

Council for the Spanish Speaking, Inc.

Milwaukee, Wisconsin

Consolidated Financial Statements and Supplementary Information

Year Ended June 30, 2011

Council for the Spanish Speaking, Inc.

Consolidated Financial Statements and Supplementary Information

Year Ended June 30, 2011

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Independent Auditor's Report

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

We have audited the accompanying consolidated statement of financial position of the Council for the Spanish Speaking, Inc., as of June 30, 2011, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of Council of management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial statement 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Council for the Spanish Speaking, Inc., as of June 30, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 19, 2012, on our consideration of the Council for the Spanish Speaking, Inc.'s internal control over financial reporting. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing and not to provide an opinion on the internal control over financial reporting. In accordance with *Government Auditing Standards*, we have also issued an opinion dated March 19, 2012, on the Council of the Spanish Speaking, Inc.'s compliance with certain provision of laws, regulations, contract, and grant agreements, and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information appearing on pages 19 through 23 is presented for the purpose of additional analysis, and is not a required part of the basic consolidated financial statements. The accompanying schedule of expenditures of federal and state awards is presented for the purpose of additional analysis required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration are presented for purposes of additional analysis and are not required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wipfli LLP

Wipfli LLP

March 19, 2012
Milwaukee, Wisconsin

Council for the Spanish Speaking, Inc.

Consolidated Statement of Financial Position

June 30, 2011

<i>Assets</i>	
<hr/>	
Current assets:	
Cash	\$ 258,026
Accounts receivable	17,070
Grants receivable	208,524
Investments	9,113
<hr/>	
Total current assets	492,733
<hr/>	
Restricted deposits and funded reserves:	
Tenant security deposits	25,460
Escrow deposits	243,393
Replacement and residual receipts reserve	378,585
<hr/>	
Total restricted deposits and funded reserves	647,438
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Property and equipment - Net	7,704,191
<hr/>	
Other assets:	
Capitalized financing costs, net	76,630
<hr/>	
TOTAL ASSETS	\$ 8,920,992

Liabilities and Net Assets

Current liabilities:

Current maturities of long-term debt	\$ 1,055,176
Accounts payable	507,329
Accrued payroll and related expenses	99,549
Accrued pension payable	203,989
Other accrued expenses	26,870
Accrued interest	17,068
Deferred compensation	34,500
Deferred revenue	149,814

Total current liabilities	2,094,295
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Long-term liabilities:

Long-term debt, less current maturities	3,920,586
Deferred compensation, less current portion	25,875
Capital advance	1,912,300

Total long-term liabilities	5,858,761
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Total liabilities	7,953,056
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Net assets:

Unrestricted	829,045
Temporarily restricted	138,891

Total net assets	967,936
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TOTAL LIABILITIES AND NET ASSETS	\$ 8,920,992
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Council for the Spanish Speaking, Inc.

Consolidated Statement of Activities

Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Governmental grants and contracts	\$ 6,273,721	\$ -	\$ 6,273,721
Rent revenue	514,224	-	514,224
Contributions	225,904	-	225,904
Contribution in-kind	611,472	-	611,472
Other support and revenue	364,503	17,500	382,003
Total support and revenue	7,989,824	17,500	8,007,324
Expenses:			
Program services	7,595,673	-	7,595,673
Fund development	155,323	-	155,323
Management and general	579,993	-	579,993
Total expenses	8,330,989	-	8,330,989
Change in net assets	(341,165)	17,500	(323,665)
Net assets at beginning of year - Restated	1,170,210	121,391	1,291,601
Net assets at end of year	\$ 829,045	\$ 138,891	\$ 967,936

See accompanying notes to financial statements.

Council for the Spanish Speaking, Inc.

Consolidated Statement of Cash Flows

Year Ended June 30, 2011

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in net assets	\$ (323,665)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	467,794
Changes in operating assets and liabilities:	
Accounts receivable	(10,184)
Grants receivable	148,051
Prepaid expenses	46,105
Accounts payable	(238,530)
Accrued payroll and related expenses	29,834
Accrued pension payable	203,989
Other accrued expenses	62,374
Accrued interest	(3,301)
Deferred revenue	(217,434)
Net cash provided by operating activities	165,033
Cash flows from investing activities:	
Purchase of property and equipment	(426,396)
Net deposits to the reserve for replacement account	(5,312)
Net withdrawals from escrow	126,788
Net withdrawals to tenant security deposits held in trust	4,616
Other investing activities	(1,422)
Net cash used in investing activities	(301,726)
Cash flows from financing activities:	
Principal payments on long-term debt	(92,660)
Net decrease in cash	(229,353)
Cash at beginning of year	487,379
Cash at end of year	\$ 258,026
Supplemental disclosures of cash flow information:	
Cash paid during the year for interest	\$ 97,604

Council for the Spanish Speaking, Inc.

