

COUNCIL FOR THE SPANISH SPEAKING, INC.

FINANCIAL REPORT

JUNE 30, 2010

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Winter, Kloman, Moter & Repp, S.C.

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Independent Auditor's Report

To the Board of Directors
Council for the Spanish Speaking, Inc.
Milwaukee, Wisconsin

We have audited the accompanying statement of financial position of Council for the Spanish Speaking, Inc., (a nonprofit organization), as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report dated February 2, 2010 we expressed an unqualified opinion on those financial statements.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Council for the Spanish Speaking, Inc. as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2011, on our consideration of Council for the Spanish Speaking, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Council for the Spanish Speaking, Inc. taken as a whole. The accompanying schedules of revenue and expense (pages 18-22) for the year ended June 30, 2010 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of governmental awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *DHS Audit Guide*, issued by the Wisconsin Department of Health Services and is also not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wente, Klamen, Mote & Repp, S.C.

February 2, 2011

COUNCIL FOR THE SPANISH SPEAKING, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

	2010	2009
<u>ASSETS</u>		
Cash	\$ 340,769	\$ 56,790
Receivables	356,575	382,424
Housing projects' receivables	385,976	345,905
Prepaid expenses	46,105	0
Investments	9,118	9,121
	<u>1,138,543</u>	<u>794,240</u>
PROPERTY AND EQUIPMENT, at cost		
Land and improvements	334,361	334,361
Buildings and improvements	5,662,352	5,343,864
Furniture and equipment	826,355	797,658
Vehicles	116,779	116,778
	<u>6,939,847</u>	<u>6,592,661</u>
Less accumulated depreciation	2,696,054	2,457,351
	<u>4,243,793</u>	<u>4,135,310</u>
Total assets	<u>\$ 5,382,336</u>	<u>\$ 4,929,550</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Line of credit	\$ 200,000	\$ 78,400
Accounts payable	709,001	507,724
Accrued payroll and related expenses	69,715	54,271
Accrued interest	3,147	0
Deferred revenue	357,248	285,561
Mortgage notes payable	1,535,086	1,576,945
Total liabilities	<u>2,874,197</u>	<u>2,502,901</u>
NET ASSETS		
Unrestricted	2,386,748	2,317,353
Temporarily restricted	121,391	109,296
Total net assets	<u>2,508,139</u>	<u>2,426,649</u>
Total liabilities and net assets	<u>\$ 5,382,336</u>	<u>\$ 4,929,550</u>

The Notes to Financial Statements are an integral part of these statements.

COUNCIL FOR THE SPANISH SPEAKING, INC.

**STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2010 and 2009**

	2010	2009
<u>UNRESTRICTED NET ASSETS</u>		
SUPPORT AND REVENUE		
Government grants and contracts	\$ 5,554,544	\$ 4,552,459
Milwaukee County Block Grant	35,000	28,000
Contracted services	220,447	168,825
United Way of Greater Milwaukee	95,796	97,851
United Way - donor designated	18,184	19,505
Contributions	159,711	259,947
Contributions in-kind	831,076	639,982
Program service fees	25,438	61,082
Rent	195,133	221,979
Miscellaneous	51,452	87,790
Insurance proceeds	0	7,694
Management fees from housing projects	<u>66,531</u>	<u>50,722</u>
Total unrestricted support and revenue	7,253,312	6,195,836
Net assets released from restrictions	<u>57,905</u>	<u>44,522</u>
Total support and revenue	<u>7,311,217</u>	<u>6,240,358</u>
EXPENSES		
Program services	6,105,460	5,300,717
Buildings	483,548	0
Fund development	121,140	145,597
Administrative expenses	<u>531,674</u>	<u>1,065,474</u>
Total expenses	<u>7,241,822</u>	<u>6,511,788</u>
 Change in unrestricted net assets	 <u>69,395</u>	 <u>(271,430)</u>
<u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Contributions	70,000	57,500
Net assets released from restrictions	<u>(57,905)</u>	<u>(44,522)</u>
Change in temporarily restricted net assets	<u>12,095</u>	<u>12,978</u>
 Change in net assets	 81,490	 (258,452)
Net assets at beginning of year	2,426,649	2,564,915
Transfer of net deficit to related entity	<u>0</u>	<u>120,186</u>
Net assets at end of year	<u>\$ 2,508,139</u>	<u>\$ 2,426,649</u>

The Notes to Financial Statements are an integral part of these statements.

COUNCIL FOR THE SPANISH SPEAKING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2010 with Comparative Totals for 2009

	----- Program Services -----			----- Administrative Expenses -----			2009 Total
	Operating	Buildings	Total	Management	Development	Total	
Employee compensation							
Salaries and wages	\$ 3,022,222	\$ 15,643	\$ 3,037,865	\$ 306,460	\$ 65,912	\$ 372,372	\$ 3,288,849
Payroll taxes	357,496	5,095	362,591	28,945	7,389	36,334	380,241
Retirement annuities	48,597	718	49,315	3,897	1,546	5,443	92,354
Other employee benefits	365,490	4,918	370,408	38,278	7,053	45,331	406,788
Total employee compensation	3,793,805	26,374	3,820,179	377,580	81,900	459,480	4,168,232
Professional fees	99,025	1,303	100,328	29,123	1,874	30,997	39,188
Consulting/contractual	264,820	7,540	272,360	24,416	15,540	39,956	149,556
Materials and supplies	122,800	0	122,800	97	13,117	13,214	87,275
Office expense	31,669	223	31,892	11,465	1,692	13,157	63,271
Telephone	35,673	16,339	52,012	25,004	0	25,004	49,375
Equipment repairs and maintenance	31,849	0	31,849	3,434	1,073	4,507	35,434
Computer and support	47,390	3,459	50,849	6,750	2,227	8,977	39,696
Occupancy	322,165	193,363	515,528	886	0	886	496,161
Depreciation	82,317	146,490	228,807	9,896	0	9,896	215,643
Insurance	54,082	815	54,897	6,523	1,199	7,722	58,784
Travel/vehicle expense	41,375	0	41,375	1,697	0	1,697	14,472
Staff training/medical/license	61,332	358	61,690	5,577	388	5,965	38,914
Lunch program	260,875	0	260,875	0	0	0	276,034
Busing and field trips	23,411	0	23,411	0	0	0	23,589
Interest	0	85,872	85,872	12,221	0	12,221	128,048
Miscellaneous	1,796	1,412	3,208	17,005	2,130	19,135	38,134
In-kind expense	831,076	0	831,076	0	0	0	589,982
Total expenses	\$ 6,105,460	\$ 483,548	\$ 6,589,008	\$ 531,674	\$ 121,140	\$ 652,814	\$ 6,511,788

