

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Financial Statements
With Independent Auditor's Report
and
Federal Awards
In Accordance with the Uniform Guidance

Year Ended June 30, 2024



HEARTLAND ALLIANCE INTERNATIONAL, LLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Heartland Alliance International, LLC
Chicago, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Heartland Alliance International, LLC, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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. 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 Heartland Alliance International, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis-of-Matter

As discussed in Note 6 to the financial statements, Heartland Alliance International, LLC has a deficit in net assets without donor restrictions, has experienced negative cash flows from operations, and has experienced a significant reduction in sources of revenue subsequent to year end. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 6. Our opinion is not modified with respect to this matter.

Other Matter

As part of our audit of the 2024 financial statements, we also audited the adjustments described in Note 10 that were applied to restate the 2023 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management 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, 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.

Board of Directors
Heartland Alliance International, LLC
Chicago, Illinois

Responsibilities of Management for the Financial Statements, continued

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 Heartland Alliance International, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards 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 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 generally accepted auditing standards 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 Heartland Alliance International, LLC'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 Heartland Alliance International, LLC'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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2025, on our consideration of Heartland Alliance International LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Heartland Alliance International, LLC'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 Heartland Alliance International, LLC's internal control over financial reporting and compliance.

Capin Crouse LLC

Naperville, Illinois
September 22, 2025

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Statement of Financial Position

June 30, 2024

ASSETS:

Cash and cash equivalents	\$ 596,915
Grants receivable	1,609,738
Prepaid expenses and other assets	108,731
Property and equipment, net	<u>261,913</u>

Total Assets	<u><u>\$ 2,577,297</u></u>
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LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable	\$ 559,286
Accrued liabilities	657,529
Refundable advances	<u>827,367</u>
Total liabilities	<u><u>2,044,182</u></u>

Net assets:

Without donor restrictions	(289,028)
With donor restrictions	<u>822,143</u>
Total net assets	<u><u>533,115</u></u>

Total Liabilities and Net Assets	<u><u>\$ 2,577,297</u></u>
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See notes to financial statements

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Grants and contracts	\$ -	\$ 17,496,991	\$ 17,496,991
Contributions	31,721	487,480	519,201
Contributions of nonfinancial assets	1,270,070	-	1,270,070
Gain on extinguishment of related party liabilities	2,372,205	-	2,372,205
Other income (loss)	(80,216)	-	(80,216)
Total Support and Revenue	3,593,780	17,984,471	21,578,251
 Net assets released from purpose restrictions	 17,988,875	 (17,988,875)	 -
EXPENSES:			
Program services	16,058,097	-	16,058,097
Supporting activities:			
Management and general	3,347,048	-	3,347,048
Fundraising	564,941	-	564,941
Total Expenses	19,970,086	-	19,970,086
 Changes in Net Assets	 1,612,569	 (4,404)	 1,608,165
 Net Assets, Beginning of Year			
As Previously Stated	(2,309,321)	1,234,271	(1,075,050)
Prior Period Adjustment (Note 10)	407,724	(407,724)	-
As Restated	(1,901,597)	826,547	(1,075,050)
 Net Assets, End of Year	 \$ (289,028)	 \$ 822,143	 \$ 533,115

See notes to financial statements

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services	Supporting Activities:		Total
		Management and General	Fundraising	
Salaries and benefits	\$ 8,757,086	\$ 1,099,640	\$ 415,746	\$ 10,272,472
Professional services	2,166,902	1,835,265	116,270	4,118,437
Participant support and supplies	2,770,870	-	-	2,770,870
Office expenses	674,747	63,969	17,137	755,853
Occupancy and equipment	539,965	13,944	5,117	559,026
Subrecipient grants	525,083	-	-	525,083
Travel	505,727	9,027	7,818	522,572
Insurance	99,173	23,217	2,853	125,243
Depreciation	-	35,142	-	35,142
Other	18,544	266,844	-	285,388
	<u>\$ 16,058,097</u>	<u>\$ 3,347,048</u>	<u>\$ 564,941</u>	<u>\$ 19,970,086</u>