Notes to Financial Statements

Note 1 Nature of Activities

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.

The Council has three housing projects that it operates, supervises and controls:

Casa Catalina Corporation (Casa Catalina), a nonprofit, nonstock organization, is a 16-unit apartment facility for the elderly and disabled located in Milwaukee, Wisconsin. It is operated under Section 202 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

Hispanic Housing Corporation, Inc. (Hispanic Housing), a nonprofit organization, is a 104-unit apartment facility for the elderly and handicapped located in Milwaukee, Wisconsin. It is operated under Section 223f/207 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods

La Villa Housing Corporation (La Villa), a nonprofit, nonstock organization, is a 12-unit apartment facility for the elderly and disabled located in Milwaukee, Wisconsin. It is operated under Section 202 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

Council for the Spanish Speaking, Inc.

Notes to Financial Statements

Note 2 **Summary of Significant Accounting Policies**

Principles of Combination

The combined financial statements include the accounts of the Council, Casa Catalina, Hispanic Housing and La Villa (collectively referred to as "The Organization"). All intercompany accounts and transactions have been eliminated in the combination.

Financial Statement Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States (GAAP).

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organizations and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. None of Casa Catalina's, Hispanic Housing's and La Villa's net assets are subject to donor-imposed restriction. Accordingly, all their net assets are accounted for as unrestricted net assets.

Temporarily restricted net assets – Net assets whose use has been limited by donors to a specific time-period or purpose. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently restricted net assets – Net assets that have been restricted by donors to be maintained in perpetuity. Currently, the Organization does not have any permanently restricted net assets.

Council for the Spanish Speaking, Inc.

Notes to Financial Statements

Note 2 **Summary of Significant Accounting Policies** (Continued)

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Accounts Receivable

Accounts receivable are generally uncollateralized amounts due on rents and services performed, which are due the beginning of each month. Payments of accounts receivable are allocated to the specific invoices identified on the remittance advice or, if unspecified, are applied to current unpaid invoices first then past due balances. The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that exceed 30 days from invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Actual losses, when realized, have been within the range of management's expectations.

Grants Receivable

Grants receivable consist of various federal, state and local grant funds due to the Council as reimbursement for expenses incurred prior to year end. Management believes no allowance for uncollectable grants is required based upon management's judgment and consideration of the collectability of each grant.

Restricted Deposits and Funded Reserves

All tenant security deposits are deposited into a separate interest bearing bank account and held in trust for the tenants until they vacate the property. Any amounts not returned to the tenant due to lease violations are transferred to the Organization's general operating account.

Council for the Spanish Speaking, Inc.

Notes to Financial Statements

Note 2 **Summary of Significant Accounting Policies** (Continued)

Restricted Deposits and Funded Reserves (Continued)

Escrow deposits are required under the regulatory agreement for Casa Catalina, Hispanic Housing and La Villa for the payment of real estate taxes, property taxes and mortgage insurance premiums

Replacement and residual receipts reserves are required under the HUD regulatory agreement for Casa Catalina, Hispanic Housing and La Villa. The replacement reserves are deposits made by the corporations to meet future commitments on capital improvements. The residual receipts reserves are made up of accumulated surplus cash deposits. Any use of the reserve for replacement or residual receipts funds are subject to the prior approval of HUD.

Property and Equipment

Property and equipment are carried at cost and capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. The cost of these items is charged to expense as depreciation and is computed on the straight-line method over the estimated useful lives of the assets. Donated property and equipment are recorded at their estimated fair market value at the date of donation.

Estimated lives for depreciable assets are as follows:

	Useful Lives
Land improvements	10 - 20 years
Building and improvements	5 - 40 years
Furniture and equipment	3 - 10 years
Vehicles	5 - 10 years

Property and equipment purchased with grant funds are owned by the Organization while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations.

Council for the Spanish Speaking, Inc.

Notes to Financial Statements

Note 2 **Summary of Significant Accounting Policies** (Continued)

Impairment of Long-Lived Assets

The Organization 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, 2011.

Capitalized Financing Costs

Capitalized loan fees are included in other assets in the accompanying consolidated statement of financial position, they are being amortized to expense over the life of the loan. Amortization expense for the year ended June 30, 2011 was \$2,915.

