Mahoney
CPAS AND ADVISORS

ESPERANZA UNITED

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

ESPERANZA UNITED

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Esperanza United
Saint Paul, Minnesota

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Esperanza United (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Esperanza United, as of June 30, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Esperanza United and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

(Continued)

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Esperanza United's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Esperanza United's ability to continue as a going concern for a reasonable period of time.

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

Other Information

Management is responsible for the other information in Esperanza United's annual report. The other information comprises financial information, a letter from the CEO, and a description of program accomplishments for the year but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated.

(Continued)

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 also 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 January 29, 2026 on our consideration of Esperanza United'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 Esperanza United'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 Esperanza United's internal control over financial reporting and compliance.

Mahoney Ulbrich Christiansen & Russ, PA

January 29, 2026

ESPERANZA UNITED

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

	2025	2024
ASSETS		
Cash - unrestricted	$ 1,640,252	$ 117,780
Cash - restricted	499,748	409,766
Total cash	2,140,000	527,546
Investments	6,138,295	6,366,894
Contributions receivable	115,000	150,173
Program and grant receivables, net	2,431,396	2,531,001
Other receivables	-	111
Prepaid expenses	70,572	74,470
Security deposits	16,573	10,000
Property and equipment, net	142,990	116,726
Right of use asset, net	-	125,698
Total assets	$ 11,054,826	$ 9,902,619
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 1,847,563	$ 1,343,257
Fiscal agency payable	5,337	28,208
Accrued payroll and related expenses	412,406	431,190
Lease liability	-	126,646
Total liabilities	2,265,306	1,929,301
Net assets:		
Without donor restrictions	8,174,772	7,413,379
With donor restrictions	614,748	559,939
Total net assets	8,789,520	7,973,318
Total liabilities and net assets	$ 11,054,826	$ 9,902,619

See accompanying notes to financial statements.

ESPERANZA UNITED

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	2025			
	Without Donor Restrictions	With Donor Restrictions	Total	2024
Revenues and support:				
Contributions	$ 52,428	$ -	$ 52,428	$ 36,120
Contributions - in kind	104,224	-	104,224	35,031
Foundation grants	2,177,116	467,089	2,644,205	1,700,839
Greater Twin Cities United Way	34,796	115,000	149,796	126,638
Government grants and contracts	11,202,123	-	11,202,123	8,056,879
Program service fees	63,341	-	63,341	43,713
Net investment return	558,492	-	558,492	535,507
Other income	43,135	-	43,135	18,751
Net assets released upon satisfaction of time and purpose restrictions	527,280	(527,280)	-	-
Total revenues and support	14,762,935	54,809	14,817,744	10,553,478
Expenses:				
Program services				
Family advocacy	1,728,056	-	1,728,056	1,484,494
Prevention and social change (PSC)	413,837	-	413,837	415,791
Training and technical assistance (TTA)	9,463,616	-	9,463,616	6,728,329
Total program services	11,605,509	-	11,605,509	8,628,614
Management and general	2,150,763	-	2,150,763	1,933,732
Fundraising	245,270	-	245,270	216,665
Total expenses	14,001,542	-	14,001,542	10,779,011
Change in net assets	761,393	54,809	816,202	(225,533)
Net assets, beginning of year	7,413,379	559,939	7,973,318	8,198,851
Net assets, end of year	$ 8,174,772	$ 614,748	$ 8,789,520	$ 7,973,318

See accompanying notes to financial statements.