See notes to financial statements

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Statement of Cash Flows

Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 1,608,165
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation expense	35,142
Donated property and equipment	(24,482)
Gain on extinguishment of related party liabilities	(2,372,205)
Changes in:	
Grants receivable	504,294
Prepaid expenses and other assets	467,944
Accounts payable	118,477
Accrued liabilities	(1,203,072)
Refundable advances	(366,656)
Net Cash Used by Operating Activities	<u>(1,232,393)</u>
Change in Cash and Cash Equivalents	(1,232,393)
Cash and Cash Equivalents, Beginning of Year	<u>1,829,308</u>
Cash and Cash Equivalents, End of Year	<u>\$ 596,915</u>

See notes to financial statements

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Notes to Financial Statements

June 30, 2024

1. NATURE OF ORGANIZATION:

Heartland Alliance International, LLC, (HAI) is a not-for-profit organization that works to secure the rights and well-being of vulnerable people and communities worldwide, including in the U.S., through the Marjorie Kovler Center. HAI began its journey as the global arm of the Chicago-based Heartland Alliance family of nonprofits, founded by Jane Addams over 130 years ago. HAI's service areas include trauma-informed mental health, specialized torture treatment care, access to justice, food security, livelihoods and economic empowerment. HAI advances and sustains change through a multifaceted approach including data-driven direct service delivery, capacity strengthening of local partners, policy advocacy, and research.

HAI is incorporated under the General Not-For-Profit Corporation Act of Illinois and is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and state law. HAI is not a private foundation under Section 509(a)(1) of the Code. Contributions to HAI are tax deductible within the limitations prescribed by the Code. HAI's primary support comes from grants and contracts and contributions.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The significant accounting policies are summarized below.

CASH AND CASH EQUIVALENTS

HAI maintains its cash balances in checking and savings accounts. These accounts may at times exceed federally insured limits. As of June 30, 2024, HAI's cash and cash equivalents that were not insured were approximately \$436,000.

GRANTS RECEIVABLE

Grants receivable are recognized as assets and revenue in the period earned. Grants receivable primarily consists of reimbursement based grants where revenue is recognized as qualifying costs are incurred. HAI expects all receivable amounts to be fully collected within one year of June 30, 2024. Therefore, no allowance for uncollectible receivables has been recorded as of June 30, 2024.

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Notes to Financial Statements

June 30, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT, NET

Purchases of property and equipment with a cost of \$5,000 or more are stated at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from ten to thirty years for buildings and improvements and three to five years for vehicles, equipment, and other.

REFUNDABLE ADVANCES

Refundable advances represent grant funds received but not yet earned. Revenue will be recognized when the related services are provided or expenses are incurred in alignment with the grant agreements.

CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets as follows:

Net assets without donor restrictions are those currently available under the direction of the board of directors for use in HAI's operations.

Net assets with donor restrictions are those resources with donor stipulations for various projects or time restrictions. As of June 30, 2024, net assets with donor restrictions are restricted entirely for the Marjorie Kovler Center.

GRANTS AND CONTRACTS

HAI receives funding under grants and contracts from federal, state, and local governmental and non-governmental agencies, as well as from private foundations and individuals. Grant revenue is recognized as it is earned, which is when qualifying costs are incurred or when specific barriers have been overcome. HAI's records are subject to audit for varying periods under multiple grants and contracts, and HAI is liable for repayment of any disallowed costs identified.

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Notes to Financial Statements

June 30, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS

Contributions are recorded when made, which may be when cash or other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities as net assets released from restrictions. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor.

CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributions of nonfinancial assets are recognized at fair value at the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how the contributed nonfinancial assets must be used. The services are only recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. HAI primarily receives contributed legal and medical services, and the related expenses are included as professional services in the statement of functional expenses.

