\$ 2,654,979	\$ 2,784,200
Payroll taxes	53,352	15,816	95,512	164,680	28,037	8,016	200,733	205,527
Employee benefits	75,498	22,366	135,444	233,308	33,980	11,194	278,482	310,414
<b>Total salaries and benefits</b>	<b>834,503</b>	<b>247,369</b>	<b>1,494,245</b>	<b>2,576,117</b>	<b>432,846</b>	<b>125,231</b>	<b>3,134,194</b>	<b>3,300,141</b>
Professional fees and contracts	25,513	11,539	95,660	132,712	43,619	25,000	201,331	357,091
Supplies	6,742	583	12,812	20,137	12,482	88	32,707	52,723
Postage and shipping	226	-	2,345	2,571	1,148	484	4,203	5,112
Printing and publication	823	-	4,022	4,845	7,579	-	12,424	13,836
IT and software	19,586	5,678	30,916	56,180	18,983	1,484	76,647	-
Insurance	-	-	-	-	5,194	-	5,194	8,355
Occupancy:								
Rent	22,360	26,999	16,951	66,310	38,820	13,750	118,880	66,506
Utilities	10,461	-	-	10,461	-	-	10,461	8,800
Other	6,627	-	-	6,627	299	-	6,926	17,519
Library, training, and conferences	1,743	1,869	8,788	12,400	6,364	345	19,109	20,790
Telephone and internet	17,126	1,348	16,665	35,139	17,042	848	53,029	51,799
Program activities and supplies	3,020	13,591	2,518	19,129	322	94	19,545	28,404
Housing services - food and supplies	31,171	60	-	31,231	-	-	31,231	34,812
Specific assistance - individuals	72,210	85	400	72,695	-	-	72,695	41,948
Travel	28,133	9,490	229,631	267,254	3,481	4	270,739	311,861
Bad debts	-	-	-	-	-	-	-	28,475
Equipment rental and maintenance	9,089	-	110	9,199	697	-	9,896	24,906
Interest expense	-	-	-	-	8,172	-	8,172	4,538
Depreciation	2,887	-	-	2,887	5,911	-	8,798	2,888
Miscellaneous expenses	-	-	3,106	3,106	8,186	1,705	12,997	5,233
<b>Total</b>	<b>\$ 1,092,220</b>	<b>\$ 318,611</b>	<b>\$ 1,918,169</b>	<b>\$ 3,329,000</b>	<b>\$ 611,145</b>	<b>\$ 169,033</b>	<b>\$ 4,109,178</b>	<b>\$ 4,385,737</b>

See accompanying notes to financial statements.



**CASA DE ESPERANZA**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2018

	Family Advocacy	Community Engagement	National Initiatives	Total Program Services	Management and General	Fundraising	Total
Salaries	\$ 708,501	\$ 170,004	\$ 1,423,177	\$ 2,301,682	\$ 361,055	\$ 121,463	\$ 2,784,200
Payroll taxes	50,728	13,086	101,854	165,668	31,134	8,725	205,527
Employee benefits	76,617	19,764	153,834	250,215	47,022	13,177	310,414
Total salaries and benefits	835,846	202,854	1,678,865	2,717,565	439,211	143,365	3,300,141
Professional fees and contracts	26,995	10,553	185,044	222,592	130,349	4,150	357,091
Supplies	14,214	2,157	15,801	32,172	18,977	1,574	52,723
Postage and shipping	21	-	2,206	2,227	2,017	868	5,112
Printing and publication	33	4,482	2,215	6,730	6,819	287	13,836
Insurance	-	-	-	-	8,355	-	8,355
Occupancy:							
Rent	3,000	-	-	3,000	63,506	-	66,506
Utilities	8,800	-	-	8,800	-	-	8,800
Other	14,027	80	3,054	17,161	358	-	17,519
Library, training, and conferences	607	3,069	7,907	11,583	8,103	1,104	20,790
Telephone and internet	17,684	1,224	16,699	35,607	7,247	8,945	51,799
Program activities and supplies	2,538	18,450	5,590	26,578	1,706	120	28,404
Housing services - food and supplies	34,354	280	178	34,812	-	-	34,812
Specific assistance - individuals	41,678	270	-	41,948	-	-	41,948
Travel	19,853	9,858	279,333	309,044	2,656	161	311,861
Bad debts	734	-	27,241	27,975	-	500	28,475
Equipment rental and maintenance	23,184	-	-	23,184	1,722	-	24,906
Interest expense	-	-	-	-	4,538	-	4,538
Depreciation	2,888	-	-	2,888	-	-	2,888
Miscellaneous expenses	40	-	-	40	3,935	1,258	5,233
	<u>\$ 1,046,496</u>	<u>\$ 253,277</u>	<u>\$ 2,224,133</u>	<u>\$ 3,523,906</u>	<u>\$ 699,499</u>	<u>\$ 162,332</u>	<u>\$ 4,385,737</u>

See accompanying notes to financial statements.