ESPERANZA UNITED

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	$ 36,120	$ -	$ 36,120
Contributions - in kind	35,031	-	35,031
Foundation grants	1,270,489	430,350	1,700,839
Greater Twin Cities United Way	18,965	107,673	126,638
Government grants and contracts	8,056,879	-	8,056,879
Program service fees	43,713	-	43,713
Net investment return	535,507	-	535,507
Other income	18,751	-	18,751
Net assets released upon satisfaction of time and purpose restrictions	900,270	(900,270)	-
Total revenues and support	10,915,725	(362,247)	10,553,478
Expenses:			
Program services			
Family advocacy	1,484,494	-	1,484,494
Prevention and social change (PSC)	415,791	-	415,791
Training and technical assistance (TTA)	6,728,329	-	6,728,329
Total program services	8,628,614	-	8,628,614
Management and general	1,933,732	-	1,933,732
Fundraising	216,665	-	216,665
Total expenses	10,779,011	-	10,779,011
Change in net assets	136,714	(362,247)	(225,533)
Net assets, beginning of year	7,276,665	922,186	8,198,851
Net assets, end of year	$ 7,413,379	$ 559,939	$ 7,973,318

See accompanying notes to financial statements.

ESPERANZA UNITED

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	2025							
	Family advocacy	PSC	TTA	Total program services	Management and general	Fundraising	Total	2024
Salaries	$ 1,055,643	$ 253,778	$ 2,045,725	$ 3,355,146	$ 1,061,023	$ 165,942	$ 4,582,111	$ 4,157,079
Taxes and benefits	194,925	45,787	368,324	609,036	203,493	30,146	842,675	752,069
Total salaries and benefits	1,250,568	299,565	2,414,049	3,964,182	1,264,516	196,088	5,424,786	4,909,148
Professional fees and contracts	7,378	52,441	647,333	707,152	730,416	29,305	1,466,873	1,096,910
Supplies	10,172	215	9,264	19,651	4,639	538	24,828	18,515
Postage and shipping	156	-	1,069	1,225	1,393	807	3,425	2,991
Printing and publication	1,601	625	5,819	8,045	1,511	252	9,808	9,735
IT and software	24,543	5,624	59,921	90,088	29,745	4,183	124,016	121,758
Insurance	1,557	374	3,017	4,948	1,469	245	6,662	8,347
Occupancy:								
Rent	29,749	7,152	57,650	94,551	28,070	4,675	127,296	140,257
Utilities	8,970	-	-	8,970	229	-	9,199	8,179
Other	1,826	-	-	1,826	(141)	-	1,685	4,754
Library, training, and conferences	7,065	2,422	54,734	64,221	20,428	4,589	89,238	70,315
Telephone and internet	18,669	4,075	12,816	35,560	4,809	903	41,272	42,198
Program activities and supplies	9,926	25,966	76,055	111,947	3,712	1,857	117,516	254,374
Housing services - food and supplies	30,793	4,093	555	35,441	4,499	107	40,047	67,992
Specific assistance - individuals	285,589	4,967	5,901,574	6,192,130	-	-	6,192,130	3,543,725
Travel	19,176	2,544	211,946	233,666	28,171	1,378	263,215	361,443
Equipment rental and maintenance	3,341	-	-	3,341	-	-	3,341	1,136
Bad debts	-	-	-	-	-	-	-	75,000
Interest expense	-	-	-	-	3,679	-	3,679	652
Depreciation	8,734	-	-	8,734	5,911	-	14,645	14,956
Miscellaneous expenses	8,243	3,774	7,814	19,831	17,707	343	37,881	26,626
	$ 1,728,056	$ 413,837	$ 9,463,616	$ 11,605,509	$ 2,150,763	$ 245,270	$ 14,001,542	$ 10,779,011

See accompanying notes to financial statements.