GAIN ON EXTINGUISHMENT OF RELATED PARTY LIABILITIES

During the year ended June 30, 2024, HAI became an independent non-profit organization. Previously, HAI was part of Heartland Alliance for Human Needs and Human Rights and Subsidiaries, Inc. As of June 30, 2024, there were several inter-company liabilities owed to Heartland Alliance for Human Needs and Human Rights and Subsidiaries, Inc. and its affiliates. These liabilities were forgiven as HAI became a separate, non-consolidated organization. Specifically, during the year ended June 30, 2024, a note payable balance of \$774,000 and accounts payable and accrued liabilities of \$1,598,205 were forgiven. This is reported in the statement of activities as a gain on extinguishment of related party liabilities.

OTHER INCOME

Other income is recognized as it is earned.

FUNCTIONAL ALLOCATION OF EXPENSES

In the statements of activities and functional expenses, the costs that are directly associated with a particular program or supporting service are allocated directly to that functional category. Additionally, certain costs have been allocated among the programs and supporting services benefited based on staff time devoted to the functional areas or other appropriate allocation methods determined by management. All other expenses are allocated based on actual expense for programs and various other criteria.

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Notes to Financial Statements

June 30, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP 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, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects HAI's financial assets as of June 30, 2024, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because of contractual or donor-imposed restrictions.

Financial assets:

Cash and cash equivalents	\$ 596,915
Grants receivable	1,609,738
Financial assets, at year-end	<u>2,206,653</u>
Less those unavailable for general expenditure within one year, due to:	
Purpose restrictions not expected to be released in the following year	<u>(50,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,156,653</u>

HAI structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Funds restricted by donors that are part of HAI's ongoing operations are considered to be financial assets available to meet cash needs for general expenditures. As part of HAI's liquidity management, it has established guidelines for making decisions related to managing short term cash reserves in a prudent manner. \$772,143 of donor restricted amounts has been included in liquidity as management considers it to be available for general expenditures within the next twelve months for ongoing programs.

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Notes to Financial Statements

June 30, 2024

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, as of June 30, 2024, consists of:

Land	\$ 31,365
Building and improvements	568,485
Vehicles, equipment, and other	25,867
	<hr/>
	625,717
Less accumulated depreciation	(363,804)
	<hr/>
	\$ 261,913
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5. CONCENTRATIONS

HAI receives a substantial portion of its operating funds from grants and contracts from various departments of the U.S. government. Grant funding from the federal government represented approximately 60% of total revenue for the year ended June 30, 2024. More specifically, the Department of State accounted for approximately 36% of total revenue for the year ended June 30, 2024, and USAID accounted for approximately 17% of total revenue for the year ended June 30, 2024. The remaining revenue received from the federal government was granted from various other departments. If this revenue were discontinued, it would have a material adverse effect on HAI. Government grants are generally subject to review and final determination by the granting agencies. Subsequent to June 30, 2024, the U.S. government terminated 78% of HAI's international grant programs. These international grants accounted for approximately 24% of total revenue for the year ended June 30, 2024. See Note 6 for further disclosure.

6. FINANCIAL CONDITION

As of June 30, 2024, HAI had a deficit in net assets without donor restrictions and has experienced negative cash flows from operations. The primary reason for this financial situation is costs being higher than anticipated grant revenue. Absent the \$2,372,205 gain on extinguishment of related party liabilities, HAI would have had a \$(764,040) change in net assets for the year ended June 30, 2024. As described in Note 5, HAI will no longer receive a substantial portion of its current source of revenue. This will have a significant impact on future operations, beginning in the year ended June 30, 2025.

Management has recognized the significance of the financial condition of HAI and is working to address its need to increase revenues while at the same time significantly reducing operating expenses in order to improve its financial condition, especially in response to the reduction of current sources of revenue. Management has developed a financial recovery plan to address HAI's financial condition and is vigorously pursuing the financial plan to address these concerns and support the financial viability of HAI. Since its independence in May 2024, HAI began developing a fundraising strategy to diversify its revenue. This included the hiring of various positions to grow the business development team and expand its focus away from U.S. Government funding. While the change in revenue for the organization with grant terminations in February 2025 impacted hiring, HAI has continued to strengthen its individual donor base with ambitious fundraising goals in FY25 and FY26. HAI's individual donor base has been particularly engaged subsequent to year end, having increased contributions compared the same period of the previous year. Additionally, HAI underwent a major restructuring, downsizing and streamlining its operations to ensure the organization's size and expenditures reflect the new needs and budget.

