

Koester, DiSalvo and Fried
5587 Turney Road
Garfield Hts, OH 44125
216-475-7844

February 28, 2006

CONFIDENTIAL

Esperanza, Inc.
4115 Bridge Avenue 108
Cleveland, OH 44113

Dear Ms. Barbara Esperon:

We have prepared the enclosed returns from information provided by you without verification or audit. We suggest that you examine these returns carefully to fully acquaint yourself with all items contained therein to ensure that there are no omissions or misstatements. Attached to each return is an instruction sheet for signing and filing. Please follow those instructions carefully.

Also enclosed is any material you furnished for use in preparing the returns. If the returns are examined, requests may be made for supporting documentation. Therefore, we recommend that you retain all pertinent records for at least seven years.

In order that we may properly advise you of tax considerations, please keep us informed of any significant changes in your financial affairs or of any correspondence received from taxing authorities.

If you have any questions, or if we can be of assistance in any way, please call.

Sincerely,

Koester, DiSalvo and Fried

Filing Instructions

Esperanza, Inc.

Exempt Organization Tax Return

Taxable Year Ended December 31, 2005

Date Due: May 15, 2006

Remittance: None is required. Your Form 990 for the tax year ended 12/31/05 shows no balance due. The return should be signed and dated on Page 8 by an officer representing the organization.

Mail To: Internal Revenue Service Center
Ogden, UT 84201-0027

If a private delivery service is used, mail to:
OSPC
1973 N. Rulon White Blvd.
Ogden, UT 84404

Other: Initial and date the copy of the return, and retain it for your records.

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2005 calendar year, or tax year beginning , and ending

<p>B Check if applicable:</p> <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<p>C Name of organization Esperanza, Inc.</p> <p>Number and street (or P.O. box if mail is not delivered to street address) Room/suite 4115 Bridge Avenue 108</p> <p>City or town, state or country, and ZIP + 4 Cleveland OH 44113</p>	<p>D Employer identification no. 34-1403492</p> <p>E Telephone number 216-651-7178</p> <p>F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)</p>
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■ Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and are not applicable to section 527 organizations. **I**

H(a) Is this a group return for affiliates? Yes No

H(b) If "Yes," enter number of affiliates ▶

H(c) Are all affiliates included? Yes No
(If "No," attach a list. See instr.)

H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

I Group Exemption Number ▶

M Check if the organization is **not** required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

G Website: ▶ N/A

J Organization type
(check only one) ▶ 501(c) (3) ◀ (insert no.) 4947(a)(1) or 527

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization received a Form 990 Package in the mail, it should file a return without financial data. **Some states require a complete return.**

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **445,391**

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Revenue	1	Contributions, gifts, grants, and similar amounts received:				
	a	Direct public support	1a	351,237		
	b	Indirect public support	1b			
	c	Government contributions (grants)	1c	73,458		
	d	Total (add lines 1a through 1c) (cash \$ <u>424,695</u> noncash \$ _____)	1d		424,695	
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2			
	3	Membership dues and assessments	3			
	4	Interest on savings and temporary cash investments	4			
	5	Dividends and interest from securities	5			
	6a	Gross rents	6a			
	b	Less: rental expenses	6b			
	c	Net rental income or (loss) (subtract line 6b from line 6a)	6c			
7	Other investment income (describe ▶ _____)	7				
Revenue	8a	Gross amount from sales of assets other than inventory	(A) Securities		(B) Other	
			8a			
	b	Less: cost or other basis and sales expenses	8b			
	c	Gain or (loss) (attach schedule)	8c			
	d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d			
	9	Special events and activities (attach schedule). If any amount is from gaming , check here <input type="checkbox"/>				
	a	Gross revenue (not including \$ <u>76,000</u> of contributions reported on line 1a)	9a	20,696		
		Less: direct expenses other than fundraising expenses	9b	18,249		
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c		2,447		
10a	Gross sales of inventory, less returns and allowances	10a				
	Less: cost of goods sold	10b				
	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c				
11	Other revenue (from Part VII, line 103)	11				
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		427,142		
Expenses	13	Program services (from line 44, column (B))	13		235,331	
	14	Management and general (from line 44, column (C))	14		22,339	
	15	Fundraising (from line 44, column (D))	15			
	16	Payments to affiliates (attach schedule)	16			
	17	Total expenses (add lines 16 and 44, column (A))	17		257,670	
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18		169,472	
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		39,738	
	20	Other changes in net assets or fund balances (attach explanation)	20			
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		209,210	