ESPERANZA UNITED

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2024

	Family advocacy	PSC	TTA	Total program services	Management and general	Fundraising	Total
Salaries	$ 944,566	$ 252,656	$ 1,847,597	$ 3,044,819	$ 1,032,684	$ 79,576	$ 4,157,079
Taxes and benefits	171,899	46,040	331,787	549,726	193,149	9,194	752,069
Total salaries and benefits	1,116,465	298,696	2,179,384	3,594,545	1,225,833	88,770	4,909,148
Professional fees and contracts	1,837	12,313	575,325	589,475	461,622	45,813	1,096,910
Supplies	1,650	881	6,679	9,210	9,305	-	18,515
Postage and shipping	98	-	588	686	2,305	-	2,991
Printing and publication	1,979	1,321	3,984	7,284	2,284	167	9,735
IT and software	21,537	4,174	63,768	89,479	30,377	1,902	121,758
Insurance	187	501	3,667	4,355	3,834	158	8,347
Occupancy:							
Rent	28,821	8,157	56,286	93,264	44,551	2,442	140,257
Utilities	8,179	-	-	8,179	-	-	8,179
Other	2,231	-	-	2,231	2,523	-	4,754
Library, training, and conferences	2,686	5,877	36,078	44,641	22,634	3,040	70,315
Telephone and internet	17,584	3,896	14,480	35,960	5,819	419	42,198
Program activities and supplies	6,298	34,392	208,479	249,169	5,205	-	254,374
Housing services - food and supplies	50,725	14,444	1,554	66,723	1,121	148	67,992
Specific assistance - individuals	188,186	11,478	3,268,248	3,467,912	5,813	70,000	3,543,725
Travel	18,885	14,101	306,639	339,625	19,775	2,043	361,443
Equipment rental and maintenance	986	-	-	986	150	-	1,136
Bad debts	-	-	-	-	75,000	-	75,000
Interest expense	-	-	-	-	652	-	652
Depreciation	8,560	-	-	8,560	6,396	-	14,956
Miscellaneous expenses	7,600	5,560	3,170	16,330	8,533	1,763	26,626
	$ 1,484,494	$ 415,791	$ 6,728,329	$ 8,628,614	$ 1,933,732	$ 216,665	$ 10,779,011

See accompanying notes to financial statements.

ESPERANZA UNITED

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 816,202	$ (225,533)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	14,645	14,956
Gains on investments	(437,069)	(382,882)
Bad debts	-	75,000
Changes in operating assets and liabilities:		
Contributions receivable	35,173	(35,039)
Program and grant receivables	99,605	(1,335,972)
Other receivables	111	1,221
Prepaid expenses	3,898	33,565
Security deposits	(6,573)	5,813
Right of use asset	125,698	122,085
Lease liability	(126,646)	(123,033)
Accounts payable and accrued expenses	505,248	1,023,278
Fiscal agency payable	(22,871)	2,804
Accrued payroll and related expenses	(18,784)	41,652
Net cash from operating activities	988,637	(782,085)
Cash flows from investing activities:		
Purchase of property and equipment	(41,851)	-
Proceeds from the sale of investments	3,583,508	1,923,640
Purchases of investments	(2,917,840)	(2,056,137)
Net cash from investing activities	623,817	(132,497)
Net increase (decrease) in cash and restricted cash	1,612,454	(914,582)
Cash and restricted cash, beginning of year	527,546	1,442,128
Cash and restricted cash, end of year	$ 2,140,000	$ 527,546
Supplemental cash flow information:		
Noncash investing and financing activities:		
Property and equipment addition in accounts payable	$ -	$ 940

See accompanying notes to financial statements.

1. ORGANIZATION

Esperanza United (the Organization) mobilizes Latinas and Latin@ communities to end domestic violence, dating violence, sexual assault and stalking. 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 has worked since then to support Latin@ men, women, and children in living healthy, violence-free lives. The Organization is now the largest and most recognized Latina domestic violence organization in the country.

Family advocacy - Family advocacy offers direct support for domestic violence survivors and their families who are experiencing domestic and dating violence in the Twin Cities metro areas. The Organization provides 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 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 help with referrals to other resources.

Prevention and Social Change (PSC) - The PSC team focuses on developing the leadership and community capacity to end domestic violence, dating violence, sexual assault and stalking. The Amig@s initiative trains and supports Latin@ youth and young adults to help shift beliefs and behaviors within their own social networks. Amig@s develop and lead community action projects that reach of community members throughout the Twin Cities area. 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.