Deferred Revenue

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

In-Kind Contribution

In-kind contributions recorded include space, supplies, and professional services in consolidated statement of activities in accordance with GAAP. GAAP requires that only contribution of services received, which create or enhance a nonfinancial asset or require specialized skill and would typically need to be purchased if not provided by donation be recorded as in-kind contributions. The requirements by GAAP are different than the in-kind requirements of the grant awards. Nonprofessional in-kind contributions were also received during the year with an estimated value of \$156,041, which is not recorded in the consolidated statement of activities

Council for the Spanish Speaking, Inc.

Notes to Financial Statements

Note 2 **Summary of Significant Accounting Policies** (Continued)

Income Taxes

The Council, Casa Catalina, Hispanic Housing and La Villa are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. They are also exempt from state income taxes on the related income.

In order to account for any uncertain tax positions, the Council, Casa Catalina, Hispanic Housing and La Villa determine whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements.

The Council, Casa Catalina, Hispanic Housing and La Villa have not recorded assets or liabilities related to uncertain income tax positions. Income tax returns from the fiscal years ended December 31, 2008 to the present remain subject to examination by the applicable taxing authorities.

Distributions

Casa Catalina, Hispanic Housing, and La Villa's regulatory agreement with HUD stipulates, among other things, that they will not make distributions of assets or income to any of its officers or directors.

Subsequent Events

Subsequent events have been evaluated through March 19, 2012, which is the date the financial statements were available to be issue.

Council for the Spanish Speaking, Inc.

Notes to Financial Statements

Note 3 Grant Receivables

At June 30, grant receivables consisted of the following:

	2011
Milwaukee Area Technical College	\$ 9,400
Social Development Commission - State Head Start	26,958
Social Development Commission - Early Head Start	123,516
State of Wisconsin - Department of Public Instruction	10,736
Wisconsin Technical Board	32,813
Multicultural Entrepreneurial Institute	2,000
Milwaukee Area Investment Board	3,101
	<hr/>
Total grant receivables	\$ 208,524

Note 4 Property and Equipment

At June 30, property and equipment consisted of the following:

	2011
Land and improvements	\$ 673,007
Buildings and improvements	11,561,037
Furniture and equipment	1,193,530
Vehicles	185,466
	<hr/>
Total property and equipment	13,613,040
Less - Accumulated depreciation	5,908,849
	<hr/>
Property and equipment - Net	\$ 7,704,191

Council for the Spanish Speaking, Inc.

Notes to Financial Statements

Note 5 **Deferred Revenue**

At June 30, deferred revenue consisted of the following:

	2011
Milwaukee Public Schools Partnership - Loyola Academy	\$ 23,020
Social Development Commission - Federal Head Start	126,794
Total deferred revenue	<u>\$ 149,814</u>

Note 6 **Mortgage Notes Payable**

At June 30, the mortgage notes payable consisted of the following:

	2011
Mortgage note payable to 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 in December 2012.	\$ 439,175
Mortgage note payable to a bank, payable in monthly installments of \$2,904, including interest at 6.85%. A balloon payment equal to the unpaid balance is due in August 2013.	238,430
Mortgage note payable to a bank, payable in monthly installments of \$2,947, including interest at 6.85%. A balloon payment equal to the unpaid balance is due in June 2012.	393,689
Mortgage note payable to a bank, payable in monthly installments of \$2,398, including interest at 2.50%. A balloon payment equal to the unpaid balance is due in March 2012.	318,931

Council for the Spanish Speaking, Inc.

Notes to Financial Statements

Note 6 Mortgage Notes Payable (Continued)

	2011
Mortgage note payable to Community Loan Fund, payable in interest only payments of \$458, at 5.00%. A balloon payment equal to the unpaid balance is due in September 2011.	105,701
Note payable to a bank, payable in monthly installments of \$2,37, including interest at 3.80%. A balloon payment equal to the unpaid balance is due in March 2012.	176,435
Mortgage note payable to HUD, payable in monthly installment of \$19,647, including interest at 6.20%, due April 2024.	3,303,401
Total long-term debt	4,975,762
Less current maturities	1,055,176
Long-term portion	\$ 3,920,586

All mortgage notes are secured by specific land and building.

Subsequent to year end the Council received an extension of the maturity date on their mortgage note payable to the Community Loan Fund maturing in September of 2011 in the amount of \$105,701. The new note in the amount of \$101,623 has substantially the same terms as the original mortgage note payable with a balloon payment due in September 2013.

Council for the Spanish Speaking, Inc.