The Notes to Financial Statements are an integral part of these statements.

COUNCIL FOR THE SPANISH SPEAKING, INC.

**STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2010 and 2009**

	2010	2009
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 81,490	\$ (258,452)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	238,703	215,643
Unrealized loss	3	0
(Increase) decrease in:		
Receivables	25,849	216,476
Housing projects' receivable	(40,071)	(115,853)
Tenant security deposits	0	(1,489)
Prepaid expenses	(46,105)	(3,455)
Increase (decrease) in:		
Accounts payable	201,277	77,686
Tenant security deposits	0	953
Accrued payroll and related expenses	15,444	(12,940)
Accrued management fee payable	0	1,261
Deferred revenue	71,687	113,458
Accrued interest	3,147	(6,662)
Net cash flows from operating activities	<u>551,424</u>	<u>226,626</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	0	(5)
Acquisition of property and equipment	(347,186)	(631,200)
Decrease in restricted cash	0	13,258
Transfer of cash to related entity	0	(6,762)
Transfer of replacement reserve to related entity	0	(18,347)
Net cash flows from investing activities	<u>(347,186)</u>	<u>(643,056)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
(Payments) proceeds on line of credit, net	121,600	(113,550)
Payments on notes payable	(41,859)	(96,429)
Proceeds from notes payable	0	549,801
Net cash flows from financing activities	<u>79,741</u>	<u>339,822</u>
Net change in cash	283,979	(76,608)
Cash - beginning of year	<u>56,790</u>	<u>133,398</u>
Cash - end of year	<u>\$ 340,769</u>	<u>\$ 56,790</u>

The Notes to Financial Statements are an integral part of these statements.

COUNCIL FOR THE SPANISH SPEAKING, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended June 30, 2010 and 2009

	2010	2009
<u>SUPPLEMENTAL CASH FLOW INFORMATION</u>		
Cash paid during the year for interest	<u>\$ 98,093</u>	<u>\$ 139,684</u>
<u>SUPPLEMENTAL SCHEDULE OF NON CASH INVESTING AND FINANCING ACTIVITIES</u>		
Property and equipment purchased with debt	\$ 0	\$ 45,225
Transfer of assets to related entity	0	631,647
Transfer of liabilities to related entity	0	(763,463)
Transfer of net deficit to related entity	0	131,816
	<u>\$ 0</u>	<u>\$ 45,225</u>

The Notes to Financial Statements are an integral part of these statements.

COUNCIL FOR THE SPANISH SPEAKING, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of organization and operations:

The Council for the Spanish Speaking, Inc. (Council), a nonprofit organization, is a nonstock Wisconsin corporation organized for the purpose of providing educational and charitable services and to promote the general welfare of people in Milwaukee, Wisconsin and surrounding communities. The Council's major sources of revenue are received from grants, contracts and contributions.

Financial statement presentation:

Net assets, support and revenue and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Council and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Council and/or the passage of time. All amounts at June 30, 2010 relate to public contributions of nongovernment funded programs.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Council. The Council has no permanently restricted net assets.

Method of accounting:

The Council follows the accrual method of accounting.

Program services:

The Council's program services are summarized as follows:

Guadalupe Center - Provides Head Start, State Excellence, USDA, Wraparound, 4-year Kindergarten and other programs.

Vocational Training - Provides GED classes, ESL instruction, Basic Skills Program, Adult Instruction for Employment and Continuing Education Program and Training and job placement for W-2 participants.

Loyola Academy - Provides a partnership high school in conjunction with Milwaukee Public Schools (MPS), and other programs.

COUNCIL FOR THE SPANISH SPEAKING, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Program services: (continued)

Social Services - Provides bilingual, bicultural counseling, Special Living Arrangements Program, Advocacy and Referral, immigration and translation services, case management for the elderly and for people with disabilities and other programs.

Revenue:

Contributions are recognized when pledged. Governmental grants and other revenue are recognized when earned. Management evaluates whether an allowance for uncollectible pledges, grants or other revenues is deemed necessary on an annual basis. At June 30, 2010 and 2009, no allowances were considered necessary.

Expenses:

Expenses are recognized when they are incurred. Expenses are summarized on a functional basis in the Statements of Activities and, accordingly, certain costs have been allocated between the functional expense categories.

Deferred revenue:

Grant advances for service contracts are recognized as revenue in the year the corresponding expense is incurred.

Functional allocation of expenses:

Separate payroll records are maintained for the staff assigned to the operations of the various programs. Inter-program billing for use of other personnel is based on time spent with the exception of eight administrative employees whose salaries are prorated based on a written cost allocation plan.

Supplies and other identifiable expenses are charged directly to the various programs.

Occupancy costs are charged to the various programs based on space usage. Administrative occupancy charged to programs in fiscal 2010 and 2009 were \$16,032 and \$32,089, respectively.