Training and Technical Assistance (TTA) - The Organization’s training and technical assistance department provides education, consultation and strategic support to multi-disciplinary professionals and organizations across the country. The Organization’s leadership in the field has been recognized by the U.S. Department of Health and Human Services (HHS), which designated the Organization as the Culturally Specific Issue Resource Center on Domestic Violence and Latin@ Communities. The Organization has received funding from the U.S. Department of Justice, Office on Violence Against Women (OVW) to be the technical assistance provider for organizations receiving OVW grant funding who serve Latin@s.

1. **ORGANIZATION (Continued)**

Research and evaluation - Through a partnership with the University of New Haven, the Organization conducts community-based participatory research on the intersections of domestic violence and Latin@ identity. The research and evaluation team conducts literature reviews to support the training and technical assistance department with the provision of evidence-based best practices assistance to organizations nationwide. During the last year members of the department published peer-reviewed journal articles, published abstracts in peer-reviewed journals, received IRB approval for a new study, and made numerous presentations at national scholarly conferences.

Public Policy - The Public Policy team works to ensure that policies nationwide are responsive to the needs and realities of Latin@ communities, advocating for enhanced rights and protections for domestic violence survivors.

The Organization is supported primarily through grants and contracts, and contributions.

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 - 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.

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

Investments - Investments in publicly traded mutual funds, debt and other securities are reported at fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Fair Value Measurements - The Organization determines fair value, when necessary, based on the assumptions that market participants would use when pricing the asset or liability. Valuation techniques require using inputs representing the assumptions that would be made by market participants in pricing the asset or liability. Valuation inputs are categorized using the following fair value hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs that are observable, directly or indirectly, other than the quoted prices included in Level 1; and
- Level 3 - unobservable inputs.

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.

Fiscal Agency Payable - The Organization periodically acts as an agent for donors and grantors. It accepts assets from donors and agrees to use those amounts to benefit a specified beneficiary. These transactions are not included in the statements of activities since the Organization has no discretion in determining how the funds are used. Such agency amounts are recorded as liabilities until released to the beneficiary.

Grants, Contracts, and Contributions - The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give are received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions are recorded when received as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Upon expiration of the time restriction or when purpose restrictions have been met, they are reclassified to net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

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

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Revenues 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, or services performed not in compliance, the disallowance will be recorded at the time the assessment for refund is made.

Contributions and grants receivable are stated at the amount management expects to collect from outstanding balances. Grants receivable represent expenditures made in accordance with the terms of the awards not yet reimbursed in cash or services performed but not paid. Funding received in advance of the incurrence of project expenditures or performance of required services is recorded as a refundable advance. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants or contributions receivable. As of June 30, 2025, management determined no allowance for credit loss was necessary. As of June 30, 2024, management estimated $75,000 in an allowance for credit losses was necessary.

Contributions receivable of $115,000 are due in 2026.

Donated Services and Materials - Donated items are recorded as contributions at their estimated fair value, determined by management referencing local market inputs and the type of goods donated, when 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. The Organization utilizes donated goods and services in its programs and operations or according to any donor restrictions. During June 30, 2025 and 2024, the Organization received contributed professional services valued at $104,224 and $35,031 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.

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

Leases - The Organization assesses whether an arrangement qualifies as a lease (i.e. conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

Right of use (ROU) assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Leased assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. Lease expense is recognized for these leases on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of less than 12 months as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet. Common area maintenance costs and other variable lease payments are recognized when invoiced and are not included in the leased assets and liabilities.

The Organization uses the implicit rate when it is readily determinable. When the leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk free rate at lease commencement.

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 - The Organization maintains cash balances in one financial institution. At times, the balance exceeds the federally insured limit. At June 30, 2025 and 2024 these accounts exceeded the federally insured limits by $1,884,293 and $281,819. The Organization has not experienced any losses from these deposits and management believes there is no significant credit risk.