Notes to Financial Statements

Note 6 **Mortgage Notes Payable** (Continued)

Scheduled principal payments on the mortgage notes payable at June 30 are as follows:

	2011
2012	\$ 1,055,176
2013	485,321
2014	233,624
2015	38,337
2016	40,783
Thereafter	3,122,521
Total	\$ 4,975,762

Note 7 **Capital Advance**

Casa Catalina and La Villa entered into capital advance agreements under Section 202 of the Housing Act of 1959 to construct apartment facilities for the elderly and handicapped. Pursuant to those agreements, HUD advanced \$1,033,900 and \$878,400 to Casa Catalina and La Villa, respectively. These advances are secured by a note and mortgage on Casa Catalina's and La Villa's respective apartment facility located in Milwaukee, Wisconsin. The notes and mortgages bear no interest and repayment is not required as long as the housing remains available for very low-income elderly persons and very low-income persons with disabilities in accordance with the regulatory agreements and regulations. Failure to keep housing available for elderly or disabled persons will result in repayment of the capital advance plus interest since the date of the first advance. The notes and mortgages have a final maturity of February 1, 2034. Therefore, Casa Catalina and La Villa have recorded the \$1,033,900 and \$878,400, respectively, as a capital advance until the maturity date of the note and mortgage.

Council for the Spanish Speaking, Inc.

Notes to Financial Statements

Note 8 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, 2011 was \$204,761. The revenue is recorded in operating support and revenue.

Future rental income expected from lease agreements at June 30, 2011 are \$144,211 for 2012.

Note 9 Retirement Plan

The Council may make an annual discretionary retirement 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. No contribution was made for the fiscal year ending June 30, 2011.

The Council has a \$203,989 current liability on its Statement of Financial Position which represents a prior year employer commitment to contribute to the employee retirement plan

Note 10 Deferred Compensation

The Council has an employment agreement with a former executive director in which the former executive director was entitled to receive compensation and other benefits following his retirement in May of 2003. The executive director is fully eligible for these benefits and the Council has accrued all such benefits. \$94,875 was accrued and expensed under this agreement during 2011 to record the remaining unpaid portion of the commitment. The liability related to this agreement is \$60,375 at June 30, 2011. The deferred compensation agreement expires in April of 2013.

Council for the Spanish Speaking, Inc.

Notes to Financial Statements

Note 11 **Temporarily Restricted Net Assets**

At June 30, temporarily restricted net assets consisted of the following:

	2011
Guadalupe Center Building Improvements	\$ 74,559
Murguia Endowment	8,682
United Way Healthy Girls Grant	6,901
Summer Program	13,232
Herzfeld Foundation Grant	8,017
Potawatomi Grant	15,000
Milwaukee Urban League Grant	12,500
Total temporarily restricted net assets	<u>\$ 138,891</u>

Note 12 **Concentrations**

The Organization maintains depository relationships with area financial institutions that are Federal Deposit Insurance Corporation (FDIC) insured institutions. On November 9, 2010, the FDIC issued a final rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited coverage of non-interest-bearing transaction accounts through December 31, 2012. In addition, the Organization maintains cash in interest-bearing accounts at these institutions, which are insured by the FDIC up to \$250,000. At times, deposits may exceed FDIC insurance limits. Management has not experienced any losses with these accounts and management believes the Association is not exposed to any significant risk on cash.

Over 83% of the Organization's support and revenues were provided by governmental grants and contracts.

Council for the Spanish Speaking, Inc.

Notes to Financial Statements

Note 13 Consolidation of Housing Corporations

The Council's financial statements were consolidated with Hispanic Housing Corporation, Inc., La Villa Housing Corporation, and Casa Catalina Corporation for the ended June 30, 2011. These entities are presented on a consolidated basis as they are all controlled through a common Board of Directors. In the prior year the Council's financial statements were not presented on a consolidated basis. Therefore, beginning net assets on the consolidated statement of activities has been decreased by \$1,216,538 to reflect the beginning net assets of the corporations being consolidated in the current year.

Supplementary Information

Council for the Spanish Speaking, Inc.