Certain government grants allow the programs to charge indirect administrative and accounting costs as allocated costs to the program based on a percentage of direct costs. These programs include administrative and accounting expenses in supporting services. Total administrative and accounting expense charged to these programs in fiscal 2010 and 2009 were \$530,081 and \$553,185, respectively.

COUNCIL FOR THE SPANISH SPEAKING, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Contributions in-kind:

Contributed professional services are 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. Contributed facilities are recorded at the fair market value of the space. Contributed tangible assets are recognized at their estimated fair market value when received. The amounts reflected in the accompanying financial statements as contributions in-kind are offset by like amounts included in expenses. Additionally, the Council receives a significant amount of contributed time, which does not meet the two recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements.

Property and equipment:

Property and equipment are recorded at cost. Donated property and equipment are recorded at their estimated fair market value at the date of donation. Major additions and improvements are capitalized. Maintenance and repairs are expensed currently.

Depreciation and amortization is computed using the straight-line method over the following estimated useful lives of the assets:

Land improvements	9 - 20 years
Buildings and improvements	5 - 40 years
Furniture and equipment	3 - 39 years
Vehicles	5 - 10 years

Property and equipment purchased on behalf of grantors is the property of the federal and state governments. Such purchases are included in property and equipment on the Statements of Financial Position. Depreciation on these assets is not charged to any government grants.

Property and equipment purchased on behalf of grantors in fiscal 2010 and 2009 totaled \$313,392 and \$74,028, respectively.

Cash:

Cash consists of general checking and money market operating accounts. Money market accounts that are professionally managed are classified as investments.

COUNCIL FOR THE SPANISH SPEAKING, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Income Taxes:

The Council is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code per Internal Revenue Service determination letter that was issued in November 1965. Accordingly, the accompanying financial statements do not include any amounts for capital stock or corporate income taxes.

The Federal income tax returns for 2009, 2008 and 2007 are subject to examination by the IRS, generally for three years after the returns are filed. The Wisconsin income tax returns for 2009, 2008, 2007 and 2006 are subject to examination by the Department, generally for four years after the returns are filed.

Investments:

Investments are carried at market value. As of June 30, 2010 and 2009, the only balance in the brokerage account was cash.

Use of Estimates:

The preparation of financial statements in conformity 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. Actual results could differ from those estimates.

Fair value of financial instruments:

The carrying amounts of cash, receivables, investments, and accounts payable approximate fair value because of the short term maturity of these financial instruments.

The carrying amount of long-term debt approximates fair value because these financial instruments bear interest at rates which approximate current market rates for notes with similar maturities and credit quality.

Impairment of long-lived assets:

The Council reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. There were no impairment losses for the year ended June 30, 2010 and 2009.

COUNCIL FOR THE SPANISH SPEAKING, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Subsequent Events:

Management evaluated subsequent events through February 2, 2011, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2010, but prior to February 2, 2011, that provided additional evidence about conditions that existed at June 30, 2010, have been recognized in the financial statements for the year ended June 30, 2010. Events or transactions that provided evidence about conditions that did not exist at June 30, 2010 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2010.

Note 2. Deferred Revenue

Deferred revenue consisted of the following amounts at June 30:

	2010	2009
MPS 4K	\$ 25,969	\$ 0
MPS Partnership – Loyola Academy	44,234	23,838
SDC – Federal Head Start	221,839	261,723
SDC – Head Start Healthy Marriage	16,586	0
US DHHS – Early Head Start	<u>48,620</u>	<u>0</u>
	<u>\$357,248</u>	<u>\$285,561</u>

Note 3. Receivables

Receivables consisted of the following amounts at June 30:

	2010	2009
MATC	\$ 15,798	\$ 9,759
SDC – Head Start Healthy Marriage	0	15,000
SDC – Federal Head Start	229,014	190,436
SDC – State Head Start	12,985	103,470
SDC – ARRA Grant	3,018	0
State of Wisconsin – DPI	30,807	8,044
State of Wisconsin – DHS	19,921	0
State of Wisconsin – DFS	3,111	0
Milwaukee County – DHS	0	6,880
Milwaukee Area Workforce Investment Board	18,450	3,193
Wisconsin Technical Board	3,998	24,168
UMOS, Inc.	0	21,474
Multicultural Entrepreneurial Institute	7,513	0
Other	<u>11,960</u>	<u>0</u>
	<u>\$356,575</u>	<u>\$382,424</u>

COUNCIL FOR THE SPANISH SPEAKING, INC.

NOTES TO FINANCIAL STATEMENTS

Note 4. Line of Credit

The Council has a revolving credit loan with a financial institution. The balance outstanding was \$200,000 and \$78,400 at June 30, 2010 and 2009, respectively. The loan had a credit limit of \$200,000; interest was payable monthly at prime plus 1/4%. The line of credit was converted to a term note in July of 2010.

Note 5. Mortgage notes payable

	2010	2009
Mortgage note payable – community loan fund. Payable in monthly installments of \$3,179, including interest at 6.75%. A balloon payment equal to the unpaid balance is due December 2011.	\$ 447,376	\$ 455,044
Mortgage note payable – bank. Payable in monthly installments of \$2,904, including interest at 6.85%. A balloon payment equal to the unpaid balance is due August 2013.	256,048	272,486
Mortgage note payable – bank. Payable in monthly installments of \$2,947, including interest at 6.85%. A balloon payment equal to the unpaid balance is due January 2013.	401,732	409,237
Mortgage note payable – bank. Payable in monthly installments of \$2,398, including interest at 2.50%. A balloon payment equal to the unpaid balance is due January 2011. The Council is in the process of renewing this loan.	319,930	330,178
Mortgage note payable – community loan fund. Payable in interest only payments of \$458, at 5%. A balloon payment equal to the unpaid balance is due September 2011.	<u>110,000</u>	<u>110,000</u>
	<u>\$1,535,086</u>	<u>\$1,576,945</u>

All mortgage notes are secured by land and buildings.

