

**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**FINANCIAL REPORT**

**JUNE 30, 2009**

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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, 2009, 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. We did not audit the financial statements of Santa Cruz Apartments (Housing Project), which statements reflect a change in net assets of \$11,630 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Santa Cruz Apartments, is based solely on the report of the other auditors.

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, 2009, 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, 2010, 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 operating revenue and expense (pages 18-22) for the year ended June 30, 2009 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 (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *Provider Agency Audit Guide*, issued by the Wisconsin Department of Health and Family 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, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Winter, Wloman, Motley & Repp, S.C.*

February 2, 2010

**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2009**

**ASSETS**

Cash	\$ 56,790
Receivables	382,424
Housing projects' receivables	345,905
Investments	9,121
	<u>794,240</u>

**PROPERTY AND EQUIPMENT, at cost**

Land and improvements	334,361
Buildings and improvements	5,343,864
Furniture and equipment	797,658
Vehicles	116,778
	<u>6,592,661</u>
Less accumulated depreciation	2,457,351
	<u>4,135,310</u>

Total assets \$ 4,929,550

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Line of credit	\$ 78,400
Accounts payable	507,724
Accrued payroll and related expenses	54,271
Deferred revenue	285,561
Mortgage notes payable	1,576,945
Total liabilities	<u>2,502,901</u>

**NET ASSETS**

Unrestricted	2,317,353
Temporarily restricted	109,296
Total net assets	<u>2,426,649</u>

Total liabilities and net assets \$ 4,929,550

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

**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2009**

	<u>Operating</u>	<u>Housing Project</u>	<u>Total</u>
<b><u>UNRESTRICTED NET ASSETS</u></b>			
<b>SUPPORT AND REVENUE</b>			
Government grants and contracts	\$ 4,413,605	\$ 138,854	\$ 4,552,459
Milwaukee County Block Grant	28,000	0	28,000
Contracted services	168,825	0	168,825
United Way of Greater Milwaukee	97,851	0	97,851
United Way - donor designated	19,505	0	19,505
Contributions	259,947	0	259,947
Contributions in-kind	639,982	0	639,982
Program service fees	61,082	0	61,082
Rent	165,680	56,299	221,979
Miscellaneous	86,958	832	87,790
Insurance proceeds	7,694	0	7,694
Management fees from housing projects	<u>61,583</u>	<u>(10,861)</u>	<u>50,722</u>
Total unrestricted support and revenue	6,010,712	185,124	6,195,836
Net assets released from restrictions	<u>44,522</u>	<u>0</u>	<u>44,522</u>
Total support and revenue	<u>6,055,234</u>	<u>185,124</u>	<u>6,240,358</u>
<b>EXPENSES</b>			
Program services	5,134,953	165,764	5,300,717
Administrative expenses	<u>1,203,341</u>	<u>7,730</u>	<u>1,211,071</u>
Total expenses	<u>6,338,294</u>	<u>173,494</u>	<u>6,511,788</u>
Change in unrestricted net assets	<u>(283,060)</u>	<u>11,630</u>	<u>(271,430)</u>
<b><u>TEMPORARILY RESTRICTED NET ASSETS</u></b>			
Contributions	57,500	0	57,500
Net assets released from restrictions	<u>(44,522)</u>	<u>0</u>	<u>(44,522)</u>
Change in temporarily restricted net assets	<u>12,978</u>	<u>0</u>	<u>12,978</u>
Change in net assets	(270,082)	11,630	(258,452)
Net assets (deficit) at beginning of year	2,696,731	(131,816)	2,564,915
Transfer of net deficit to related entity	<u>0</u>	<u>120,186</u>	<u>120,186</u>
Net assets at end of year	<u>\$ 2,426,649</u>	<u>\$ 0</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, 2009**