**CASA DE ESPERANZA**

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2019 and 2018

Increase (Decrease) in Cash

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (280,254)	\$ 39,761
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	8,798	2,888
Donated property and equipment	-	-
Changes in operating assets and liabilities:		
Contributions receivable	107,500	136,000
Program and grant receivables	(104,447)	97,519
Other receivables	133	(429)
Prepaid expenses	(4,294)	12,741
Security deposits	(10,000)	-
Inventory	-	22,420
Accounts payable	(64,253)	40,431
Accrued payroll and related expenses	28,692	32,061
Deferred revenue	-	(13,810)
Net cash from operating activities	(318,125)	369,582
Cash flows from investing activities:		
Purchase of property and equipment	-	(41,377)
Net cash from investing activities	-	(41,377)
Cash flows from financing activities:		
Advances (payments) on line of credit, net	86,645	(25,553)
Net cash from financing activities	86,645	(25,553)
Net increase (decrease) in cash	(231,480)	302,652
Cash, beginning of year	376,869	74,217
Cash, end of year	\$ 145,389	\$ 376,869
Supplemental cash flow information:		
Cash paid for interest	\$ 8,172	\$ 4,538

See accompanying notes to financial statements.

# CASA DE ESPERANZA

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

### 1. ORGANIZATION

Casa de Esperanza (the Organization) is a Latina organization whose mission is to mobilize Latinas and Latin@ communities to end domestic violence. The organization was founded in 1982 when a small group of Latina activists created an emergency shelter to provide culturally-responsive services for Latinas who were experiencing domestic violence and we have worked since then to support Latin@ men, women, and children in living healthy, violence-free lives. We are now the largest and most recognized Latina domestic violence organization in the country and are increasing our capacity to respond to sexual assault and human trafficking. Casa de Esperanza serves approximately 13,000 individuals, families, and organizations across the country, half of them in the Twin Cities and surrounding areas.

**Family advocacy** - Family advocacy offers direct support for Latin@s and their families who are living in domestic violence in the Twin Cities metro area and are at risk of experiencing homelessness. We provide a variety of options to best meet our families' needs including: El Refugio (emergency shelter), a bi-lingual crisis line, transitional housing support, mobile advocacy (our Latina Family Advocates meet survivors wherever they feel safe to help them create safety plans, navigate legal systems, and accompany them to school, court, or medical appointments), and we help with referrals to other agencies and resources.

**Community engagement** - Our Community Engagement work area focuses on developing the leadership skills and community capacity of Latin@s to end gender-based violence, primarily through our Fuerza Unida Amig@s initiative which trains and supports 75 to 80 Latin@ youth and adults each year to become first-responders and change agents who can help shift the beliefs and behaviors within their own family and social networks that lead to unhealthy relationships. Once they have finished training, Amig@s develop and lead community action projects that reach thousands of community members throughout the Twin Cities and neighboring suburbs. The work of the Youth Amig@s culminates each year in a day-long conference that they organize to raise awareness of Teen Dating Violence and other topics that Latin@ Youth are interested in.

**National initiatives** - Casa de Esperanza also is home to the National Latin@ Network for Healthy Families and Communities, which provides training and technical assistance across the country; leads public policy initiatives; and conducts community-based participatory research on the intersections of domestic violence and Latin@ identity. Our leadership in the field has been recognized by the U.S. Department of Health and Human Services, which has designated our organization as the only Culturally Specific Issue Resource Center on Domestic Violence and Latin@ Communities.

Casa de Esperanza is supported primarily through government grants and contracts, foundation grants, and individual contributions.

(Continued)

# CASA DE ESPERANZA

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

### 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.

**Accounting Pronouncement Adopted** - FASB issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* to address the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adopted the pronouncement and adjusted the presentation of these statements accordingly. As a result, net assets previously reported as temporarily and permanently restricted are now called net assets with donor restrictions. The amount of such net assets did not change.

Footnote disclosures have been expanded as required by the ASU. The Organization has opted not to disclose liquidity and availability information for 2018 as permitted under the ASU in the year of adoption.

**Financial Statement Presentation** - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both

(Continued)

# CASA DE ESPERANZA

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

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

**Inventory** - Inventory consisted 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. In 2018, based on management review it was determined the remaining inventory was obsolete and was written off to bad debt expense.