Aggregate maturities or payments required on principal under long-term obligations for the succeeding fiscal years is as follows:

2011	\$ 464,497
2012	851,900
2013	20,683
2014	<u>198,006</u>
	<u>\$1,535,086</u>

COUNCIL FOR THE SPANISH SPEAKING, INC.

NOTES TO FINANCIAL STATEMENTS

Note 6. Contributions in-kind

Some of the Council's programs received contributions in-kind which meet the criteria explained in Note 1. - Summary of Significant Accounting Policies. These were recorded at fair value as revenue, with a corresponding charge to expense. Federal Head Start services were provided by M-Teams. MPS 4-year Kindergarten and Partnership services were provided by MPS teachers. The Council's Federal Head Start Program and Early Head Start Program, funded by the Department of Health and Human Services, require that these two programs receive a nonfederal share equal to 25% of all federal expense.

The Council met the nonfederal share requirement for the year ended October 31, 2009 on the Federal Head Start program. This program is ongoing at June 30, 2010 and management believes that the total required nonfederal share will also be received by the end of the Federal Head Start program year (October 31, 2010).

The Council received a waiver of the nonfederal share requirement for the Early Head Start Program for the year ended September 29, 2010.

The amount reflected in the financial statements for Federal Head Start contributions in-kind was \$831,076 and \$589,982 for the year ended June 30, 2010 and 2009, respectively.

Note 7. Rental Income

The Council rents space in its buildings to other agencies under lease agreements with varying renewal options. Rent earned during the fiscal year ended June 30, 2010 and 2009 was \$195,133 and \$165,680, respectively. The revenue is recorded in operating support and revenue.

The Guadalupe Center leases a portion of its space to the Southside Guadalupe Dental Clinic, Inc. under an annual one dollar lease which can be renewed on December 31, 2015.

Note 8. Leases

In addition to the space at Guadalupe Center, the Head Start Programs occupy facilities owned by Child Development Center of St. Joseph and Jo's Daycare Academy.

The terms of these leases are as follows:

Child Development at St. Joseph, lease expiring September 30, 2010 - there is no rental fee associated with occupying this space, however there is an additional monthly fee based on child enrollment.

COUNCIL FOR THE SPANISH SPEAKING, INC.

NOTES TO FINANCIAL STATEMENTS

Note 8. Leases (continued)

Jo's Daycare Academy, lease expiring August 31, 2011 - \$2,279 per month, with an additional fee based on child enrollment.

Future minimum payments on the aforementioned lease are as follows:

2011	\$27,216
2012	<u>4,558</u>
	<u>\$31,774</u>

For the fiscal year ended June 30, 2010 and 2009, rental costs totaled \$92,111 and \$69,535, respectively.

Note 9. Profit Sharing Pension Plan

The Council may make an annual discretionary profit sharing contribution. A participant's share of any such additional contribution will be based upon the ratio which a participant's salary bears to the salaries of all other participants receiving the contribution. Employees are fully vested after six years.

The Council contributed 5% of eligible participants' gross wages until December 31, 2008, then contributed 2% after that, with the retirement expense totaling \$54,757 and \$92,354 for the fiscal year ended June 30, 2010 and 2009, respectively. The retirement expense for the fiscal year ended June 30, 2010 and 2009 has been accrued but not paid as of June 30, 2010.

Note 10. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30:

	2010	2009
Guadalupe Center Building Improvements	\$ 74,559	\$ 74,559
Murguia Endowment	8,682	8,682
United Way Healthy Girls Grant	6,901	18,555
Summer Program	13,232	7,500
Herzfeld Foundation Grant	8,017	0
Milwaukee Urban League Grant	<u>10,000</u>	<u>0</u>
	<u>\$121,391</u>	<u>\$109,296</u>

COUNCIL FOR THE SPANISH SPEAKING, INC.

NOTES TO FINANCIAL STATEMENTS

Note 11. Potential Public Support Redetermination

The Council has entered into certain contractual relationships with governmental agencies, which provide, in part, for the potential audit and adjustment by the agencies of payments made to the Council. No government audits or proposed adjustments of payments are pending at this time.

Note 12. Concentration of Credit Risk

The Council maintains cash deposits at three financial institutions, each of which is insured by the Federal Deposit Insurance Corporation. Deposits in the various bank accounts periodically exceed the maximum federal coverage during the year.

Note 13. Current Vulnerability Due To Certain Concentrations

Over 70% of the Council's support and revenues were provided by governmental grants and contracts.

Note 14. Related Party Transactions

The Hispanic Housing Corporation (Hispanic Housing), Casa Catalina Corporation (Casa Catalina), and La Villa Housing Corporation (La Villa) are related to the Council for the Spanish Speaking, Inc. through certain officers, directors, and employees who serve all four organizations.

The Council charges the housing projects for a portion of the payroll and related fringe benefit costs of a housing director, his assistants, maintenance personnel, a service coordinator, management fee, administration, accounting and occupancy. These charges were between the Housing Projects and the Council's management and general funds. No transactions were transacted between the Housing Projects or any of the federal or state funded programs. Council management fees for these services totaled \$66,531 and \$61,583 for fiscal 2010 and 2009, respectively.

The following summarizes the Housing Projects' receivable balances as of June 30:

	2010	2009
Hispanic Housing	\$302,732	\$248,565
Casa Catalina	43,356	52,011
La Villa	<u>39,888</u>	<u>45,329</u>
Total	<u>\$385,976</u>	<u>\$345,905</u>

COUNCIL FOR THE SPANISH SPEAKING, INC.