	----- Program Services -----			----- Administrative Expenses -----			
	Operating	Housing Project	Total	Operating	Housing Project	Total	Total Expenses
<b>Employee compensation</b>							
Salaries and wages	\$ 2,776,523	\$ 25,150	\$ 2,801,673	\$ 487,176	\$ 0	\$ 487,176	\$ 3,288,849
Payroll taxes	324,766	2,619	327,385	52,856	0	52,856	380,241
Retirement annuities	80,543	0	80,543	11,811	0	11,811	92,354
Other employee benefits	<u>357,157</u>	<u>4,110</u>	<u>361,267</u>	<u>45,521</u>	<u>0</u>	<u>45,521</u>	<u>406,788</u>
Total employee compensation	3,538,989	31,879	3,570,868	597,364	0	597,364	4,168,232
Professional fees	406	304	710	30,748	7,730	38,478	39,188
Consulting/contractual	118,429	7,101	125,530	24,026	0	24,026	149,556
Materials and supplies	79,457	97	79,554	7,721	0	7,721	87,275
Office expense	28,491	1,383	29,874	33,397	0	33,397	63,271
Telephone	31,787	1,691	33,478	15,897	0	15,897	49,375
Equipment repairs and maintenance	11,542	21,430	32,972	2,462	0	2,462	35,434
Computer and support	23,458	0	23,458	16,238	0	16,238	39,696
Occupancy	288,677	22,899	311,576	184,585	0	184,585	496,161
Depreciation	42,145	26,136	68,281	147,362	0	147,362	215,643
Insurance	31,595	5,834	37,429	21,355	0	21,355	58,784
Travel/vehicle expense	12,455	0	12,455	2,017	0	2,017	14,472
Staff training/medical/license	32,033	0	32,033	6,881	0	6,881	38,914
Lunch program	276,034	0	276,034	0	0	0	276,034
Busing and field trips	23,589	0	23,589	0	0	0	23,589
Interest	0	46,370	46,370	81,678	0	81,678	128,048
Miscellaneous	5,884	640	6,524	31,610	0	31,610	38,134
In-kind expense	<u>589,982</u>	<u>0</u>	<u>589,982</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>589,982</u>
Total expenses	<u>\$ 5,134,953</u>	<u>\$ 165,764</u>	<u>\$ 5,300,717</u>	<u>\$ 1,203,341</u>	<u>\$ 7,730</u>	<u>\$ 1,211,071</u>	<u>\$ 6,511,788</u>

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

**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2009**

	<b>Operating</b>	<b>Housing Project</b>	<b>Total</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Change in net assets	\$ (270,082)	\$ 11,630	\$ (258,452)
<b>Adjustments to reconcile change in net assets to net cash flows from operating activities:</b>			
Depreciation	189,507	26,136	215,643
<b>(Increase) decrease in:</b>			
Receivables	215,580	896	216,476
Housing projects' receivable	(115,853)	0	(115,853)
Tenant security deposits	0	(1,489)	(1,489)
Prepaid expenses	(3,455)	0	(3,455)
<b>Increase (decrease) in:</b>			
Accounts payable	77,065	621	77,686
Tenant security deposits	0	953	953
Accrued payroll and related expenses	(12,940)	0	(12,940)
Accrued management fee payable	0	1,261	1,261
Deferred revenue	113,458	0	113,458
Accrued interest	<u>(1,688)</u>	<u>(4,974)</u>	<u>(6,662)</u>
Net cash flows from operating activities	<u>191,592</u>	<u>35,034</u>	<u>226,626</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Purchase of investments	(5)	0	(5)
Acquisition of property and equipment	(631,200)	0	(631,200)
Decrease in restricted cash	0	13,258	13,258
Transfer of cash to related entity	0	(6,762)	(6,762)
Transfer of replacement reserve to related entity	<u>0</u>	<u>(18,347)</u>	<u>(18,347)</u>
Net cash flows from investing activities	<u>(631,205)</u>	<u>(11,851)</u>	<u>(643,056)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Payments on line of credit, net	(113,550)	0	(113,550)
Payments on notes payable	(72,997)	(23,432)	(96,429)
Proceeds from notes payable	<u>549,801</u>	<u>0</u>	<u>549,801</u>
Net cash flows from financing activities	<u>363,254</u>	<u>(23,432)</u>	<u>339,822</u>
 Net change in cash	 (76,359)	 (249)	 (76,608)
Cash - beginning of year	<u>133,149</u>	<u>249</u>	<u>133,398</u>
Cash - end of year	<u>\$ 56,790</u>	<u>\$ 0</u>	<u>\$ 56,790</u>

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



**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**STATEMENT OF CASH FLOWS (CONTINUED)**

**For the Year Ended June 30, 2009**

	<b>Operating</b>	<b>Housing Project</b>	<b>Total</b>
<b><u>SUPPLEMENTAL CASH FLOW INFORMATION</u></b>			
Cash paid during the year for interest	<u>\$ 83,366</u>	<u>\$ 56,318</u>	<u>\$ 139,684</u>
<b><u>SUPPLEMENTAL SCHEDULE OF NON CASH INVESTING AND FINANCING ACTIVITIES</u></b>			
Property and equipment purchased with debt	\$ 45,225	\$ 0	\$ 45,225
Transfer of assets to related entity	0	631,647	631,647
Transfer of liabilities to related entity	0	(763,463)	(763,463)
Transfer of net deficit to related entity	0	131,816	131,816
	<u>\$ 45,225</u>	<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, 2009 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.