**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.

**Government Grants and Contracts** - Government grants and contracts 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. All program and grant receivables are deemed to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded at June 30, 2019 and 2018.

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.

**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 net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without restrictions and restricted cash is released. Contributions with donor-imposed restrictions that expire in the same fiscal year the contribution is recognized are reported as net assets without restrictions.

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.

(Continued)

## CASA DE ESPERANZA

### NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

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

**Contributions Receivable** - Contributions receivable are recorded at the promised amount because the difference between the promised amount and the net present value of the promise is immaterial. Management believes that all amounts will be received when due, therefore no allowance for uncollectible amounts has been provided. Receivables are written off when, in management's estimation, it is probable that the receivable is worthless. Contributions receivable at June 30, 2019 are due in 2020.

**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 2019 and 2018, Casa de Esperanza received contributed professional services valued at \$3,575 and \$25,488 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.

**Functional Expenses** - Expenses have been reported 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, 2019, these accounts did not exceed the FDIC limit. At June 30, 2018, these accounts exceeded the FDIC limit by \$256,402. Casa de Esperanza has not experienced any losses from these deposits and management believes there is no significant credit risk.

(Continued)

# CASA DE ESPERANZA

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

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

**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 activities that are not related to its exempt purpose. Management believes Casa de Esperanza did not have any unrelated business income in 2019 or 2018.

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

### 3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the statement of financial position date are as follow:

Cash	\$	130,243
Contributions receivable		25,000
Program and grant receivables		487,504
Other receivables		<u>296</u>
Total financial assets available within one year	\$	<u>643,043</u>

In addition to financial assets available to meet general expenditures over the next 12 months, Casa de Esperanza, operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

### 4. RESTRICTED CASH

Cash is restricted at June 30, 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Net assets with donor restrictions	\$ 117,370	\$ 265,877
Fiscal agent – included in accounts payable	<u>15,146</u>	<u>14,570</u>
	<u>\$ 132,516</u>	<u>\$ 280,447</u>

(Continued)

## CASA DE ESPERANZA

### NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

#### 5. 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 \$35,092 and \$27,449, at June 30, 2019 and 2018, respectively, is included in prepaid expenses.

#### 6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2019</u>	<u>2018</u>	<u>Depreciation lives-years</u>
Land	\$ 25,000	\$ 25,000	-
Building and building improvements	349,584	349,584	7-30
Furniture and equipment	<u>79,101</u>	<u>149,044</u>	3-10
Total	453,686	523,628	
Less accumulated depreciation	<u>(373,578)</u>	<u>(434,723)</u>	
Net property and equipment	<u><u>\$ 80,107</u></u>	<u><u>\$ 88,905</u></u>	

During 2019, \$69,943 of fully depreciated equipment that was no longer in use was disposed of by the Organization.

(Continued)



**CASA DE ESPERANZA**

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

**7. NET ASSETS WITH DONOR RESTRICTIONS**

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

	2019	2018
Time restricted for future periods	\$ 25,000	\$ 42,500
Purpose restrictions:		
Implementation of a community engagement strategy	-	25,000
National Domestic Violence Awareness Programs	117,370	205,877
Family advocacy - transitional housing	-	75,000
Resource development - capacity building	-	30,000
Develop brand strategy	-	20,000
	\$ 142,370	\$ 398,377

Corresponding net assets with donor restrictions consist of the following:

	2019	2018
Cash - restricted	\$ 117,370	\$ 265,877
Contributions receivable	25,000	132,500
	\$ 142,370	\$ 398,377

Net assets released from restrictions consisted of the following:

	2019	2018
Use restrictions	\$ 392,007	\$ 372,965
Time restrictions	75,000	136,000
	\$ 467,007	\$ 508,965

(Continued)

## CASA DE ESPERANZA

### NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

#### 8. LINE OF CREDIT

Casa de Esperanza has a \$250,000 line of credit with Bremer Bank with interest at the prime rate plus two-and-a-half percent (8.00% and 7.50% at June 30, 2019 and 2018), not to drop below 4.0% at any time. The line of credit will expire on February 11, 2022. The line of credit is secured by the Organization's accounts receivable. At June 30, 2019 and 2018, \$236,645 and \$150,000 has been advanced on the line of credit.

#### 9. 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 2019 and 2018, Casa de Esperanza did not make employer contributions to the plan.

#### 10. OPERATING LEASES

Casa de Esperanza was leasing its office space under the terms of various operating lease agreements that expire on June 30, 2025. In addition to base rent for operating space, Casa de Esperanza pays its share of operating costs. Total rent expense was \$118,880 and \$66,506 for 2019 and 2018, respectively.