Income Taxes - The Organization 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 the Organization did not have any unrelated business income in 2025 or 2024. 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 follows:

	2025	2024
Cash	$ 2,140,000	$ 117,780
Investments	6,138,295	6,366,894
Contributions receivable	115,000	150,173
Program and grant receivables	2,431,396	2,531,001
Other receivables	-	111
Total financial assets available within one year	$ 10,824,691	$ 9,165,959

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

4. INVESTMENTS

Investments, at fair value using level 1 inputs, consist of the following at June 30:

	2025	2024
Cash	$ 88,589	$ 121,572
Common stocks	2,772,355	1,941,153
Exchange-traded & closed-end funds	978,767	1,814,318
Municipal bonds	400,483	245,929
Corporate fixed income	637,321	305,444
Government securities	821,896	733,865
Mutual funds	438,884	1,204,613
Total investments	$ 6,138,295	$ 6,366,894

Net investment return consists of the following:

	2025	2024
Investment income	$ 191,015	$ 169,616
Interest income on savings	10,726	22,087
Investment income (loss) on UST	1,365	(4,223)
Service fees	(46,808)	(34,855)
Realized gain (loss)	67,960	(71,988)
Unrealized gain	334,234	454,870
Net investment return	$ 558,492	$ 535,507

(Continued)

5. UNEMPLOYMENT FUND DEPOSIT

The Organization 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 $36,706 and $39,694, at June 30, 2025 and 2024, respectively, is included in prepaid expenses.

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2025	2024	Depreciation lives-years
Land	$ 25,000	$ 25,000	-
Building and building improvements	487,278	445,429	7-30
Furniture and equipment	89,189	89,189	3-10
Construction in progress	-	940	-
Total	601,467	560,558	
Less accumulated depreciation	(458,477)	(443,832)	
Net property and equipment	$ 142,990	$ 116,726	

Construction in progress at June 30, 2025 consist of feasibility study costs related to a larger project to renovate the Emergency Shelter Facilities Capital (Refugio). The project costs are expected to be $1,005,252 and will be funded through a Minnesota Department of Human Services grant which expires in June 2028.

7. LINE OF CREDIT

The Organization had a $250,000 line of credit with Bremer Bank beginning November 8, 2023 with interest at an Index rate set by the bank plus .75% (9.25% at November 2023), not to drop below 6.0% at any time. The line matured on November 7, 2024. No funds were advanced at June 30, 2024.

The Organization signed a new $250,000 line of credit with Bremer Bank (now Old National Bank) beginning December 3, 2024 with interest at an Index rate set by the bank plus .75% (8.5% at December 2024), not to drop below 6.0% at any time. The line matures on November 8, 2025.

8. RETIREMENT PLAN

The Organization 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 2025 and 2024, The Organization made employer match contributions to the plan of $95,278 and $90,467.

9. 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:

	2025	2024
Time restricted for future periods	$ 115,000	$ 150,173
Purpose restrictions:		
Capacity building	265,615	4,947
Family advocacy - transitional housing	21,916	398,819
CEO Transition	191,217	-
Community engagement	21,000	6,000
	$ 614,748	$ 559,939

Corresponding net assets with donor restrictions consist of the following:

	2025	2024
Cash - restricted	$ 499,748	$ 409,766
Contributions receivable	115,000	150,173
	$ 614,748	$ 559,939

Net assets released from restrictions consisted of the following:

	2025	2024
Use restrictions	$ 412,280	$ 785,270
Time restrictions	115,000	115,000
	$ 527,280	$ 900,270

(Continued)

10. LEASES

Esperanza United is leasing its office space under the terms of an operating lease agreement that expired on June 30, 2025. In addition to base rent for operating space, Esperanza United pays its share of operating costs. Esperanza United signed a new short-term lease for the office which expires June 30, 2026.

Future minimum rental payments consist of $137,220 for the year ending June 30, 2026 for the short-term lease.