Net assets are further classified as follows:

Operating - Represents the portion of expendable funds that are available for current program and general operations.

Housing Project - Represents resources restricted for use by Santa Cruz Apartments. The activities of the project are regulated by the U.S. Department of Housing and Urban Development (HUD). Activity recorded in financial statements through March 20, 2009 when Santa Cruz was transferred to a related party (Note 14).

#### **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.

**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Program services: (continued)**

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.

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, 2009, no allowances were considered necessary.

**Expenses:**

Expenses are recognized when they are incurred. Expenses are summarized on a functional basis in the Statement 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:**

Included in administrative expenses are fundraising costs totaling \$145,597 in fiscal 2009. This amount includes payroll and related expenses of \$96,025.

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.

**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Functional allocation of expenses: (continued)**

Occupancy costs are charged to the various programs based on space usage. Administrative occupancy charged to programs in fiscal 2009 was \$32,089.

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

**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 Statement of Financial Position. Depreciation on these assets is not charged to any government grants.

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

**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Cash:**

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

**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.

**Investments:**

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

**Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles 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, 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, 2010, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2009, but prior to February 2, 2010, that provided additional evidence about conditions that existed at June 30, 2009, have been recognized in the financial statements for the year ended June 30, 2009. Events or transactions that provided evidence about conditions that did not exist at June 30, 2009 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, 2009.

**Note 2. Deferred Revenue**

Deferred revenue consisted of the following amounts at June 30, 2009:

MPS Partnership – Loyola Academy	\$ 23,838
SDC – Federal Head Start	<u>261,723</u>
Total	<u>\$ 285,561</u>

**Note 3. Receivables**

Receivables consisted of the following amounts at June 30, 2009:

MATC	\$ 9,759
SDC – Health and Marriage	15,000
SDC – Federal Head Start	190,436
SDC – State Head Start	103,470
State of Wisconsin – USDA	8,044
Milwaukee County	6,880
Milwaukee Area Workforce Investment Board	3,193
Wisconsin Technical Board	24,168
UMOS, Inc.	<u>21,474</u>
Total	<u>\$382,424</u>

**Note 4. Line of Credit**

The Council has a revolving credit loan with a financial institution. The balance outstanding was \$78,400 at June 30, 2009. The loan has a credit limit of \$200,000, interest payable monthly at prime plus 1/4%. The line of credit matured on June 1, 2009 and was extended to December 1, 2009. The Council is in the process of renewing the line of credit. The loan is secured by real estate and equipment.

**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 5. Mortgage notes payable**

<b>Mortgage note payable</b> – 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.	\$ 455,044
<b>Mortgage note payable</b> – 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.	272,486
<b>Mortgage note payable</b> – 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.	409,237
<b>Mortgage note payable</b> – bank. Payable in monthly installments of \$2,398, including interest at 2.50%. A balloon payment equal to the unpaid balance is due January 2010. The Council is in the process of renewing this loan.	330,178
<b>Mortgage note payable</b> – community loan fund. Payable in interest only payments of \$458, at 5%. A balloon payment equal to the unpaid balance is due September 2010.	<u>110,000</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:

2010	\$ 362,470
2011	144,567
2012	851,631
2013	20,683
2014	<u>197,594</u>
	<u>\$1,576,945</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 the 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, funded by the Department of Health and Human Services requires that Head Start receive a nonfederal share equal to 25% of all federal expense.

The Council met the nonfederal share requirement for the year ended October 31, 2008 on a total program basis. This program is ongoing at June 30, 2009 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, 2009).

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

**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, 2009 was \$165,680. 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.

Santa Cruz Apartments rents to tenants under various one-year leases, renewable annually. The rent is determined by the Department of Housing and Urban Development (HUD). The tenants pay on amounts based on their income, with HUD subsidizing the balance of the rent. The revenues are recorded in the housing project support and revenue.

**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 May 31, 2010 - \$5,727 per month. (Additional 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, 2010 - \$2,213 per month.  
(Additional fee based on child development).

Future minimum payments on the aforementioned leases are as follows:

2010	\$ 89,423
2011	<u>4,426</u>
	<u>\$ 93,849</u>

For the fiscal year ended June 30, 2009, rental costs totaled \$69,535.

**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.

For the fiscal year ended June 30, 2009, the Council contributed 5% of eligible participants' gross wages until December 31, 2008, then contributed 2% after that, with the retirement expense totaling \$92,354.