Casa de Esperanza leases certain office equipment under an operating lease which expires in December 2019. Lease expense was \$5,724 for both 2019 and 2018.

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

2020	\$ 125,634
2021	122,772
2022	125,400
2023	125,400
2024	128,244
Thereafter	128,244
	<u>\$ 755,694</u>

#### 11. ECONOMIC DEPENDENCY

Casa de Esperanza received approximately 85% and 78% of its revenues and support from federal, state and local governments for 2019 and 2018. 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.

(Continued)

## **CASA DE ESPERANZA**

### **NOTES TO FINANCIAL STATEMENTS**

For the Years Ended June 30, 2019 and 2018

#### **12. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 10, 2020, 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, 2019

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 program:				
OVW Technical Assistance Initiative	16.526			
Award # 2015-TA-AX-K007		N/A	\$ 550,000	\$ 59,494
Award # 2015-TA-AX-K053		N/A	300,000	58,520
Award # 2016-TA-AX-K038		N/A	450,000	192,457
Award # 2016-TA-AX-K039		N/A	450,000	164,443
Award # 2016-TA-AX-K040		N/A	900,000	158,384
Award # 2016-TA-AX-K041		N/A	420,000	71,752
Award # 2016-TA-AX-K051		N/A	600,000	<u>129,595</u>
				<u>834,645</u>
Direct program:				
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault Award # 2017-WH-AX-0001	16.736	N/A	350,000	77,093
Passed through Tubman				
Legal Assistance for Victims Grant	16.524	Award #2016-WL-AX-0038	17,243	5,286
Direct program:				
Consolidated And Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies Award # 2016-CY-AX-K004	16.888	N/A	750,000	237,684
<b>Department of Justice:</b>				
Passed through State of Minnesota, Department of Public Safety, Office of Justice Programs				
Crime Victim Assistance	16.575	A-CVS-2018-CASAESP-00098	747,716	297,270
Passed through Vera Institute of Justice				
Crime Victim Assistance/Discretionary Grants	16.582			
2015 Award		2015-VF-GX-K011	55,921	22,313
2016 Award		2016-XV-GX-K015	214,782	<u>132,039</u>
				<u>154,352</u>
<i>Total Department of Justice</i>				<u>1,606,330</u>
<b>Department of Health and Human Services, Administration for Children and Families:</b>				
Direct program:				
Family Violence Prevention and Services/Discretionary Grants Award # 90EV0413	93.592	N/A	3,099,000	<u>970,501</u>
<i>Total Department of Health and Human Services</i>				<u>970,501</u>

(Continued)

(Continued)

**CASA DE ESPERANZA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2019

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	\$ 3,500	\$ 3,500
<i>Total Department of Homeland Security</i>				<u>3,500</u>
Total				<u><u>\$ 2,580,331</u></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, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance). 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) Casa de Esperanza has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



# Mahoney Ulbrich Christiansen Russ P.A.

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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, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated March 10, 2020. 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mahoney Ulbrich  
Christiansen Russ P.A.*

March 10, 2020





# Mahoney Ulbrich Christiansen Russ P.A.

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

### Report on Compliance for Each Major Federal Program

We have audited Casa de Esperanza's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Casa de Esperanza's major federal program for the year ended June 30, 2019. Casa de Esperanza's major federal programs are 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Casa de Esperanza's major federal programs 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance 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 a 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 each major federal program. However, our audit does not provide a legal determination of Casa de Esperanza's compliance.

(Continued)

### ***Opinion on Each 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 programs for the year ended June 30, 2019.

### **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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mahoney Ulbich  
Christiansen Russ P.A.*

March 10, 2020

**CASA DE ESPERANZA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2019

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor’s report issued	Unmodified		
“Going concern” emphasis-of-matter paragraph included in the auditor's report?	_____ yes	<u>  X  </u> no	
Internal control over financial reporting:			
• Material weakness(es) identified?	_____ yes	<u>  X  </u> no	
• Significant deficiency(s) identified?	_____ yes	<u>  X  </u> none reported	
Noncompliance material to financial statements noted?	_____ yes	<u>  X  </u> no	

**FEDERAL AWARDS**

Internal control over major programs:			
• Material weakness(es) identified?	_____ yes	<u>  X  </u> no	
• Significant deficiency(s) identified?	_____ yes	<u>  X  </u> none reported	
Type of auditor’s report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	_____ yes	<u>  X  </u> no	
Identification of major programs:	CFDA Number 16.526 – OVW Technical Assistance CFDA Number 16.575 – Crime Victim Assistance		
Dollar threshold used to distinguish between type A and type B programs	<u>  \$ 750,000  </u>		
Auditee qualified as low-risk auditee?	<u>  X  </u> 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.