The following summarizes the line items in the statements of activities which include the components of lease expense, including CAM, under all leases for the year ended June 30:

Lease Cost	Classification	2025	2024
Operating	Rent	127,296	127,296
Short term leases	Rent	-	2,000
Non-lease charges	Rent	-	10,961

Lease term and discount rate for operating leases	2025	2024
Weighted average remaining lease term (years)	0.00	1.00
Weighted average discount rate	2.85%	2.85%

11. ECONOMIC DEPENDENCY

The Organization received approximately 76% and 76% of its revenues and support from federal, state and local governments for 2025 and 2024. The Organization received approximately 13% and 9% of its revenues and support from one donor in 2025 and 2024.

12. COMMITMENTS

The Organization has several government grants that contain donor conditions (primarily that funds be expended for eligible costs before they are earned). Since these grants represent conditional promises to give, they are not recorded as revenue until the donor conditions are met. The Organization has unearned conditional contributions from cost-reimbursable grants of the following at June 30, 2025:

Family advocacy	$ 2,186,159
Community engagement	256,749
National initiatives	7,730,204
	$ 10,173,112

13. SUBSEQUENT EVENTS

On September 30, 2025, the Organization's $13.2 million grant from the U.S. Department of Health and Human Services, Family Violence Prevention and Services Act (FVPSA) under the 2021 American Rescue Plan Act (ARP), along with additional ARP-related funding, concluded. These ARP grants provided a historic opportunity to address the disproportionate impacts of COVID-19 and support Latin@ survivors of sexual assault and domestic violence. With the expiration of this significant funding, Esperanza United implemented cost reduction measures, including the elimination of over seven staff positions directly connected to ARP grant funds.

Management has evaluated subsequent events through January 29, 2026, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

ESPERANZA UNITED

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

Federal Grantor/ Program Title/ Pass-through Grantor	Assistance Listing Number	Pass-through Grantor Identifying Number	Award Amount	Federal Expenditures
Department of Justice, Office on Violence Against Women:				
OVW Technical Assistance Initiative	16.526			
Direct program:				
Award # 2016-TA-AX-K039		N/A	$ 1,200,000	$ 10,464
Award # 15JOVW-21-GK-02225-MUMU		N/A	666,666	66,782
Award # 15JOVW-22-GK-05004-FIRE		N/A	250,000	233,707
Award # 15OVW-23-GK-05137-CSSP		N/A	500,000	374,469
Award # 15OVW-23-GK-05153-MUMU		N/A	300,000	79,888
Award # 15JOVW-23-GK-05476-MUMU		N/A	400,000	62,374
Award # 15OVW-24-GK-02992-MUMU		N/A	300,000	37,200
Award # 15JOVW-24-GK-02989-CSSP		N/A	600,000	195,950
Award # 15JOVW-24-GK-02990-MUMU		N/A	350,000	38,959
Award # 15JOVW-24-GK-02991-MUMU		N/A	350,000	7,996
				1,107,789
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736			
Direct program:		N/A	975,000	236,786
Award # 2017-WH-AX-0001				
Legal Assistance for Victims Grant	16.524			
Passed through Tubman		2022 LAV Grant	19,714	1,100
Direct program:				
Award #15JOVW-23-GG-00497-LEGA		N/A	400,000	82,775
				83,875
Consolidated Grant Program to Address Children and Youth Experiencing Domestic and Sexual Assault and Engage Men and Boys as Allies	16.888			
Direct program:				
Award # 2020-CY-AX-0036		N/A	500,000	71,634
				71,634
Department of Justice, Office of Justice Programs:				
Crime Victim Assistance	16.575			
Passed through State of Minnesota, Department of Public Safety, Office of Justice Programs		A-CVS-2024-CASAESP-059	709,208	315,294
				315,294
Crime Victim Assistance/Discretionary Grants	16.582			
Passed through the National Network to End Domestic Violence		REACH 15POVC-22-GK-01804-NONF	600,000	335,692
Total Department of Justice				2,151,070
Department of Health and Human Services, Administration for Children and Families:				
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671			
Passed through State of Minnesota, Department of Public Safety, Office of Justice Programs - COVID		A-FARPC-2023-CASAESP-00034	179,989	75,798
Family Violence Prevention and Services/Culturally Specific Domestic Violence and Sexual Violence Services	93.496			