Consolidating Statement of Financial Position

Year Ended June 30, 2011

<i>Assets</i>	Council for the Spanish Speaking	Casa Catalina Corporation	Hispanic Housing Corporation	La Villa Housing Corporation	Eliminating	Total
Current assets:						
Cash	\$ 290,017	\$ 3,272	\$ -	\$ 877	\$ (36,140)	\$ 258,026
Accounts receivable	14,070	-	3,000	-	-	17,070
Grants receivable	208,524	-	-	-	-	208,524
Housing projects' receivables	202,524	-	-	-	(202,524)	-
Investments	9,113	-	-	-	-	9,113
Total current assets	724,248	3,272	3,000	877	(238,664)	492,733
Restricted deposits and funded reserves:						
Tenant security deposits	-	3,757	19,370	2,333	-	25,460
Escrow deposits	-	-	243,393	-	-	243,393
Replacement and residual receipts reserve	-	34,236	303,252	41,097	-	378,585
Total restricted deposits and funded reserves	-	37,993	566,015	43,430	-	647,438
Property and equipment - Net	4,239,897	688,416	2,038,574	737,304	-	7,704,191
Other assets:						
Capitalized financing costs, net	-	-	74,177	2,453	-	76,630
TOTAL ASSETS	\$ 4,964,145	\$ 729,681	\$ 2,681,766	\$ 784,064	\$ (238,664)	\$ 8,920,992

See Independent Auditor's Report.

Council for the Spanish Speaking, Inc.

Consolidating Statement of Financial Position (Continued)

Year Ended June 30, 2011

<i>Liabilities and Net Assets</i>	Council for the Spanish Speaking	Casa Catalina Corporation	Hispanic Housing Corporation	La Villa Housing Corporation	Eliminating	Total
Current liabilities:						
Bank overdraft	\$ -	\$ -	\$ 36,140	\$ -	\$ (36,140)	\$ -
Current maturities of long-term debt	1,023,331	-	31,845	-	-	1,055,176
Accounts payable	484,582	19,549	146,998	45,914	(189,714)	507,329
Accrued payroll and related expenses	99,549	-	-	-	-	99,549
Accrued pension payable	203,989	-	-	-	-	203,989
Other accrued expenses	2,087	4,393	23,589	9,611	(12,810)	26,870
Accrued interest	-	-	17,068	-	-	17,068
Deferred compensation	34,500	-	-	-	-	34,500
Deferred revenue	149,814	-	-	-	-	149,814
Total current liabilities	1,997,852	23,942	255,640	55,525	(238,664)	2,094,295
Long-term liabilities:						
Long-term debt, less current maturities	649,030	-	3,271,556	-	-	3,920,586
Deferred compensation, less current portion	25,875	-	-	-	-	25,875
Capital advance	-	1,033,900	-	878,400	-	1,912,300
Total long-term liabilities	674,905	1,033,900	3,271,556	878,400	-	5,858,761
Total liabilities	2,672,757	1,057,842	3,527,196	933,925	(238,664)	7,953,056
Net assets (deficit):						
Unrestricted	2,152,497	(328,161)	(845,430)	(149,861)	-	829,045
Temporarily restricted	138,891	-	-	-	-	138,891
Total net assets (deficit)	2,291,388	(328,161)	(845,430)	(149,861)	-	967,936
TOTAL LIABILITIES AND NET ASSETS	\$ 4,964,145	\$ 729,681	\$ 2,681,766	\$ 784,064	\$ (238,664)	\$ 8,920,992

See Independent Auditor's Report.

Council for the Spanish Speaking, Inc.

Consolidating Statement of Activities

Year Ended June 30, 2011

	Council for the Speaking	Casa Catalina Unrestricted	Hispanic Unrestricted	La Villa Unrestricted	Eliminating	Total
Unrestricted net assets:						
Support and revenue:						
Governmental grants and contracts	\$ 5,712,381	\$ 59,700	\$ 466,426	\$ 35,214	\$ -	\$ 6,273,721
Rent revenue	204,761	38,619	240,694	30,150	-	514,224
Contributions	225,904	-	-	-	-	225,904
Contribution in-kind	611,472	-	-	-	-	611,472
Other support and revenue	365,339	7,120	45,441	5,025	(58,422)	364,503
Total support and revenue	7,119,857	105,439	752,561	70,389	(58,422)	7,989,824
Expenses:						
Program services	6,618,792	114,097	822,890	98,316	(58,422)	7,595,673
Fund development	155,323	-	-	-	-	155,323
Management and general	579,993	-	-	-	-	579,993
Total expenses	7,354,108	114,097	822,890	98,316	(58,422)	8,330,989
Change in net assets	(234,251)	(8,658)	(70,329)	(27,927)	-	(341,165)
Unrestricted net assets (deficit) at beginning of year	2,386,748	(319,503)	(775,101)	(121,934)	-	1,170,210
Unrestricted net assets (deficit) at end of year	\$ 2,152,497	\$ (328,161)	\$ (845,430)	\$ (149,861)	\$ -	\$ 829,045
Temporarily restricted net assets:						
Other support and revenue	\$ 17,500	\$ -	\$ -	\$ -	\$ -	\$ 17,500
Temporarily restricted net assets at beginning of year	121,391	-	-	-	-	121,391
Temporarily restricted net assets at end of year	\$ 138,891	\$ -	\$ -	\$ -	\$ -	\$ 138,891

See Independent Auditor's Report.