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) Stmt 1 (cash \$ 25,500 non-cash \$) If this amount includes foreign grants, check here <input type="checkbox"/>	22 25,500	25,500		
23 Specific assistance to individuals (attach schedule) <input type="checkbox"/>	23			
24 Benefits paid to or for members (attach schedule)	24			
25 Compensation of officers, directors, etc.	25 32,895	27,961	4,934	
26 Other salaries and wages	26 118,053	118,053		
27 Pension plan contributions	27			
28 Other employee benefits	28			
29 Payroll taxes	29 14,707	14,136	571	
30 Professional fundraising fees	30			
31 Accounting fees	31 13,299	9,459	3,840	
32 Legal fees	32			
33 Supplies	33 2,747	2,747		
34 Telephone	34 1,271	1,201	70	
35 Postage and shipping	35 2,984	2,865	119	
36 Occupancy	36 20,400	17,340	3,060	
37 Equipment rental and maintenance	37 4,811	4,617	194	
38 Printing and publications	38 1,066	1,022	44	
39 Travel	39 1,882	1,722	160	
40 Conferences, conventions, and meetings	40 1,705	421	1,284	
41 Interest	41 1,380		1,380	
42 Depreciation, depletion, etc. (attach schedule)	42 1,428	1,370	58	
43 Other expenses not covered above (itemize):				
a See Statement 2	43a 13,542	6,917	6,625	
b	43b			
c	43c			
d	43d			
e	43e			
f	43f			
g	43g			
44 Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44 257,670	235,331	22,339	0

Joint Costs. Check if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in Program services? (B) Yes No

If "Yes," enter (i) the aggregate amount of these joint costs \$ _____ ; (ii) the amount allocated to Program services \$ _____ ;

(iii) the amount allocated to Management and general \$ _____ ; and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose?

▶ See Statement 3

Program Service Expenses
(Required for 501(c)(3) & (4) orgs., & 4947(a)(1) trusts; but optional for others.)

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

<p>a Scholarships awarded to hispanic students who wish to enroll in college, university or an accredited technical institution.</p> <p>(Grants and allocations \$ 25,500) If this amount includes foreign grants, check here <input type="checkbox"/></p>	<p>80,016</p>
<p>b Stay in School for College and Career Opportunities (SISCO)- 120 students and 25 volunteers participate in this program which includes two in-school tutoring sessions each week and after-school social programs that help the students learn about english, math and citizenship.</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/></p>	<p>97,193</p>
<p>c Other education- relates to programs in which students attend after school programs and in-school tutoring to develop reading and social skills.</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/></p>	<p>58,122</p>
<p>d</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p>e Other program services (attach schedule)</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p>f Total of Program Service Expenses (should equal line 44, column (B), Program services) ▶</p>	<p>235,331</p>