(Continued)

ESPERANZA UNITED

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

Federal Grantor/ Program Title/ Pass-through Grantor	Assistance Listing Number	Pass-through Grantor Identifying Number	Award Amount	Federal Expenditures
Direct program:				
Award # 90EV0556 - COVID		N/A	13,200,000	6,400,647
Family Violence Prevention and Services/ Discretionary Grants	93.592			
Direct program:				
Award # 90EV0525		N/A	3,450,000	744,660
Award # 90EV0520 - COVID		N/A	800,000	111,058
Award # 90EV0553 - COVID		N/A	3,000,000	562,558
				1,418,276
Total Department of Health and Human Services				7,894,721
Total				10,045,791

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Esperanza United under programs of the federal government for the year ended June 30, 2025. 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 Esperanza United, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Esperanza United.

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.

Note 3. Indirect Costs Rate

Esperanza United has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Mahoney
CPAS AND ADVISORS

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
Esperanza United
Saint Paul, Minnesota

We have audited, in accordance with the 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, the financial statements of Esperanza United (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 January 29, 2026.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Esperanza United's system of internal control over financial reporting (internal control) as a basis for designing 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 Esperanza United's internal control. Accordingly, we do not express an opinion on the effectiveness of Esperanza United'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 or significant deficiencies may exist that were not identified.

(Continued)

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Esperanza United'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 financial statements. 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, PA

January 29, 2026

Mahoney
CPAS AND ADVISORS

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
Esperanza United
Saint Paul, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Esperanza United's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Esperanza United's major federal programs for the year ended June 30, 2025. Esperanza United's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Esperanza United complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Esperanza United and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Esperanza United's compliance with the compliance requirements referred to above.

(Continued)

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Esperanza United's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Esperanza United's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Esperanza United's compliance with the requirements of each of the major federal programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Esperanza United's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Esperanza United's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Esperanza United's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001. Our opinion on each major federal program is not modified with respect to these matters.

(Continued)

Government Auditing Standards requires the auditor to perform limited procedures on Esperanza United's response to the noncompliance findings identified in our compliance audit is described in the accompanying Schedule of Findings and Questioned Costs. Esperanza United's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in Esperanza United's internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Esperanza United's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Esperanza United's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Ulbrich Christiansen & Russ, PA

January 29, 2026

ESPERANZA UNITED

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

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	X no	
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 programs:			
• Material weakness(es) identified?	____ yes	X no	
• Significant deficiency(s) identified?	X yes	____ 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)?	X yes	____ no	
Identification of major programs:	93.496 – Family Violence Prevention and Services/Culturally Specific Domestic Violence and Sexual Violence Services 16.575 – Crime Victim Assistance		
Dollar threshold used to distinguish between type A and type B programs	$ 750,000		
Auditee qualified as low-risk auditee?	____ yes	X no	

ESPERANZA UNITED

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

SECTION II – FINDINGS – FINANCIAL STATEMENTS AUDIT

No matters were reported.

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

2025-001 Lack of Documentation for Procurement, Suspension, and Debarment Testing

Federal Department: Department of Health and Human Services, Administration for Children and Families
Assistance Listing #: 93.496
Compliance and Internal Controls Significant Deficiency
Category of Finding – Procurement, Suspension and Debarment

Criteria – Per 2 CFR 200.318(i) Esperanza is required to maintain records sufficient to detail the history of each procurement transaction, which must include the rationale for the procurement method, contract type, selection, contractor selection or rejections, and the basis for the contract price. Additionally, 2 CFR 180 requires that Esperanza obtain verification that it does not contract with entities that are suspended or debarred by the federal government.

Condition – Esperanza was unable to provide documentation related to the competitive bidding process performed for one of the contractors used for this grant. We were able to determine that multiple contractors were contacted, but not see the bids provided or any documentation related to why the specific contractor was selected. Esperanza was also unable to provide documentation showing they had performed the required suspension and debarment verification process for any of the contractor used for this grant. We were able to determine on sam.gov that none of the contractors were suspended or debarred, but not obtain evidence that this process was done at the time the contracts were entered into.