SCHEDULE OF PROGRAM EXPENSES

For the Year Ended June 30, 2010 with Comparative Totals for 2009

	Guadalupe Center	Vocational Training	Loyola Academy	Social Services	2010 Total	2009 Total
Employee Compensation						
Salaries and wages	\$ 2,192,100	\$ 239,339	\$ 451,946	\$ 138,837	\$ 3,022,222	\$ 2,801,673
Payroll taxes	276,602	20,980	44,475	15,439	357,496	327,385
Retirement annuities	37,765	2,857	5,872	2,103	48,597	80,543
Other employee benefits	282,125	20,840	46,982	15,543	365,490	361,267
Total employee compensation	2,788,592	284,016	549,275	171,922	3,793,805	3,570,868
Professional fees	74,920	5,709	12,740	5,656	99,025	710
Consulting/contractual	221,652	9,211	30,904	3,053	264,820	125,530
Materials and supplies	85,607	12,443	9,297	15,453	122,800	79,554
Office expense	18,665	6,395	5,669	940	31,669	29,874
Telephone	30,901	520	4,043	209	35,673	33,478
Equipment repairs and maintenance	21,489	2,704	7,656	0	31,849	32,972
Computer and support	40,180	4,322	1,883	1,005	47,390	23,458
Occupancy	267,378	151	54,636	0	322,165	311,576
Depreciation	54,296	708	27,313	0	82,317	68,281
Insurance	42,882	1,412	9,472	316	54,082	37,429
Travel/vehicle expense	39,503	375	1,386	111	41,375	12,455
Staff training/medical/license	57,174	1,850	1,998	310	61,332	32,033
Lunch program	233,006	0	27,869	0	260,875	276,034
Busing and field trips	16,450	22	6,939	0	23,411	23,589
Interest	0	0	0	0	0	46,370
Miscellaneous	1,296	332	65	103	1,796	6,524
In-kind expenses	831,076	0	0	0	831,076	589,982
Total expenses (before allocations)	\$ 4,825,067	\$ 330,170	\$ 751,145	\$ 199,078	\$ 6,105,460	\$ 5,300,717

See Independent Auditor's Report.

COUNCIL FOR THE SPANISH SPEAKING, INC.
SCHEDULE OF REVENUE AND EXPENSE BY FUNDING SOURCE
GUADALUPE CENTER

For the Year Ended June 30, 2010 with Comparative Totals for 2009

	Federal Head Start	Early Head Start	ARRA Head Start	State Head Start	DPI USDA	Wrap- Around	MPS 4 Year Kindergarten	Healthy Marriage	Summer Program	Head Start Other Grants	2010 Total	2009 Total
Support and revenue												
Government grants and contracts	\$ 3,377,384	\$ 378,805	\$ 194,908	\$ 148,867	\$ 207,489	\$ 0	\$ 135,081	\$ 10,639	\$ 0	\$ 0	\$ 4,453,173	\$ 3,049,220
Contracted services	0	0	0	0	0	220,447	0	0	0	0	220,447	162,891
Other support and revenue	831,462	0	0	0	0	25,438	0	0	9,268	15,055	881,223	699,636
Total support and revenue	4,208,846	378,805	194,908	148,867	207,489	245,885	135,081	10,639	9,268	15,055	5,554,843	3,911,747
Employee compensation												
Salaries and wages	1,728,641	102,601	63,986	85,585	0	118,321	88,753	0	4,213	0	2,192,100	1,840,254
Payroll taxes	216,512	12,351	0	11,825	0	26,294	8,933	0	687	0	276,602	216,657
Retirement annuities	29,409	1,784	0	1,772	0	3,568	1,232	0	0	0	37,765	57,643
Other employee benefits	223,238	9,691	0	11,315	0	26,921	7,987	0	973	0	282,125	273,587
Total employee compensation	2,195,800	126,427	63,986	110,497	0	175,104	106,905	0	5,873	0	2,788,592	2,388,141
Professional fees	59,894	2,407	0	3,727	0	7,227	1,426	0	239	0	74,920	0
Consulting/contractual	147,536	71,788	2,328	0	0	0	0	0	0	0	221,652	99,147
Materials and supplies	46,000	10,958	1,229	2,140	0	0	15,824	7,020	866	1,570	85,607	39,205
Office expense	8,352	10,057	0	0	0	0	256	0	0	0	18,665	9,651
Telephone	24,447	6,341	0	113	0	0	0	0	0	0	30,901	18,693
Equipment repairs and maintenance	20,438	947	104	0	0	0	0	0	0	0	21,489	8,892
Computer and support	28,766	10,975	0	33	0	0	406	0	0	0	40,180	13,428
Occupancy	249,610	6,990	557	10,207	0	0	0	0	14	0	267,378	201,249
Depreciation	50,184	0	0	0	0	3,824	288	0	0	0	54,296	34,543
Insurance	40,327	179	0	927	0	379	919	0	151	0	42,882	22,363
Travel/vehicle expense	18,136	21,367	0	0	0	0	0	0	0	0	39,503	8,603
Staff training/medical/license	10,967	14,587	20,831	0	0	0	0	376	0	10,413	57,174	23,990
Lunch program	24,680	0	0	0	208,326	0	0	0	0	0	233,006	239,905
Busing and field trips	11,105	0	0	487	0	0	1,099	3,243	516	0	16,450	8,082
Miscellaneous	1,213	0	40	0	0	0	28	0	15	0	1,296	3,683
In-kind expenses	831,076	0	0	0	0	0	0	0	0	0	831,076	589,982
Subtotal of expenses	3,772,531	283,023	89,075	128,131	208,326	186,534	127,151	10,639	7,674	11,983	4,825,067	3,709,557
Allocated administrative expenses	221,810	23,758	0	14,941	0	26,406	5,721	0	1,153	0	293,789	347,172
Allocated accounting expenses	87,818	7,413	0	5,795	0	10,159	2,209	0	441	0	113,835	0
Total funding source expenses	4,082,159	314,194	89,075	148,867	208,326	223,099	135,081	10,639	9,268	11,983	5,232,691	4,056,729
Excess funding source revenue over (under) expenses	\$ 126,687	\$ 64,611	\$ 105,833	\$ 0	\$ (837)	\$ 22,786	\$ 0	\$ 0	\$ 0	\$ 3,072	\$ 322,152	\$ (144,982)
Purchased assets that were capitalized	\$ 126,687	\$ 64,611	\$ 115,881	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 307,179	\$ 74,028

See Independent Auditor's Report.