Council for the Spanish Speaking, Inc.

Schedule of Revenue and Expenses by Funding Source - Unrestricted

Year Ended June 30, 2011

	Vocational Training				Loyola Academy			Social Services		Housing and HUD	
	WI Tech Board		Adult Ed	Other Vocational	MPS	DPI	United Way	Other Social		Building	Casa Catalina
	MATC	& EICivic	Multi-cult.	Training	Partnership	USDA	Healthy Girls	United Way	Services	Maintenance	Corporation
Support and revenue:											
Governmental grants and contracts	\$ 47,500	\$ 139,111	\$ -	\$ -	\$ 717,061	\$ 36,263	\$ -	\$ -	\$ 22,450	\$ 50,998	\$ 59,700
Rent revenue	-	-	-	-	-	-	-	-	-	204,761	38,619
Contributions	-	-	19,711	-	-	-	50,024	111,131	19,146	-	-
Contributions in-kind	-	-	-	-	-	-	-	-	-	-	-
Other support and revenue	-	-	29,276	-	210	2,584	1,640	3,177	2,754	30,976	7,120
Total support and revenue	47,500	139,111	48,987	-	717,271	38,847	51,664	114,308	44,350	286,735	105,439
Expenses:											
Salaries and wages	43,197	122,227	3,753	5,439	437,634	-	34,732	107,502	11,834	19,642	12,398
Payroll taxes	2,477	9,029	334	222	29,387	-	819	5,808	905	1,503	761
Other employee benefits	5,765	22,419	718	1,042	56,549	-	5,767	13,591	4,071	3,698	1,753
Staff development	-	1,161	-	-	523	-	-	320	-	643	451
Professional fees	974	3,884	129	196	11,024	-	-	2,283	840	631	13,072
Consulting/contractual	-	-	18,538	-	-	-	-	-	2,274	1,836	12,508
Materials and supplies	2,695	6,241	-	-	6,020	1,603	2,214	-	18,222	-	-
Office expense	1,113	3,356	186	130	3,655	1,773	100	572	110	1,159	200
Telephone	111	414	89	22	5,998	-	-	-	-	17,914	381
Equipment repairs and maintenance	431	1,670	288	143	19,066	-	-	-	-	-	881
Capitalized expenses	-	-	-	-	8,323	-	-	-	-	67,000	-
Computer and support	-	720	-	-	15,756	2,412	-	300	2,267	-	-
Occupancy	14	52	14	-	44,628	-	608	-	-	172,202	9,374
Depreciation/amortization	-	-	705	-	3,678	-	-	-	-	221,347	27,159
Insurance	607	1,287	447	209	9,266	-	265	654	345	902	4,367
Travel/vehicle expense	-	167	-	-	4,292	221	1,118	61	-	-	17,100
Lunch program	-	-	-	-	-	32,097	-	-	-	-	-
Busing and field trips	-	-	-	-	9,280	1,032	2,165	-	-	-	-
Miscellaneous	409	126	-	-	44	-	13	-	84	9,161	24
Mortgage Interest	-	-	-	-	-	-	-	-	-	88,535	-
Management fees	-	-	-	-	-	-	-	-	-	-	7,686
Allocated occupancy expenses	-	-	-	-	-	-	-	-	5,003	(50,009)	-
Administration	-	-	-	-	-	-	-	-	-	-	5,982
In-kind expense	-	-	-	-	-	-	-	-	-	-	-
Subtotal of expenses	57,793	172,753	25,201	7,403	665,123	39,138	47,801	131,091	45,955	556,164	114,097
Allocated administrative expenses	6,982	20,896	-	1,049	52,148	-	288	3,519	16,222	4,088	-
Total expenses	64,775	193,649	25,201	8,452	717,271	39,138	48,089	134,610	62,177	560,252	114,097
Change in net assets	\$ (17,275)	\$ (54,538)	\$ 23,786	\$ (8,452)	\$ -	\$ (291)	\$ 3,575	\$ (20,302)	\$ (17,827)	\$ (273,517)	\$ (8,658)

Council for the Spanish Speaking, Inc.