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Notes to Financial Statements

June 30, 2024

7. RELATED PARTY TRANSACTIONS:

During the year ended June 30, 2024, HAI executed a Separation Agreement to separate from Heartland Alliance for Human Needs and Human Rights and Subsidiaries, Inc. During the year ended June 30, 2024, Heartland Alliance for Human Needs and Human Rights and Subsidiaries, Inc. invoiced HAI \$839,698 for various support activities. These expenses are included in professional services in the accompanying statement of functional expenses. The Separation Agreement was executed in May 2024, and all remaining amounts owed to Heartland Alliance for Human Needs and Human Rights and Subsidiaries, Inc. at that time were forgiven, and the related gain of \$2,372,205 has been recognized as a gain on extinguishment of related party liabilities in the accompanying statement of activities.

8. CONTRIBUTIONS OF NONFINANCIAL ASSETS

For the year ended June 30, 2024, contributed nonfinancial assets recognized within the statement of activities included the following:

Mental health services	\$ 260,278
Social services	206,733
Legal services	677,624
Management and other professional services	111,568
Vehicle	<u>13,867</u>
	<u>\$ 1,270,070</u>

Contributed mental health services and social services are provided by specially trained educators and counselors who assist in helping clients develop and enhance their skills through group workshops and webinars. Contributed mental health services and social services are used in program services and are recognized at fair value based on current rates for similar mental health and social services.

Contributed legal services are provided by attorneys who advise HAI on various administrative legal matters. Contributed legal services are used for management and general activities and are recognized at fair value based on current rates for similar legal services.

All contributed nonfinancial assets received during the year ended June 30, 2024, were without donor restrictions.

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Notes to Financial Statements

June 30, 2024

9. EMPLOYEE BENEFITS

HAI sponsors a 401(k) Savings Plan (the Plan) covering substantially all full-time employees. The plan provides that full time employees who have completed one month of service and long-term part time employees who have completed three consecutive years with at least 500 hours of service in each year and have attained the age of 21 to be eligible for the Plan. Eligible employees may contribute to the Plan, up to the maximum contribution allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the Board of Directors each plan year. During the year ended June 30, 2024, HAI contributed \$61,253 to the Plan.

10. PRIOR PERIOD ADJUSTMENT

It was determined by management that the 2023 net asset classifications were incorrect. Accordingly, an adjustment was made to beginning net assets without donor restrictions and beginning net assets with donor restrictions as of July 1, 2023, to correct the error. Total net assets as of June 30, 2023 remain unchanged.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 22, 2025, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

FEDERAL AWARDS

**INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTAL INFORMATION**

Board of Directors
Heartland Alliance International, LLC
Chicago, Illinois

We have audited the financial statements of Heartland Alliance International, LLC as of and for the year ended June 30, 2024, and our report thereon dated September 22, 2025, which expressed an unmodified opinion on those financial statements, appears on page 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on pages 15-18 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* (Uniform Guidance), 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 audit 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Capin Crouse LLC

Naperville, Illinois
September 22, 2025

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE:					
Services for Trafficking Victims					
Passed through Heartland Human Care Services	16.320			\$ -	\$ 76,230
Total U.S. Department of Justice				<u>-</u>	<u>76,230</u>
U.S. DEPARTMENT OF STATE:					
International Programs to Combat Human Trafficking	19.019				
Strengthening Services for Victims of Human Trafficking in the Lake Chad Basin Sin Resilencia Republica Dominicana			SSJTIP22GR0017	-	372,683
Aman II Combatting Severe Forms of Trafficking in Iraq			SSJTIP23GR0008	-	473,281
Total International Programs to Combat Human Trafficking				<u>-</u>	<u>845,964</u>
Regional Democracy Program	19.221				
Kumak Wa Muhafizat II			SNEAAC22CA0034	359,004	954,933
Total Regional Democracy Program				<u>359,004</u>	<u>954,933</u>