**Note 10. Temporarily Restricted Net Assets**

As of June 30, 2009 temporarily restricted net assets are available for the following purposes:

Guadalupe Center Building Improvements	\$ 74,559
Murguia Endowment	8,682
United Way Healthy Girls Grant	18,555
Summer Program	<u>7,500</u>
Total	<u>\$109,296</u>

**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.

**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**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 (El Jardin), La Paz Housing Corporation (La Paz), 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 \$61,583 for fiscal 2009.

The following summarizes the Housing Projects' receivable balances as of June 30, 2009:

El Jardin	\$ 93,000
La Paz	85,177
Casa Catalina	52,011
La Villa	45,329
Santa Cruz	<u>70,388</u>
Total	<u>\$345,905</u>

On March 20, 2009, Santa Cruz Apartments (HUD Project No. 075-EH020) was merged along with La Paz Apartments (HUD Project No. 075-EH212) into the Hispanic Housing Corporation. The transfer of the net assets (deficit) of Santa Cruz Apartments are being reported in the statements of activities and cash flows for the period ended March 20, 2009.

**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**SCHEDULE OF OPERATING PROGRAM EXPENSES  
For the Year Ended June 30, 2009**

	Guadalupe Center	Vocational Training	Loyola Academy	Social Services	Total
<b>Employee compensation</b>					
Salaries and wages	\$ 1,840,254	\$ 202,413	\$ 592,324	\$ 141,532	\$ 2,776,523
Payroll taxes	216,657	23,069	69,176	15,864	324,766
Retirement annuities	57,643	4,746	13,756	4,398	80,543
Other employee benefits	<u>273,587</u>	<u>8,159</u>	<u>59,210</u>	<u>16,201</u>	<u>357,157</u>
Total employee compensation	2,388,141	238,387	734,466	177,995	3,538,989
Professional fees	0	206	200	0	406
Consulting/contractual	99,147	900	18,174	208	118,429
Materials and supplies	39,205	13,007	27,245	0	79,457
Office expense	9,651	5,773	9,271	3,796	28,491
Telephone	18,693	5,705	3,940	3,449	31,787
Equipment repairs and maintenance	8,892	2,043	607	0	11,542
Computer and support	13,428	353	4,952	4,725	23,458
Occupancy	201,249	19,964	63,996	3,468	288,677
Depreciation	34,543	767	6,701	134	42,145
Insurance	22,363	0	8,910	322	31,595
Travel/vehicle expense	8,603	410	2,660	782	12,455
Staff training/medical/license	23,990	1,176	5,804	1,063	32,033
Lunch program	239,905	0	36,129	0	276,034
Busing and field trips	8,082	145	15,362	0	23,589
Miscellaneous	3,683	689	952	560	5,884
In-kind expenses	<u>589,982</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>589,982</u>
Total expenses (before allocations)	<u>\$ 3,709,557</u>	<u>\$ 289,525</u>	<u>\$ 939,369</u>	<u>\$ 196,502</u>	<u>\$ 5,134,953</u>

See Independent Auditor's Report.

**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**SCHEDULE OF OPERATING REVENUE AND EXPENSE BY FUNDING SOURCE  
GUADALUPE CENTER  
For the Year Ended June 30, 2009**