COUNCIL FOR THE SPANISH SPEAKING, INC.
SCHEDULE OF REVENUE AND EXPENSE BY FUNDING SOURCE
VOCATIONAL TRAINING
For the Year Ended June 30, 2010 with Comparative Totals for 2009

	MATC	Wisconsin Tech Board & El Civic	UMOS	The Hire Center	Adult Ed Multi-cult.	2010 Total	2009 Total
Support and revenue							
Government grants and contracts	\$ 50,000	\$ 143,010	\$ 33,470	\$ 15,488	\$ 0	\$ 241,968	\$ 255,365
Other support and revenue	0	8,558	0	18,450	13,638	40,646	15,330
Total support and revenue	<u>50,000</u>	<u>151,568</u>	<u>33,470</u>	<u>33,938</u>	<u>13,638</u>	<u>282,614</u>	<u>270,695</u>
Employee compensation							
Salaries and wages	39,667	146,124	21,944	19,605	11,999	239,339	202,413
Payroll taxes	2,904	13,354	2,812	1,910	0	20,980	23,069
Retirement annuities	388	1,816	403	250	0	2,857	4,746
Other employee benefits	2,965	13,210	3,161	1,361	143	20,840	8,159
Total employee compensation	<u>45,924</u>	<u>174,504</u>	<u>28,320</u>	<u>23,126</u>	<u>12,142</u>	<u>284,016</u>	<u>238,387</u>
Professional fees							
Consulting/contractual	801	3,631	797	480	0	5,709	206
Materials and supplies	0	9,211	0	0	0	9,211	900
Office Expense	2,001	9,904	0	0	538	12,443	13,007
	1,764	4,396	166	0	69	6,395	5,773
Telephone							
Equipment repairs and maintenance	85	338	59	0	38	520	5,705
Computer and support	473	1,794	272	0	165	2,704	2,043
Occupancy	92	1,324	2,864	0	42	4,322	353
	0	151	0	0	0	151	19,964
Depreciation							
Insurance	0	300	170	238	0	708	767
Travel/vehicle expense	501	77	668	166	0	1,412	0
Staff training/medical/license	0	375	0	0	0	375	410
	0	1,850	0	0	0	1,850	1,176
Lunch program							
Busing and field trips	0	0	0	0	0	0	0
Miscellaneous	176	22	0	0	0	22	145
In-kind expenses	0	156	0	0	0	332	689
Subtotal of expenses	<u>51,817</u>	<u>208,033</u>	<u>33,316</u>	<u>24,010</u>	<u>12,994</u>	<u>330,170</u>	<u>289,525</u>
Allocated administrative expenses							
Allocated accounting expenses	3,174	14,207	2,260	1,711	994	22,346	38,302
Allocated occupancy-Hillview expenses	1,222	5,507	1,290	630	0	8,649	0
Total funding source expenses	<u>1,200</u>	<u>9,600</u>	<u>1,200</u>	<u>0</u>	<u>0</u>	<u>12,000</u>	<u>0</u>
	<u>57,413</u>	<u>237,347</u>	<u>38,066</u>	<u>26,351</u>	<u>13,988</u>	<u>373,165</u>	<u>327,827</u>
Excess funding source revenue over (under) expenses	\$ <u>(7,413)</u>	\$ <u>(85,779)</u>	\$ <u>(4,596)</u>	\$ <u>7,587</u>	\$ <u>(350)</u>	\$ <u>(90,551)</u>	\$ <u>(57,132)</u>

COUNCIL FOR THE SPANISH SPEAKING, INC.
SCHEDULE OF REVENUE AND EXPENSE BY FUNDING SOURCE
LOYOLA ACADEMY
For the Year Ended June 30, 2010 with Comparative Totals for 2009

	MPS Partnership	DPI USDA	United Way Healthy Girls	2010 Total	2009 Total
Support and revenue					
Government grants and contracts	\$ 757,046	\$ 37,308	\$ 0	\$ 794,354	\$ 1,044,000
Other support and revenue	<u>0</u>	<u>12,224</u>	<u>36,654</u>	<u>48,878</u>	<u>38,147</u>
Total support and revenue	<u>757,046</u>	<u>49,532</u>	<u>36,654</u>	<u>843,232</u>	<u>1,082,147</u>
Employee compensation					
Salaries and wages	440,575	0	11,371	451,946	592,324
Payroll taxes	43,531	0	944	44,475	69,176
Retirement annuities	5,773	0	99	5,872	13,756
Other employee benefits	<u>45,768</u>	<u>0</u>	<u>1,214</u>	<u>46,982</u>	<u>59,210</u>
Total employee compensation	<u>535,647</u>	<u>0</u>	<u>13,628</u>	<u>549,275</u>	<u>734,466</u>
Professional fees					
Consulting/contractual	12,401	0	339	12,740	200
Materials and supplies	13,601	0	17,303	30,904	18,174
Office expense	8,879	0	418	9,297	27,245
	5,455	0	214	5,669	9,271
Telephone	4,043	0	0	4,043	3,940
Equipment repairs and maintenance	7,656	0	0	7,656	607
Computer and support	1,883	0	0	1,883	4,952
Occupancy	54,386	0	250	54,636	63,996
Depreciation	27,313	0	0	27,313	6,701
Insurance	9,186	0	286	9,472	8,910
Travel/vehicle expense	1,336	0	50	1,386	2,660
Staff training/medical/license	1,448	420	130	1,998	5,804
Lunch program	2,277	25,592	0	27,869	36,129
Busing and field trips	4,737	0	2,202	6,939	15,362
Miscellaneous	65	0	0	65	952
In-kind expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal of expenses	<u>690,313</u>	<u>26,012</u>	<u>34,820</u>	<u>751,145</u>	<u>939,369</u>
Allocated administrative expenses	48,169	0	1,327	49,496	132,294
Allocated accounting expenses	<u>18,564</u>	<u>0</u>	<u>507</u>	<u>19,071</u>	<u>0</u>
Total funding source expenses	<u>757,046</u>	<u>26,012</u>	<u>36,654</u>	<u>819,712</u>	<u>1,071,663</u>
Excess funding source revenue over (under) expenses	<u>\$ 0</u>	<u>\$ 23,520</u>	<u>\$ 0</u>	<u>\$ 23,520</u>	<u>\$ 10,484</u>
Purchased assets that were capitalized	\$ 0	\$ 6,213	\$ 0	\$ 6,213	\$ 0