Cause – The organization has gone through turnover of key staff during the past several fiscal years and many of the contractors they use for this grant when through the procurement process prior to that turnover. The individuals who were responsible for obtaining this documentation left the organization during that time.

Effect – Failure to perform competitive bidding as required by Uniform Guidance and Esperanza's procurement policy could result in the organization entering a procurement transaction in a manner that did not provide full and open competition. Not performing suspension and debarment verification processes prior to entering into a contract could also result in Esperanza contracting with an entity that is suspended or debarred.

(Continued)

Recommendation – We recommend that management implement a formal process around maintaining procurement records, and suspension and debarment verification in a central location that is accessible by relevant management and not effected by staff turnover. Assigning responsibility of maintaining these records to a single individual rather than having each program director separately responsible for their records will also improve Esperanza's ability to meet these requirements.

Management's Response and Corrective Action – Management is in agreement with the finding. Going forward, finance staff will be responsible for maintaining and safekeeping all procurement documentation for the requisite amount of time in an accessible location in an accounting folder explicitly marked on the Esperanza United secured drive for finance staff and executive team.

Responsible party for corrective action – Vivian Huelgo, President and CEO

Repeat finding – No

ESPERANZA UNITED

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2025

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

2024-001 Late Filing of Federal Financial Reports

Federal Department: Department of Justice, Office on Violence Against Women
Assistance Listing #: 16.526
Compliance and Internal Controls Significant Deficiency
Category of Finding – Reporting

Condition – The March 31, 2024 FFR report for 15JOVW-23-GK-05153-MUMU and 15JOVW-23-GK-05137-CSSP were submitted on May 20, 2024. The December 31, 2023 FFR report for 2016-TA-AX-K040 was submitted on July 1, 2024.

Recommendation – We recommend that management implement a formal process that clearly defines who is responsible for preparing and a separate individual responsible for reviewing these report, and make sure they are aware of the filing requirements to ensure that federal reports are prepared, reviewed, and submitted timely. Having two individuals responsible for this process will help mitigate the risk of missing a filing deadline due to turnover.

Current Status: Cleared. The recommendation was adopted 2025, and no similar finding was reported in the 2025 audit.

2024-002 Inaccurate Filing of Federal Financial Reports

Federal Department: Department of Justice, Office on Violence Against Women
Assistance Listing #: 16.526
Compliance and Internal Controls Significant Deficiency
Category of Finding – Reporting

Condition – The September 30, 2023 and December 31, 2023 FFR reports for Award # 2016-TA-AX-K040 reported inaccurate federal expenditures. Total federal expenditures reported were $783,183 and $809,897 for periods ended September 30, 2023 and December 31, 2023, whereas actual expenditures in the financial management system for the periods ended were $756,435 and $760,887, respectively.

Recommendation – We recommend that management implement a structured and two-step review process where a knowledgeable and experienced individual other than the preparer reviews the report prior to submission.

Current Status: Cleared. The recommendation was adopted 2025, and no similar finding was reported in the 2025 audit.

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ESPERANZA UNITED

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2025

2025-001 Lack of Documentation for Procurement, Suspension, and Debarment Testing

Federal Departments: Department of Health and Human Services, Administration for Children and Families
Assistance Listing #: 93.496
Compliance and Internal Controls Significant Deficiency
Category of Finding – Procurement, Suspension and Debarment

Name of contact person: Vivian Huelgo, President and CEO

Corrective Action: Finance staff will be responsible for maintaining and safekeeping all procurement documentation for requisite amount of time in accessible location in an accounting folder explicitly marked on the Esperanza United secured drive for finance staff and executive team.

Completion Date: January 1, 2026

Signature: Signed by: Vivian Huelgo F21F1E69F189427...

Name: 1/29/2026

Title: President & CEO

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