	Federal Head Start	State Head Start	DPI USDA	NCLR	Wrap- Around	MPS 4 Year Kindergarten	Total
<b>Support and revenue</b>							
Government grants and contracts	\$ 2,541,417	\$ 166,843	\$ 208,820	\$ 0	\$ 0	\$ 132,140	\$ 3,049,220
Contracted services	0	0	0	0	162,891	0	162,891
Other support and revenue	<u>621,301</u>	<u>0</u>	<u>0</u>	<u>25,343</u>	<u>52,992</u>	<u>0</u>	<u>699,636</u>
Total support and revenue	<u>3,162,718</u>	<u>166,843</u>	<u>208,820</u>	<u>25,343</u>	<u>215,883</u>	<u>132,140</u>	<u>3,911,747</u>
<b>Employee compensation</b>							
Salaries and wages	1,488,108	95,321	0	487	163,940	92,398	1,840,254
Payroll taxes	174,421	12,347	0	88	20,241	9,560	216,657
Retirement annuities	47,624	3,192	0	717	4,077	2,033	57,643
Other employee benefits	<u>225,698</u>	<u>13,172</u>	<u>0</u>	<u>0</u>	<u>19,896</u>	<u>14,821</u>	<u>273,587</u>
Total employee compensation	1,935,851	124,032	0	1,292	208,154	118,812	2,388,141
Consulting/contractual	94,757	4,315	0	75	0	0	99,147
Materials and supplies	28,976	5,002	0	3,332	0	1,895	39,205
Office expense	9,651	0	0	0	0	0	9,651
Telephone	18,232	461	0	0	0	0	18,693
Equipment repairs and maintenance	8,892	0	0	0	0	0	8,892
Computer and support	13,386	42	0	0	0	0	13,428
Occupancy	187,516	12,848	0	0	0	885	201,249
Depreciation	34,543	0	0	0	0	0	34,543
Insurance	19,639	2,100	0	0	0	624	22,363
Travel/vehicle expense	8,603	0	0	0	0	0	8,603
Staff training/medical/license	20,704	0	0	3,286	0	0	23,990
Lunch program	39,444	0	200,461	0	0	0	239,905
Busing and field trips	6,067	2,015	0	0	0	0	8,082
Miscellaneous	2,533	0	0	1,150	0	0	3,683
In-kind expenses	<u>589,982</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>589,982</u>
Subtotal of expenses	3,018,776	150,815	200,461	9,135	208,154	122,216	3,709,557
Allocated administrative expenses	<u>263,728</u>	<u>16,796</u>	<u>12,244</u>	<u>0</u>	<u>43,652</u>	<u>10,752</u>	<u>347,172</u>
Total funding source expenses	<u>3,282,504</u>	<u>167,611</u>	<u>212,705</u>	<u>9,135</u>	<u>251,806</u>	<u>132,968</u>	<u>4,056,729</u>
Excess funding source revenue over (under) expenses	<u>\$ (119,786)</u>	<u>\$ (768)</u>	<u>\$ (3,885)</u>	<u>\$ 16,208</u>	<u>\$ (35,923)</u>	<u>\$ (828)</u>	<u>\$ (144,982)</u>

See Independent Auditor's Report.

**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**SCHEDULE OF OPERATING REVENUE AND EXPENSE BY FUNDING SOURCE  
VOCATIONAL TRAINING  
For the Year Ended June 30, 2009**

	MATC	Wisconsin Tech Board & El Civic	UMOS	The Hire Center	Milwaukee Area Workforce Investment Board	Total
<b>Support and revenue</b>						
Government grants and contracts	\$ 50,000	\$ 157,840	\$ 44,332	\$ 0	\$ 3,193	\$ 255,365
Other support and revenue	<u>0</u>	<u>12,155</u>	<u>0</u>	<u>3,175</u>	<u>0</u>	<u>15,330</u>
Total support and revenue	<u>50,000</u>	<u>169,995</u>	<u>44,332</u>	<u>3,175</u>	<u>3,193</u>	<u>270,695</u>
<b>Employee compensation</b>						
Salaries and wages	33,535	133,196	30,295	2,421	2,966	202,413
Payroll taxes	3,971	13,018	5,583	270	227	23,069
Retirement annuities	1,450	2,022	1,264	10	0	4,746
Other employee benefits	<u>481</u>	<u>7,074</u>	<u>604</u>	<u>0</u>	<u>0</u>	<u>8,159</u>
Total employee compensation	39,437	155,310	37,746	2,701	3,193	238,387
Professional fees	0	6	200	0	0	206
Consulting/contractual	0	900	0	0	0	900
Materials and supplies	6,094	6,721	192	0	0	13,007
Office expense	2,183	2,317	1,273	0	0	5,773
Telephone	180	4,922	603	0	0	5,705
Equipment repairs and maintenance	378	1,287	378	0	0	2,043
Computer and support	62	229	62	0	0	353
Occupancy	4,123	11,717	4,124	0	0	19,964
Depreciation	213	469	85	0	0	767
Travel/vehicle expense	0	310	100	0	0	410
Staff training/medical/license	0	923	253	0	0	1,176
Busing and field trips	0	145	0	0	0	145
Miscellaneous	<u>204</u>	<u>485</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>689</u>
Subtotal of expenses	52,874	185,741	45,016	2,701	3,193	289,525
Allocated administrative expenses	<u>6,468</u>	<u>25,327</u>	<u>6,015</u>	<u>492</u>	<u>0</u>	<u>38,302</u>
Total funding source expenses	<u>59,342</u>	<u>211,068</u>	<u>51,031</u>	<u>3,193</u>	<u>3,193</u>	<u>327,827</u>
Excess funding source revenue over (under) expenses	<u>\$ (9,342)</u>	<u>\$ (41,073)</u>	<u>\$ (6,699)</u>	<u>\$ (18)</u>	<u>\$ 0</u>	<u>\$ (57,132)</u>

See Independent Auditor's Report.