COUNCIL FOR THE SPANISH SPEAKING, INC.
SCHEDULE OF REVENUE AND EXPENSE BY FUNDING SOURCE
SOCIAL SERVICES
For the Year Ended June 30, 2010 with Comparative Totals for 2009

	United Way	Milwaukee County Interpreter	Social Services	2010 Total	2009 Total
Support and revenue					
Government grants and contracts	\$ 0	\$ 45,128	\$ 19,921	\$ 65,049	\$ 65,020
Contracted services	0	0	0	0	5,934
Other support and revenue	96,341	0	45,114	141,455	112,209
Total support and revenue	96,341	45,128	65,035	206,504	183,163
Employee compensation					
Salaries and wages	93,481	43,678	1,678	138,837	141,532
Payroll taxes	8,081	0	7,358	15,439	15,864
Retirement annuities	1,101	0	1,002	2,103	4,398
Other employee benefits	8,136	0	7,407	15,543	16,201
Total employee compensation	110,799	43,678	17,445	171,922	177,995
Professional fees	2,174	1,503	1,979	5,656	0
Consulting/contractual	0	2,656	397	3,053	208
Materials and supplies	0	0	15,453	15,453	0
Office Expense	672	0	268	940	3,796
Telephone	0	0	209	209	3,449
Equipment repairs and maintenance	0	0	0	0	0
Computer and support	1,005	0	0	1,005	4,725
Occupancy	0	0	0	0	3,468
Depreciation	0	0	0	0	134
Insurance	173	0	143	316	322
Travel/vehicle expense	111	0	0	111	782
Staff training/medical/license	290	0	20	310	1,063
Lunch program	0	0	0	0	0
Busing and field trips	0	0	0	0	0
Miscellaneous	0	0	103	103	560
In-kind expenses	0	0	0	0	0
Subtotal of expenses	115,224	47,837	36,017	199,078	196,502
Allocated administrative expenses	8,657	0	7,856	16,513	35,417
Allocated accounting expenses	3,345	0	3,037	6,382	0
Allocated occupancy-National expenses	0	0	4,032	4,032	0
Total funding source expenses	127,226	47,837	50,942	226,005	231,919
Excess funding source revenue over (under) expenses	\$ (30,885)	\$ (2,709)	\$ 14,093	\$ (19,501)	\$ (48,756)

COUNCIL FOR THE SPANISH SPEAKING, INC.

Schedule of Expenditures of Governmental Awards
For the Year Ended June 30, 2010

<u>FEDERAL AWARDS</u>	<u>CFDA Number</u>	<u>Period</u>	<u>Disbursements / Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
ARRA - Early Head Start	93.709	12/01/2009 - 09/29/2011	\$ 378,805
Passed Through Social Development Commission:			
Head Start	93.600	11/01/2008 - 10/31/2009	1,134,983
Head Start	93.600	11/01/2009 - 10/31/2010	2,242,401
Head Start Healthy Marriage	93.600	09/30/2009 - 09/29/2010	10,639
ARRA - Head Start	93.708	07/01/2009 - 09/30/2010	194,908
Passed Through United Migrant Opportunity Services, Inc.:			
Wisconsin Works Contract W-2	93.558	01/01/2009 - 12/31/2009	33,470
Passed Through Milwaukee County Department of Human Services: Language Translation	93.596	01/02/2009 - 12/31/2009	31,991
<u>U.S. Department of Education</u>			
Passed Through Wisconsin Technical College System Board:			
Adult Education & Training	84.002	07/01/2009 - 06/30/2010	128,601
Experiential English Language Learner	84.002	07/01/2009 - 06/30/2010	14,409
<u>U.S. Department of Agriculture</u>			
Passed Through Wisconsin Department of Public Instruction:			
Child and Adult Care Food Program	10.558	10/01/2008 - 09/30/2009	26,643
Child and Adult Care Food Program	10.558	10/01/2009 - 09/30/2010	180,846
ARRA - National School Lunch Program	10.555	07/01/2009 - 06/30/2010	30,456
ARRA - NSLP Equipment Grant	10.579	07/01/2009 - 06/30/2010	6,058
Passed Through Wisconsin Department of Health Services:			
ARRA - Supplemental Nutrition Assistance Program Administrative Match	10.561	04/01/2010 - 09/30/2010	3,405
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grant Program for Entitlement Communities	14.218		35,000
<u>U.S. Department of Labor</u>			
Passed Through Milwaukee Area Workforce Investment Board			
ARRA - WIA Dislocated Workers	17.260	01/01/2009 - 01/30/2009	10,475
H-1B Jobs Training Grants	17.268	01/01/2009 - 01/30/2009	5,013
Total Federal Awards			\$ 4,468,103

See Independent Auditor's Report.