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.		(A) Beginning of year		(B) End of year
Assets	45 Cash-non-interest-bearing	20,700	45	830
	46 Savings and temporary cash investments	31,699	46	95,531
	47a Accounts receivable	13,785		
	b Less: allowance for doubtful accounts		47c	13,785
	48a Pledges receivable			
	b Less: allowance for doubtful accounts		48c	
	49 Grants receivable	22,849	49	118,300
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51a Other notes and loans receivable (attach schedule)			
	b Less: allowance for doubtful accounts		51c	
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges		53	1,867
	54 Investments-securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54	
	55a Investments-land, buildings, and equipment: basis			
	b Less: accumulated depreciation (attach schedule)		55c	
	56 Investments-other (attach schedule)		56	
	57a Land, buildings, and equipment: basis	42,989		
	b Less: accumulated depreciation (attach schedule) <u>See Statement 4</u>	37,439	57c	5,550
58 Other assets (describe <input type="checkbox"/>		58		
59 Total assets (must equal line 74). Add lines 45 through 58.	82,227	59	235,863	
Liabilities	60 Accounts payable and accrued expenses	21,725	60	26,576
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64a Tax-exempt bond liabilities (attach schedule)		64a	
	b Mortgages and other notes payable (attach schedule) <u>See Worksheet</u>	19,963	64b	77
	65 Other liabilities (describe <input type="checkbox"/> <u>See Statement 5</u>	801	65	
66 Total liabilities. Add lines 60 through 65.	42,489	66	26,653	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	8,236	67	106,955
	68 Temporarily restricted	31,502	68	102,255
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)	39,738	73	209,210
	74 Total liabilities and net assets/fund balances. Add lines 66 and 73.	82,227	74	235,863

Part VI Other Information (continued)

		Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		
	82b		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
	N/A		
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?		
	N/A		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
	N/A		
c	Dues, assessments, and similar amounts from members		
	85c		
d	Section 162(e) lobbying and political expenditures		
	85d		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
	85e		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
	85f		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
	N/A		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
	N/A		
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12		
	86a		
b	Gross receipts, included on line 12, for public use of club facilities		
	86b		
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders		
	87a		
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		
	87b		
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		X
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0 ; section 4912 ▶ 0 ; section 4955 ▶ 0		
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year sections 4912, 4955, and 4958 ▶ 0		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization ▶ 0		
90a	List the states with which a copy of this return is filed ▶ OH		
b	Number of employees employed in the pay period that includes March 12, 2005 (See instructions.)	90b	7
91a	The books are in care of ▶ Barbara Esperon Telephone no. ▶ 216-651-7178 4115 Bridge Street Located at ▶ Cleveland, OH ZIP + 4 ▶ 44113		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	Yes	No
	If "Yes," enter the name of the foreign country ▶		X
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1 , Report of Foreign Bank and Financial Accounts.		
	At any time during the calendar year, did the organization maintain an office outside of the United States?		X
c	If "Yes," enter the name of the foreign country ▶		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92		

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by sec. 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events			2	1,517	930
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))		0		1,517	930
105 Total (add line 104, columns (B), (D), and (E))					2,447

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
101	Special events promote the programs and encourage communitiy support of the organization

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature of officer: _____ Date: _____

Type or print name and title: _____

Paid Preparer's Use Only

Preparer's signature: *K C Koester, CPA* Date: 2/28/06 Check if self-employed: Preparer's SSN or PTIN (See Gen. Instr. W): _____

Firm's name (or yours if self-employed), address, and ZIP + 4: Koester, DiSalvo and Fried, 5587 Turney Road, Garfield Hts, OH 44125

EIN: 34-1510869 Phone no.: 216-475-7844

**SCHEDULE A
(Form 990 or 990-EZ)**

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n),
or 4947(a)(1) Nonexempt Charitable Trust

OMB No. 1545-0047

2005

Department of the Treasury
Internal Revenue Service

Supplementary Information-(See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

Esperanza, Inc.

Employer identification number

34-1403492

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Comp.	(d) Contrib. to empl. ben. plans & deferred comp.	(e) Expense account & other allowances
NONE				
.....				
.....				
.....				
.....				
.....				
Total number of other employees paid over \$50,000 ▶				

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
.....		
.....		
.....		
.....		
.....		
Total number of others receiving over \$50,000 for professional services ▶		

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page X of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
.....		
.....		
.....		
.....		
.....		
Total number of other contractors receiving over \$50,000 for other services ▶		

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2005

Part III Statements About Activities (See page 2 of the instructions.)