See notes to schedule of expenditures of federal awards

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF STATE, continued					
International Programs to Support Democracy, Human Rights and Labor	19.345				
Safe at Home Safe at Work		SAQMIP23GR0350		-	170,212
Safe at Home Safe at Work		SAQMIP23GR0297		-	304,415
Safe at Home Safe at Work		SAQMIP22GR0166		45,636	729,167
Total International Programs to Support Democracy, Human Rights and Labor				45,636	1,203,794
Overseas Refugee Assistance Programs for Western Hemisphere	19.518				
PRM Pasos Steps		SPRMCO22CA0299		-	1,629,556
Colombia - PRM - MAS3 Resilencia		SPRMCO19CA0226		-	77,257
I - PASOS - Colombia		SPRMCO20CA0209		-	138,730
Colombia		SPRMCO23CA0244		-	2,994,180
Total Overseas Refugee Assistance Programs for Western Hemisphere				-	4,839,723
Total U.S. Department of State				404,640	7,844,414

See notes to schedule of expenditures of federal awards

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243				
Healing Journeys: Pathways to Emotional Wellbeing for Forcibly Displaced Youth		1H79SM087854-01		-	532,123
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance				-	532,123
Refugee and Entrant Assistance Discretionary Grants	93.576	90ZZ0019		68,599	585,493
Total Refugee and Entrant Assistance Discretionary Grants				68,599	585,493
Assistance for Torture Victims	93.604				
Integrated Services for Survivors of Torture in Chicago		90ZT0213-02-00		-	541,938
Total Assistance for Torture Victims				-	541,938
Total U.S. Department of Health and Human Services				68,599	1,659,554

See notes to schedule of expenditures of federal awards

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT:					
Foreign Assistance for Programs Overseas	98.001				
Más Resiliencia IV		720BHA22GR00231		-	1,156,994
Más Resiliencia V		720BHA23GR00295		-	2,395,981
Passed through University Research Co., LLC					
Health Evaluation and Applied Research Development (HEARD) Project			FY20-A06-6024	-	13,953
Passed through the American Bar Association					
Action to Reduce and Respond to Exploitation and Trafficking (ARRETE) Activity			EH5KX5RQRBQ7	-	701
Total Foreign Assistance for Programs Overseas				<u>-</u>	<u>3,567,629</u>
Total U.S. Agency for International Development				<u>-</u>	<u>3,567,629</u>
Total Expenditures of Federal Awards				<u>\$ 473,239</u>	<u>\$ 13,147,827</u>

See notes to schedule of expenditures of federal awards

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Notes to Schedule of Expenditures of Federal Awards

June 30, 2024

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Heartland Alliance International, LLC (HAI) under programs of the federal government for the year ended June 30, 2024. The information in the schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Expenditures in 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. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. If HAI is required to match certain federal assistance, as defined by the grant agreements, no such matching has been included as expenditures in the schedule.

Prior to the 2024 audit, HAI had a consolidated Uniform Guidance audit as a subsidiary of Heartland Alliance for Human Needs and Human Rights (HAHNHR). During 2024, HAHNHR spun off all subsidiaries and therefore, 2024 is HAI's first standalone Uniform Guidance audit.

2. INDIRECT COST RATE:

HAI has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

3. RELATIONSHIP TO FINANCIAL STATEMENTS:

The amount of total expenditures of federal awards reconciles to the revenue in the statement of activities as follows:

Total expenditures of federal awards	\$ 13,147,827
Plus:	
Non-federal grants and contracts	<u>4,349,164</u>
Grants and contracts per statement of activities	<u><u>\$ 17,496,991</u></u>

4. NON-CASH ASSISTANCE, FEDERAL INSURANCE, LOANS, AND LOAN GUARANTEES

HAI did not receive any federal non-cash assistance, insurance, loans, or loan guarantees.

**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***

Board of Directors
Heartland Alliance International, LLC
Chicago, Illinois

We have audited, 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, the financial statements of Heartland Alliance International, LLC (HAI) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HAI’s 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 HAI’s internal control. Accordingly, we do not express an opinion on the effectiveness of HAI’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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Board of Directors
Heartland Alliance International, LLC
Chicago, Illinois

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether HAI'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*.