**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**SCHEDULE OF OPERATING REVENUE AND EXPENSE BY FUNDING SOURCE  
LOYOLA ACADEMY  
For the Year Ended June 30, 2009**

	MPS Partnership	DPI USDA	United Way Healthy Girls	Total
<b>Support and revenue</b>				
Government grants and contracts	\$ 1,007,713	\$ 36,287	\$ 0	\$ 1,044,000
Other support and revenue	<u>0</u>	<u>6,702</u>	<u>31,445</u>	<u>38,147</u>
Total support and revenue	<u>1,007,713</u>	<u>42,989</u>	<u>31,445</u>	<u>1,082,147</u>
<b>Employee compensation</b>				
Salaries and wages	577,833	0	14,491	592,324
Payroll taxes	67,391	0	1,785	69,176
Retirement annuities	13,756	0	0	13,756
Other employee benefits	<u>59,083</u>	<u>0</u>	<u>127</u>	<u>59,210</u>
Total employee compensation	718,063	0	16,403	734,466
Professional fees	200	0	0	200
Consulting/contractual	16,021	792	1,361	18,174
Materials and supplies	26,398	0	847	27,245
Office expense	6,653	0	2,618	9,271
Telephone	2,940	0	1,000	3,940
Equipment repairs and maintenance	107	0	500	607
Computer and support	4,452	0	500	4,952
Occupancy	62,996	0	1,000	63,996
Depreciation	6,701	0	0	6,701
Insurance	8,410	0	500	8,910
Travel/vehicle expense	2,494	0	166	2,660
Staff training/medical/license	5,305	0	499	5,804
Lunch program	4,416	31,713	0	36,129
Busing and field trips	13,527	0	1,835	15,362
Miscellaneous	<u>952</u>	<u>0</u>	<u>0</u>	<u>952</u>
Subtotal of expenses	879,635	32,505	27,229	939,369
Allocated administrative expenses	<u>128,078</u>	<u>0</u>	<u>4,216</u>	<u>132,294</u>
Total funding source expenses	<u>1,007,713</u>	<u>32,505</u>	<u>31,445</u>	<u>1,071,663</u>
Excess funding source revenue over (under) expenses	<u>\$ 0</u>	<u>\$ 10,484</u>	<u>\$ 0</u>	<u>\$ 10,484</u>

See Independent Auditor's Report.

**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**SCHEDULE OF OPERATING REVENUE AND EXPENSE BY FUNDING SOURCE  
SOCIAL SERVICES  
For the Year Ended June 30, 2009**

	United Way	Milwaukee County Interpreter	Milwaukee County GAMP and Other	Total
<b>Support and revenue</b>				
Government grants and contracts	\$ 0	\$ 65,020	\$ 0	\$ 65,020
Contracted services	0	0	5,934	5,934
Other support and revenue	<u>107,356</u>	<u>0</u>	<u>4,853</u>	<u>112,209</u>
Total support and revenue	<u>107,356</u>	<u>65,020</u>	<u>10,787</u>	<u>183,163</u>
<b>Employee compensation</b>				
Salaries and wages	95,658	40,043	5,831	141,532
Payroll taxes	10,681	4,710	473	15,864
Retirement annuities	2,831	1,172	395	4,398
Other employee benefits	<u>15,117</u>	<u>1,011</u>	<u>73</u>	<u>16,201</u>
Total employee compensation	124,287	46,936	6,772	177,995
Consulting/contractual	208	0	0	208
Office expense	3,796	0	0	3,796
Telephone	3,449	0	0	3,449
Computer and support	4,725	0	0	4,725
Occupancy	3,468	0	0	3,468
Depreciation	134	0	0	134
Insurance	322	0	0	322
Travel/vehicle expense	782	0	0	782
Staff training/medical/license	1,063	0	0	1,063
Miscellaneous	<u>560</u>	<u>0</u>	<u>0</u>	<u>560</u>
Subtotal of expenses	142,794	46,936	6,772	196,502
Allocated administrative expenses	<u>18,586</u>	<u>15,668</u>	<u>1,163</u>	<u>35,417</u>
Total funding source expenses	<u>161,380</u>	<u>62,604</u>	<u>7,935</u>	<u>231,919</u>
Excess funding source revenue over (under) expenses	<u>\$ (54,024)</u>	<u>\$ 2,416</u>	<u>\$ 2,852</u>	<u>\$ (48,756)</u>

See Independent Auditor's Report.