Table with 3 columns: Question, Yes, No. Rows include: 1. During the year, has the organization attempted to influence national, state, or local legislation... 2. During the year, has the organization, either directly or indirectly, engaged in any of the following acts... 2a. Sale, exchange, or leasing of property? 2b. Lending of money or other extension of credit? 2c. Furnishing of goods, services, or facilities? 2d. Payment of compensation... 2e. Transfer of any part of its income or assets? 3a. Do you make grants for scholarships, fellowships, student loans, etc.? 3b. Do you have a section 403(b) annuity plan... 3c. During the year, did the organization receive a contribution of qualified real property interest... 4a. Did you maintain any separate account for participating donors... 4b. Do you provide credit counseling, debt management, credit repair, or debt negotiation services?

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

The organization is not a private foundation because it is: (Please check only ONE applicable box.)

- 5 [] A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
6 [] A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
7 [] A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
8 [] A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
9 [] A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state
10 [] An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the Support Schedule in Part IV-A.)
11a [X] An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
11b [] A community trust. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
12 [] An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions-subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the Support Schedule in Part IV-A.)
13 [] An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: (1) lines 5 through 12 above; or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). Check the box that describes the type of supporting organization: [] Type 1 [] Type 2 [] Type 3

Provide the following information about the supported organizations. (See page 5 of the instructions.)

Table with 2 columns: (a) Name(s) of supported organization(s), (b) Line number from above.

- 14 [] An organization organized and operated to test for public safety. Section 509(a)(4). (See page 5 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting.

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Table with 6 columns: Calendar year (or fiscal year beginning in), (a) 2004, (b) 2003, (c) 2002, (d) 2001, (e) Total. Rows include: 15 Gifts, grants, and contributions received; 16 Membership fees received; 17 Gross receipts from admissions, merchandise sold or services performed; 18 Gross income from interest, dividends; 19 Net income from unrelated business activities; 20 Tax revenues levied for the organization's benefit; 21 The value of services or facilities furnished to the organization by a governmental unit without charge; 22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets Stmt 7; 23 Total of lines 15 through 22; 24 Line 23 minus line 17; 25 Enter 1% of line 23.

Table for lines 26-27. 26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24; b Prepare a list for your records to show the name of and amount contributed by each person; c Total support for section 509(a)(1) test; d Add: Amounts from column (e) for lines 18, 19, 22; e Public support (line 26c minus line 26d total); f Public support percentage (line 26e (numerator) divided by line 26c (denominator)). 27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: (2004), (2003), (2002), (2001); b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: (2004), (2003), (2002), (2001); c Add: Amounts from column (e) for lines 15, 16, 17, 20, 21; d Add: Line 27a total and line 27b total; e Public support (line 27c total minus line 27d total); f Total support for section 509(a)(2) test: Enter amount from line 23, column (e); g Public support percentage (line 27e (numerator) divided by line 27f (denominator)); h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)).

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

Part V Private School Questionnaire (See page 7 of the instructions.)

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		N/A	Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?			
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?			
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?			
	If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)			
32	Does the organization maintain the following:			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?			
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?			
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?			
d	Copies of all material used by the organization or on its behalf to solicit contributions?			
	If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			
33	Does the organization discriminate by race in any way with respect to:			
a	Students' rights or privileges?			
b	Admissions policies?			
c	Employment of faculty or administrative staff?			
d	Scholarships or other financial assistance?			
e	Educational policies?			
f	Use of facilities?			
g	Athletic programs?			
h	Other extracurricular activities?			
	If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
34a	Does the organization receive any financial aid or assistance from a governmental agency?			
b	Has the organization's right to such aid ever been revoked or suspended?			
	If you answered "Yes" to either 34a or b, please explain using an attached statement.			
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation			

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)

(To be completed ONLY by an eligible organization that filed Form 5768) N/A

Check a if the organization belongs to an affiliated group. Check b if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures

(The term "expenditures" means amounts paid or incurred.)

Table with 3 columns: Description, (a) Affiliated group totals, (b) To be completed for ALL electing organizations. Rows include Total lobbying expenditures (36-39), Total exempt purpose expenditures (40), Lobbying nontaxable amount (41), Grassroots nontaxable amount (42), and subtraction lines (43-44).

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.)

See the instructions for lines 45 through 50 on page 11 of the instructions.)