HAI's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on HAI's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. HAI's response was not subjected to the other auditing procedures applied in the audit of HAI's financial statements, and accordingly, we express no opinion on the response.

Purpose of 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 HAI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HAI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Naperville, Illinois
September 22, 2025

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

Board of Directors
Heartland Alliance International, LLC
Chicago, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Heartland Alliance International, LLC's (HAI) 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 HAI's major federal programs for the year ended June 30, 2024. HAI'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, Heartland Alliance International, LLC complied, in all material respects, with the 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, 2024.

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* (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 HAI 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 HAI's compliance with the compliance requirements referred to above.

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 requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to HAI's federal programs.

Board of Directors
Heartland Alliance International, LLC
Chicago, Illinois

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 HAI'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 HAI's compliance with the requirements of each major federal program 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 HAI'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 HAI'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 HAI'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.

Board of Directors
Heartland Alliance International, LLC
Chicago, Illinois

Report on 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 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 *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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.



Naperville, Illinois
September 22, 2025

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Schedule of Findings and Questioned Costs

June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered a material weakness? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered a material weakness? yes none reported

Type of auditor’s report issued on compliance for major programs: unmodified

Any audit findings that are required to be reported in accordance with 2 CFR Part 200.516(a)? yes no

Identification of major program(s):

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
19.019	International Programs to Combat Human Trafficking
19.221	Regional Democracy Program
19.345	International Programs to Support Democracy, Human Rights, and Labor
19.518	Overseas Refugee Assistance Programs for Western Hemisphere
98.001	Foreign Assistance for Programs Overseas

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Schedule of Findings and Questioned Costs

June 30, 2024

Section II – Financial Statement Findings

2024-001 Lack of Financial Closing and Reporting Process and Management's Application of Generally Accepted Accounting Principles

Material Weakness

Condition: During the audit, material journal entries were made to adjust the trial balance provided to us at the beginning of the audit. These entries related to assets, liabilities, net assets, revenues, and expenses.

Criteria: Generally accepted accounting principles

Cause: Oversight by management.

Effect: The audit adjustments were required for the financial statements to be materially correct. The failure to consistently apply generally accepted accounting principles and to perform timely financial close processes creates the risk that HAI leadership, the board of directors, and other financial statement users are not receiving timely and complete financial reporting. Incomplete financial reports could result in HAI making decisions that are imprudent based on actual financial condition.

Recommendation: We recommend that management examine the internal controls relating to the financial reporting process to ensure that entries are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). We also recommend that management reconcile and close the financial records and prepare financial reports in accordance with GAAP, and that the board regularly monitor these reports as well as the design and implementation of internal controls.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding. See corrective action plan.

HEARTLAND ALLIANCE INTERNATIONAL, LLC

Schedule of Findings and Questioned Costs

June 30, 2024

Section III – Federal Award Findings and Questioned Costs

There are no current year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Auditee Summary Schedule of Prior Audit Findings

June 30, 2024

Financial Statement Findings

There were no prior audit findings in internal control over financial reporting.

Federal Award Findings

***Finding Number:* 2023-003 Internal Control over Compliance and Compliance with Reporting**

Condition: During fiscal year 2023, the grant awarded a total of 3 sub-awards that exceeded \$30,000 to subrecipients. Refer to the table below for results of our testing.

Transactions Tested	Subaward Not Reported	Report Not Timely	Subaward Amount Incorrect	Subaward Missing Key Elements
2	2	-	-	-
Dollar Amount of Tested Transaction	Subaward Not Reported	Report Not Timely	Subaward Amount Incorrect	Subaward Missing Key Elements
\$ 820,443	\$ 820,443	N/A	N/A	N/A

Recommendation: It was recommended that the Organization establish internal controls over the reporting process to ensure all FFATA reports were correctly submitted, and they kept a record of the submission.

Current Status: Implemented in FY24. HAI has subawards in four of its federally funded grants. Out of the four, three have terms excluding the FFATA requirement due to sensitivity of awards. Therefore, only one HAI federal award is under the FFATA reporting requirement.