**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**Schedule of Expenditures of Governmental Awards  
For the Year Ended June 30, 2009**

<u>FEDERAL AWARDS</u>	<u>CFDA Number</u>	<u>Period</u>	<u>Disbursements / Expenditures</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed Through Social Development Commission:			
Head Start	93.600	11/01/2007 - 10/31/2008	\$ 628,739
Head Start	93.600	11/01/2008 - 10/31/2009	1,912,678
Passed Through United Migrant Opportunity Services, Inc.:			
Wisconsin Works Contract W-2	93.558	01/01/2008 - 12/31/2008	18,492
Wisconsin Works Contract W-2	93.558	01/01/2009 - 12/31/2009	25,840
Passed Through Milwaukee County Department of Human Services:			
Language Translation	93.596	01/02/2008 - 12/31/2008	1,580
Language Translation	93.596	01/02/2009 - 12/31/2009	26,776
<b><u>U.S. Department of Education</u></b>			
Passed Through Wisconsin Technical College System Board:			
Adult Education & Training	84.002	07/01/2008 - 06/30/2009	142,890
Experiential English Language Lerner	84.002	07/01/2008 - 06/30/2009	14,950
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Section 8 Housing Assistance Payments	14.195	07/01/2008 - 03/20/2009	131,520
Multifamily Housing Service Coordinator	14.191	07/01/2008 - 03/20/2009	7,334
Home Investment Partnership Program	14.239		28,000
<b><u>U.S. Department of Agriculture</u></b>			
Passed Through Wisconsin Department of Public Instruction:			
Child and Adult Care Food Program	10.558	10/01/2007 - 09/30/2008	27,010
Child and Adult Care Food Program	10.558	10/01/2008 - 09/30/2009	181,810
National School Lunch Program	10.555	07/01/2008 - 06/30/2009	36,287
<b><u>U.S. Department of Labor</u></b>			
Passed Through Milwaukee Area Workforce Investment Board	17.268	01/01/2009 - 01/30/2009	<u>3,193</u>
<b>Total Federal Awards</b>			<b><u>\$ 3,187,099</u></b>

See Independent Auditor's Report.



**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**Schedule of Expenditures of Governmental Awards (continued)  
For the Year Ended June 30, 2009**

<u>STATE AND LOCAL AWARDS</u>	<u>CFDA Number</u>	<u>Period</u>	<u>Disbursements / Expenditures</u>
<b><u>Wisconsin Department of Public Instruction</u></b>			
Passed Through Social Development Commission:			
Head Start - State Supplement	255.327	07/01/2008 - 06/30/2009	\$ 166,843
<b><u>Wisconsin Department of Health and Family Services</u></b>			
Passed Through Milwaukee County Department of Human Services:			
Language Translation	435.283	01/02/2008 - 12/31/2008	25,520
Language Translation	435.283	01/02/2009 - 12/31/2009	5,572
<b><u>Wisconsin Technical College System Board</u></b>			
Passed Through Milwaukee Area Technical College:			
Basic Skills	292.112	07/01/2008 - 06/30/2009	50,000
<b><u>Milwaukee County Department of Human Services</u></b>			
Language Translation	N/A	01/02/2009 - 12/31/2009	5,572
<b><u>Milwaukee Public Schools</u></b>			
Alternative Education	N/A	07/01/2008 - 06/30/2009	1,007,713
4-Year Kindergarten	N/A	07/01/2008 - 06/30/2009	<u>132,140</u>
<b>Total State and Local Awards</b>			<u>1,393,360</u>
<b>Total governmental awards</b>			<u>\$ 4,580,459</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 *Provider Agency Audit Guide*, issued by the Wisconsin Department of Health and Family Services. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The Council provided an in-kind match of \$589,982, meeting the matching requirement of the Department of Health and Human Services Head Start award.

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 PROVIDER AGENCY 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, 2009, and have issued our report thereon dated February 2, 2010. 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 *Provider Agency Audit Guide*, issued by the Wisconsin Department of Health and Family 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: Findings 2 and 3.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency: Finding 1.

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*.

We noted certain matters that we reported to management of Council for the Spanish Speaking, Inc. in a separate letter dated February 2, 2010.