COUNCIL FOR THE SPANISH SPEAKING, INC.

Schedule of Expenditures of Governmental Awards (continued)
For the Year Ended June 30, 2010

<u>STATE AND LOCAL AWARDS</u>	<u>CFDA Number</u>	<u>Period</u>	<u>Disbursements / Expenditures</u>
<u>Wisconsin Department of Public Instruction</u>			
State School Lunch Aids	255.102	07/01/2009 - 06/30/2010	\$ 544
State School Breakfast Aids	255.344	07/01/2009 - 06/30/2010	250
Passed Through Social Development Commission:			
Head Start - State Supplement	255.327	07/01/2009 - 06/30/2010	148,867
<u>Wisconsin Department of Health Services</u>			
TARG Benefit App Assist	N/A	03/01/2010 - 04/30/2010	11,300
TARG Benefit App Assist	N/A	04/01/2010 - 09/30/2010	5,216
Passed Through Milwaukee County Department of Human Services:			
Language Translation	435.283	01/02/2009 - 12/31/2009	6,645
<u>Wisconsin Technical College System Board</u>			
Passed Through Milwaukee Area Technical College:			
Basic Skills	292.112	07/01/2009 - 06/30/2010	50,000
<u>Milwaukee County Department of Human Services</u>			
Language Translation	N/A	01/02/2009 - 12/31/2009	6,492
<u>Milwaukee Public Schools</u>			
Alternative Education	N/A	07/01/2009 - 06/30/2010	757,046
4-Year Kindergarten	N/A	07/01/2009 - 06/30/2010	135,081
Total State and Local Awards			<u>1,121,441</u>
Total governmental awards			<u>\$ 5,589,544</u>

Note - Basis of Presentation

The accompanying schedule of governmental awards includes the governmental grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *DHS Audit Guide*, issued by the Wisconsin Department of Health Services. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See Independent Auditor's Report.

**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 AND THE DHS AUDIT GUIDE***

To the Board of Directors
Council for the Spanish Speaking, Inc.
Milwaukee, Wisconsin

We have audited the financial statements of Council for the Spanish Speaking, Inc. (a nonprofit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated February 2, 2011. 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 and the *DHS Audit Guide*, issued by the Wisconsin Department of Health Services.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Council for the Spanish Speaking, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council for the Spanish Speaking, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, audit committee, board of directors, others within the entity, other federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Winter, Klemm, Mote & Repp, S.C.

February 2, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

To the Board of Directors
Council for the Spanish Speaking, Inc.
Milwaukee, Wisconsin

Compliance

We have audited the compliance of Council for the Spanish Speaking, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Council for the Spanish Speaking, Inc.'s major federal programs for the year ended June 30, 2010. Council for the Spanish Speaking, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Council for the Spanish Speaking, Inc.'s management. Our responsibility is to express an opinion on Council for the Spanish Speaking, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Council for the Spanish Speaking Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Council for the Spanish Speaking, Inc.'s compliance with those requirements.

In our opinion, the Council for the Spanish Speaking, Inc. 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, 2010.

Internal Control Over Compliance

Management of Council for the Spanish Speaking, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Council for the Spanish Speaking, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Council for the Spanish Speaking, Inc.'s internal control over compliance.

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

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

This report is intended solely for the information and use of management, audit committee, board of directors, others within the entity, other federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Winters, Klemm, Mote + Repp, S.C.

February 2, 2011

COUNCIL FOR THE SPANISH SPEAKING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

A. Summary of Auditor's Results

Financial Statements

- | | |
|---|-------------|
| 1. Type of auditor's report issued? | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified: | No |
| b. Significant deficiency(ies) identified not considered to be material weaknesses? | No |
| 3. Noncompliance material to the financial statements noted? | No |

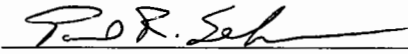
Federal Awards

- | | |
|--|-------------|
| 4. Internal control over major program: | |
| a. Material weakness(es) identified: | No |
| b. Significant deficiency(ies) identified not considered to be material weaknesses? | No |
| 5. Type of auditor's report issued on compliance for major programs? | Unqualified |
| 6. Any audit findings disclosed that are required to be reported in accordance With section 510(a) of Circular A-133 | No |
| 7. Identification of major programs: | |
| a. Head Start | 93.600 |
| b. Early Head Start | 93.709 |
| 8. Dollar threshold used to distinguish between type A and type B programs? | \$300,000 |
| 9. Auditee qualified as low-risk auditee? | No |

B. Financial Statement Findings

No items were noted that are required to be disclosed as findings or questioned costs.

C. Other Issues

- | | |
|--|---|
| 1. Does the auditor have substantial doubt as the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e., material noncompliance, non-material noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the <i>DHS Audit Guide</i> :
Department of Health Services | No |
| 3. Was a management letter or other document conveying audit comments issued as a result of this audit? | No |
| 4. Name and signature of partner | 
Paul R. Sehmer, CPA |
| 5. Date of report | February 2, 2011 |

COUNCIL FOR THE SPANISH SPEAKING, INC.
614 West National Avenue
Milwaukee, WI 53204

CORRECTIVE ACTION PLAN

Winter, Kloman, Moter & Repp, S.C.
June 30, 2010

Section I – Internal Control

No matters noted.

Status of Corrective Actions on Prior Findings

The three prior year findings were all resolved during the fiscal year ending June 30, 2010.

Section II – Compliance

No matters noted.

Council for the Spanish Speaking, Inc.

Luis Baez, Ph.D.
President/CEO