Table titled 'Lobbying Expenditures During 4-Year Averaging Period' with columns for 2005, 2004, 2003, 2002, and Total. Rows include Lobbying nontaxable amount (45), Lobbying ceiling amount (46), Total lobbying expenditures (47), Grassroots nontaxable amount (48), Grassroots ceiling amount (49), and Grassroots lobbying expenditures (50).

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

Table for reporting lobbying activity. Columns: Yes, No, Amount. Rows: a Volunteers, b Paid staff or management, c Media advertisements, d Mailings to members, e Publications, f Grants to other organizations, g Direct contact with legislators, h Rallies/demonstrations, i Total lobbying expenditures.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Schedule of Contributors
Supplementary Information for
line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

2005

Name of organization

Employer identification number

Esperanza, Inc.

34-1403492

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule-see instructions.)

General Rule-

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

Special Rules-

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test under Regulations sections 1.509(a)-3/1.170A-9(e) and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use exclusively for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use exclusively for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an exclusively religious, charitable, etc., purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.) ► \$ _____

Caution: Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization Esperanza, Inc.	Employer identification number 34-1403492
---	--

Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	United Way Services 1391 Euclid Avenue Cleveland OH 44115	\$ 55,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	City of Cleveland- 601 Lakeside Avenue Cleveland OH 44113	\$ 73,458	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	George Gund Foundation 45 Prospect Avenue, Suite 1845 Cleveland OH 44115	\$ 50,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
4	The Cleveland Foundation 1422 Euclid Avenue Cleveland OH 44115	\$ 38,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
5	The Adelpia Foundation C/O Cleveland Foundation Cleveland OH 44115	\$ 15,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
6	National City Bank Cleveland OH 44115	\$ 17,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization <u>Esperanza, Inc.</u>	Employer identification number <u>34-1403492</u>
--	---

Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
7	<u>Nord Family Foundation</u> <u>747 Milan Avenue</u> <u>Amherst OH 44001</u>	\$ <u>30,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
8	<u>The Abington Foundation</u> _____ _____	\$ <u>25,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
9	<u>The Thomas White Foundation</u> _____ _____	\$ <u>15,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

For calendar year 2005, or tax year beginning , and ending

Name Esperanza, Inc. Employer Identification Number 34-1403492

Form 990, Part IV, Line 64b - Additional Information

Name of lender	Relationship to disqualified person
(1) <u>National City Bank</u>	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1) <u>35,000</u>		<u>2/26/06</u>	<u>Monthly Interest only</u>	<u>7.250</u>
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

Security provided by borrower	Purpose of loan
(1) <u>Unsecured</u>	<u>Working Capital</u>
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year
(1)	<u>19,963</u>	<u>77</u>
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Totals	19,963	77

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return

Esperanza, Inc.

Identifying number

34-1403492

Business or activity to which this form relates

Indirect Depreciation

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	102,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	420,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instr.	5	
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6			
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2004 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2006. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for certain aircraft, certain property with a long production period, and qualified NYL or GO Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	1,428

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2005	17	0
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		<input type="checkbox"/>

Section B-Assets Placed in Service During 2005 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only-see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property					
b	5-year property					
c	7-year property					
d	10-year property					
e	15-year property					
f	20-year property					
g	25-year property		25 yrs.		S/L	
h	Residential rental property		27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i	Nonresidential real property		39 yrs.	MM	S/L	
				MM	S/L	

Section C-Assets Placed in Service During 2005 Tax Year Using the Alternative Depreciation System

20a	Class life				S/L	
b	12-year		12 yrs.		S/L	
c	40-year		40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations-see instr.	22	1,428
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Federal Statements

Statement 1 - Form 990, Part II, Line 22 - Grants, Allocations and Contributions

	Name Address	Relationship to Org	Class of Activity	Date of Gift	Description of Property	Cash Contrib	NonCash Contrib	Book Value	BV Explantn	FMV Explantn
25	Students		Tuition Scholarship	7/01/05		\$ 25,500	\$	\$		
	Total					<u>\$ 25,500</u>	<u>\$ 0</u>	<u>\$ 0</u>		