Council for the Spanish Speaking, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Council for the Spanish Speaking, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, audit committee, board of directors, others within the entity, HUD, 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, Korman, Moter & Repp, S.C.*

February 2, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO 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. (a nonprofit organization), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. Council for the Spanish Speaking, Inc.'s major federal program is 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 its major federal program 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 that 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 requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an organization's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the organization's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, HUD, 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, Woman, Moter + Repp, S.C.*

February 2, 2010

**COUNCIL FOR THE SPANISH SPEAKING, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2009**

**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:	Yes
b. Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
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
8. Dollar threshold used to distinguish between type A and type B programs?	\$300,000
9. Auditee qualified as low-risk auditee?	Yes

**B. Financial Statement Findings**

**Significant deficiency:**

Finding 1. Segregation of Duties

Condition: Several accounting functions regarding cash receipts and disbursements and the related record keeping which should be segregated are being performed by one or two individuals.

Criteria: Accounting functions should be segregated.

Effect: A lack of proper segregation of duties could affect the Organization's ability to record, process, summarize or properly report financial data.

Recommendation: Considering the size of the Organization, we believe that a proper segregation of accounting duties would be impractical and the cost of such a control would exceed the benefits realized.

Auditee Comment: The Organization concurs with the finding and recommendation.

**Material weakness:**

Finding 2. Bookkeeping

Condition: Cash receipts and disbursements were found to be incorrectly charged as to account, amount, and period throughout the year. In addition, there were several months where no bank reconciliation was prepared.

COUNCIL FOR THE SPANISH SPEAKING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
For the Year Ended June 30, 2009

Criteria: The books shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time and bank reconciliations should be prepared on a monthly basis.

Effect: Inadequate procedures in place to ensure that the general ledger is up-to-date, complete, accurate and timely reviewed could affect the Organization's ability to properly report financial data.

Recommendation: Accounting records should at all times be maintained in a complete and accurate manner and bank reconciliation should be prepared monthly.

Auditee Comment: The Organization concurs with the finding and recommendation.

Finding 3. Material Adjusting Entries

Condition: Material adjusting journal entries were discovered during the audit.

Criteria: The books and records shall be adjusted and reconciled to subsidiary ledgers on a regular basis, especially at year end.

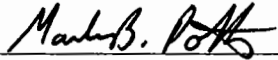
Effect: Inadequate procedures in place to ensure that the general ledger is up-to-date could affect the Organization's ability to properly report financial data.

Recommendation: Accounting records should at all times be maintained in a complete and accurate manner.

Auditee Comment: The Organization concurs with the finding and recommendation.

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

B. 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>Provider Agency Audit Guide</i> :<br>Department of Health and Family Services | Yes   |
| 3. | Was a management letter or other document conveying audit comments issued as a result of this audit?   | Yes   |
| 4. | Name and signature of partner  | <br>Mark B. Potts, CPA |
| 5. | Date of report   | February 2, 2010  |

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

**CORRECTIVE ACTION PLAN**

Winter, Kloman, Moter & Repp, S.C.  
June 30, 2009

**Section I – Internal Control**

**Finding 1:**

A. Comments on Findings and Recommendations

The Organization agrees with the auditor's finding.

B. Actions Taken or Planned

The Organization agrees with the auditor's comment that implementing a proper segregation of duties in a small entity of this size would be impractical and cost ineffective. When only one or two employees are involved, daily work requirements, vacations and other factors make complete segregation impossible. Expanding the accounting staff would result in a cost far in excess of benefits to be realized. However, in response to the other findings, an outside bookkeeping firm has been hired to assist in the accounting functions, allowing for better segregation of duties.

**Finding 2:**

A. Comments on Findings and Recommendations

The Organization agrees with the auditor's finding, but would add that the loss of a key accounting person caused temporary transitional problems, which led to the finding.

B. Actions Taken or Planned

An outside bookkeeping firm has been hired and sound policies and procedures are being followed to ensure that the books are being maintained in a complete and accurate manner, including the preparation of monthly bank reconciliations.

**Finding 3:**

A. Comments on Findings and Recommendations

The Organization agrees with the auditor's finding, but would add that the loss of a key accounting person caused temporary transitional problems, which led to the finding.

B. Actions Taken or Planned

An outside bookkeeping firm has been hired and sound policies and procedures are being followed to ensure that the books are being adjusted and reconciled to subsidiary ledgers on a regular basis. This is expected to eliminate material adjusting journal entries in the future.



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

**CORRECTIVE ACTION PLAN (CONTINUED)**

**Status of Corrective Actions on Prior Findings**

There were no prior year findings, therefore no action was needed.

**Section II – Compliance**

No matters noted.

Council for the Spanish Speaking, Inc.

Luis Baez, Ph.D.  
President/CEO