Schedule of Revenue and Expenses by Funding Source - Unrestricted (Continued)

Year Ended June 30, 2011

	Housing and HUD		Guadalupe Center								
	Hispanic Housing Corporation, Inc.	La Villa Housing Corporation	Federal Head Start	Early Head Start	ARRA Head Start	State Head Start	DPI USDA	Wrap-Around	MPS 4 Year Kindergarten	Healthy Marriage	Head Start Other Grants
Support and revenue:											
Governmental grants and contracts	\$ 466,426	\$ 35,214	\$ 3,178,217	\$ 930,420	\$ 65,278	\$ 148,867	\$ 186,708	\$ -	\$ 168,022	\$ 21,486	\$ -
Rent revenue	240,694	30,150	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	500
Contributions in-kind	-	-	753,379	14,134	-	-	-	-	-	-	-
Other support and revenue	45,441	5,025	-	-	-	-	-	183,208	30	-	5,000
Total support and revenue	752,561	70,389	3,931,596	944,554	65,278	148,867	186,708	183,208	168,052	21,486	5,500
Expenses:											
Salaries and wages	116,724	12,097	1,615,885	359,833	45,742	100,601	-	156,814	89,348	-	-
Payroll taxes	6,991	631	140,162	16,689	-	8,253	-	11,996	7,965	-	-
Other employee benefits	16,056	1,448	325,661	38,646	-	19,038	-	29,769	16,127	-	-
Staff development	2,746	295	37,735	51,138	2,828	-	-	1,477	720	-	10,749
Professional fees	25,455	12,978	55,814	12,363	-	3,251	-	5,084	2,754	-	-
Consulting/contractual	56,453	17,710	186,069	218,021	-	-	-	-	-	-	-
Materials and supplies	-	-	63,976	22,365	-	52	-	-	15,904	2,200	333
Office expense	2,587	385	8,066	1,098	-	-	-	-	-	-	-
Telephone	4,803	619	22,116	2,954	-	-	-	-	-	-	-
Equipment repairs and maintenance	538	61	14,141	2,426	-	-	-	-	-	-	-
Capitalized expenses	-	-	46,250	125,758	5,500	-	-	-	14,287	-	-
Computer and support	1,468	454	25,002	1,211	-	-	-	-	234	-	-
Occupancy	124,294	16,705	223,986	7,865	1,900	13,642	-	435	11,893	-	-
Depreciation/amortization	147,446	22,183	20,266	17,197	-	-	-	-	597	-	-
Insurance	36,223	4,906	45,174	2,311	-	1,601	-	1,808	1,258	-	-
Travel/vehicle expense	4,977	540	7,829	14,239	-	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	191,317	-	-	-	-
Busing and field trips	-	-	4,956	-	-	-	-	-	1,156	-	210
Miscellaneous	570	111	7,848	634	-	-	-	-	-	3,434	55
Mortgage Interest	205,671	-	-	-	-	-	-	-	-	-	-
Management fees	45,528	5,208	-	-	-	-	-	-	-	-	-
Allocated occupancy expenses	-	-	-	-	-	-	-	-	-	-	-
Administration	24,360	1,985	-	-	-	-	-	-	-	-	-
In-kind expense	-	-	753,379	14,134	-	-	-	-	-	-	-
Subtotal of expenses	822,890	98,316	3,604,315	908,882	55,970	146,438	191,317	207,383	162,243	5,634	11,347
Allocated administrative expenses	-	-	294,201	35,672	-	17,202	-	26,892	14,560	-	-
Total expenses	822,890	98,316	3,898,516	944,554	55,970	163,640	191,317	234,275	176,803	5,634	11,347
Change in net assets	\$ (70,329)	\$ (27,927)	\$ 33,080	\$ -	\$ 9,308	\$ (14,773)	\$ (4,609)	\$ (51,067)	\$ (8,751)	\$ 15,852	\$ (5,847)

See Independent Auditor's Report.

Council for the Spanish Speaking, Inc.