Federal Statements

Statement 2 - Form 990, Part II, Line 43 - Other Functional Expenses

Description	Total Expenses	Program Service	Mgt & General	Fund- Raising
	\$	\$	\$	\$
Expenses				
Insurance	1,326	993	333	
Miscellaneous	854	1	853	
Office Supplies	5,439		5,439	
Dues	50	50		
Food and beverages	2,892	2,892		
Stipend	2,981	2,981		
Total	<u>\$ 13,542</u>	<u>\$ 6,917</u>	<u>\$ 6,625</u>	<u>\$ 0</u>

Statement 3 - Form 990, Part III - Organization's Primary Exempt Purpose

Esperanza, Inc. provides programs to hispanic individuals in the greater Cleveland area. These programs focus on character building, love of learning and development of positive social support

Federal Statements

Statement 4 - Form 990, Part IV, Line 57 - Land, Buildings, and Equipment

<u>Description</u>	<u>Beginning of Year</u>	<u>Accum Deprec</u>	<u>End of Year</u>	<u>Accum Deprec</u>
Furniture	\$ 12,509	\$	\$ 12,509	\$
Office and computer equipment	30,480		30,480	
Accum depr- Furniture		36,010		37,439
Total	<u>\$ 42,989</u>	<u>\$ 36,010</u>	<u>\$ 42,989</u>	<u>\$ 37,439</u>

Statement 5 - Form 990, Part IV, Line 65 - Other Liabilities

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Tax-Workers' Comp.	\$ 480	\$
Payroll taxes	321	
Total	<u>\$ 801</u>	<u>\$ 0</u>

Federal Statements

Statement 6 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees

Name	Address	Average Hours	Compensation	Benefits	Expenses	
	City, State, Zip	Title				
Miguel Torres	Cleveland OH 44109	3866 West 19th St. President	5	0	0	0
Carlos Chinchilla	North Olmsted OH 44070	6197 Brighton Drive Treasurer	5	0	0	0
Ocsar Vazquez	Strongsville OH 44136	17255 Willow Wood Drive #1 V.P.	5	0	0	0
Nicole Smith	Cleveland OH 44115	3900 Euclid Avenue Secretary	5	0	0	0
Sr. Alicia Alvarado	Cleveland OH 44102	7108 W. Clinton Ave. #2 V.P.	5	0	0	0
Mamie Mitchell, Esq.	Cleveland OH 44120	12701 Shaker Ave. #712 Trustee	1	0	0	0
Jose A. Torres	Cleveland OH 44111	3604 West Blvd. Trustee	1	0	0	0
Haydeana Gaviria	Parma OH 44113	11000 W. Pleasant Valley Trustee	1	0	0	0
Lanny K. Hollis	Brooklyn OH 44144	10106 Manoa Avenue Trustee	1	0	0	0
Lidmarie Velez	Cleveland OH 44109	4704 Wetzal Avenue Trustee	1	0	0	0
Gamalier Sturgis	Cleveland OH 44111	3595 West 128th St. Trustee	1	0	0	0
Danny Vazquez	Cleveland OH 44113	4115 Bridge Avenue, #105 Trustee	1	0	0	0
Debra J. Wiener	South Euclid OH 44121	1267 Winston Road Trustee	1	0	0	0
Joseph Konen	Wooster OH 44691	1680 Madison Avenue Trustee	1	0	0	0
Felicia Soto	Avon OH 44011	35423 Emory Drive Trustee	1	0	0	0
Nick Wing	Twinsburg OH 44087	P.O. Box 234 Trustee	1	0	0	0
Mel Cruzado	North Ridgeville OH 44039	5982 Eastview St. Trustee	1	0	0	0

Statement 7 - Schedule A, Part IV-A, Line 22 - Other Income

<u>Description</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Workers' Compensation Reimbursement	\$	\$	\$	\$
Special events/ forgiveness of debt				<u>63,884</u>
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 63,884</u>