Reason for Reoccurring Finding and Planned Corrective Action: Not applicable.

Finding Number: 2023-004 Internal Control over Compliance and Compliance with Subrecipient Monitoring

Condition: During our testing of subrecipient monitoring, we selected two subrecipient samples. We identified the following conditions:

- For one of the two samples tested, the Organization was unable to provide documented evidence for the evaluation of the subrecipient's risk assessment.
- For one sample tested, there was no timely evidence that the Organization verified the subrecipient's audit requirements. Therefore, monitoring activities related to the verification of the audit requirements were not performed in accordance with §200.331(b) and §200.331(d).

Recommendation: It was recommended that the Organization strictly enforce its existing policies and procedures to ensure the subrecipient process from identification of that subrecipient through verification of subrecipients' audit requirements, occurred to ensure compliance.

Current Status: Implemented in FY24.

Reason for Reoccurring Finding and Planned Corrective Action: Not applicable.

Finding Number: 2023-005 Internal Control over Compliance and Compliance with Reporting

Condition: During the fiscal year, we noted that the Organization failed to submit the data collection form and reporting package to FAC on a timely basis.

Recommendation: It was recommended that the Organization strictly enforce its existing policies and procedures to ensure compliance with the requirements of the Uniform Guidance to ensure required reports were properly submitted to the federal government on a timely basis.

Current Status: Implemented in FY24. Reporting requirements have been tracked by the Senior Director of Compliance to ensure compliance with all terms.

Reason for Reoccurring Finding and Planned Corrective Action: Not applicable.

Auditee Corrective Action Plan

June 30, 2024

Finding Number: 2024-001 Lack of Financial Closing and Reporting Process and Management’s Application of Generally Accepted Accounting Principles

Organizational Context: Heartland Alliance International, LLC (HAI) was part of a family of organizations under the Heartland Alliance for Human Rights and Human Needs umbrella up until May 2024, when it became an independent organization. Prior to independence, HAI observed Heartland Alliance’s policies and procedures in all matters related to accounting, finance, compliance, and board reporting. The team overseeing HAI’s accounting and finance systems were all Heartland Alliance employees, who were engaged by HAI as part of a shared services agreement between the two entities.

In May 2024, HAI engaged a new and independent finance team and, shortly thereafter, it enacted its own policies and procedures. However, the new practices did not take effect until Fiscal Year 2025.

Planned Corrective Actions:

Action	Responsible Party	Timeline	Status
Strengthen Monthly and Year-End Financial Close Standard Operating Procedures (SOP) (must include all recurring entries, reconciliations, reviews, and approvals).	Controller	30 days	Started
Train Account and Finance Staff & Management on GAAP requirements relevant to HAI’s financial reporting, including revenue recognition, accrual accounting, and classification of net assets.	External Training Provider arranged by Co-Executive Director	60 days	Not Started
Reconcile accounts monthly, documenting reconciliations for all balance sheet accounts (e.g., cash, receivables, payables, accrued expenses, deferred revenue). Reconciliations will be approved by at least two supervisors.	Senior Accountant (performs) & Controller and Co-Executive Director (approvers)	Ongoing, begin within 30 days	Started
Implement SOP on internal review and approval of journal entries	Controller	45 days	Started
Present quarterly financial reports, including budget-to-actual and cash flow analyses, to the board or finance committee, to ensure appropriate board oversight and monitoring.	Co-Executive Director	Ongoing, begin within 60 days	Started

Monitoring and Reporting:

- Management will provide quarterly updates to the Audit or Finance Committee on the status of the corrective actions.
- Any challenges or resource needs will be escalated to the Board.
- Progress will be documented and reviewed to ensure the material weakness is remediated prior to the next audit cycle.

Expected Outcome:

- Timely and accurate financial closing and reporting processes are institutionalized.
- Financial statements prepared in full compliance with GAAP.
- Enhanced confidence in financial information used by leadership and the board for decision-making.
- Material weakness is remediated and not repeated in future audit periods.

Person Responsible for Corrective Action Plan: Carolina Ramazzina van Moorsel, Co-Executive Director

Anticipated Date of Completion: June 30, 2025