Schedule of Revenue and Expenses by Funding Source – Unrestricted (Continued)

Year Ended June 30, 2011

	Total Program	Management and General	Fundraising	Non-GAAP Adjustment	Eliminating	Total
Support and revenue:						
Governmental grants and contracts	\$ 6,273,721	\$ -	\$ -	\$ -	\$ -	\$ 6,273,721
Rent revenue	514,224	-	-	-	-	514,224
Contributions	200,512	-	25,392	-	-	225,904
Contributions in-kind	767,513	-	-	(156,041)	-	611,472
Other support and revenue	316,441	58,422	48,062	-	(58,422)	364,503
Total support and revenue	8,072,411	58,422	73,454	(156,041)	(58,422)	7,989,824
Expenses:						
Salaries and wages	3,295,402	343,289	84,180	-	-	3,722,871
Payroll taxes	243,932	15,027	3,863	-	-	262,822
Other employee benefits	562,118	54,499	8,912	-	-	625,529
Staff development	110,786	1,717	239	-	-	112,742
Professional fees	150,732	32,982	1,522	-	-	185,236
Consulting/contractual	513,409	606	1,120	-	-	515,135
Materials and supplies	141,825	-	-	-	-	141,825
Office expense	24,490	14,127	4,766	-	-	43,383
Telephone	55,421	10,677	-	-	-	66,098
Equipment repairs and maintenance	39,645	6,014	958	-	-	46,617
Capitalized expenses	267,118	-	-	(267,118)	-	-
Computer and support	49,824	5,201	880	-	-	55,905
Occupancy	627,612	6,504	500	-	-	634,616
Depreciation/amortization	460,578	7,216	-	-	-	467,794
Insurance	111,630	6,317	1,365	-	-	119,312
Travel/vehicle expense	50,544	2,909	331	-	-	53,784
Lunch program	223,414	-	-	-	-	223,414
Busing and field trips	18,799	100	-	-	-	18,899
Miscellaneous	22,513	17,229	46,687	-	-	86,429
Mortgage Interest	294,206	10,573	-	-	-	304,779
Management fees	58,422	-	-	-	(58,422)	-
Allocated occupancy expenses	(45,006)	45,006	-	-	-	-
Administration	32,327	-	-	-	-	32,327
In-kind expense	767,513	-	-	(156,041)	-	611,472
Subtotal of expenses	8,077,254	579,993	155,323	(423,159)	(58,422)	8,330,989
Allocated administrative expenses	493,719	(501,516)	7,797	-	-	-
Total expenses	8,570,973	78,477	163,120	(423,159)	(58,422)	8,330,989
Change in net assets	\$ (498,562)	\$ (20,055)	\$ (89,666)	\$ 267,118	\$ -	\$ (341,165)

See Independent Auditor's Report.

Council for the Spanish Speaking, Inc.

Schedule of Expenditures of Federal, State and Local Awards

Year Ended June 30, 2011

Federal and State Awards Grantor/Program Title	Passthrough	Program Period	Catalog # Fed ID	CARS # State ID	Federal Expenditures	State Expenditures	Local Expenditures
U.S. Department of Agriculture ARRA National School Lunch Program	N/A	6/23/10 - 9/23/11	10.555	ARRA	\$ 36,263	-	-
Child and Adult Care Food Program	N/A	10/1/09 - 9/30/10	10.558		160,096	-	-
	N/A	10/1/10 - 9/30/11	10.558		26,612	-	-
Total Child and Adult Care Food Program	N/A				186,708	-	-
Total U.S. Department of Agriculture					222,971	-	-
U.S. Department of Housing and Urban Development Community Development Block Grant Program for Entitlement Communities	Milwaukee County Department of Administrative Services	1/1/11-12/31/11	14.218		50,998	-	-
U.S. Department of Education Adult Education - Basic Grants to States	Wisconsin Technical College System Board	7/1/10 - 6/30/11	84.002		125,680	-	-
	Wisconsin Technical College System Board	7/1/10 - 6/30/11	84.002		13,431	-	-
Total U.S. Department of Education					139,111	-	-

Council for the Spanish Speaking, Inc.

Schedule of Expenditures of Federal, State and Local Awards (Continued)

Year Ended June 30, 2011

Federal and State Awards Grantor/Program Title	Passthrough	Program Period	Catalog # Fed ID	CARS # State ID	Federal Expenditures	State Expenditures	Local Expenditures
U.S. Department of Health and Human Services							
Services to Victims of a Severe Form of Trafficking	Milwaukee County Department of Human Services	1/2/10 - 12/31/11	93.598		22,450	-	-
Head Start	Social Development Commission	11/1/09 - 10/31/10	93.600		964,434	-	-
Head Start	Social Development Commission	11/1/10 - 10/31/11	93.600		2,180,703	-	-
Head Start Healthy Marriage	Social Development Commission	9/30/10 - 9/29/11	93.600		5,634	-	-
ARRA Head Start	Social Development Commission	7/1/10 - 9/30/11	93.708 ARRA		55,970	-	-
ARRA Early Head Start	N/A	12/1/09 - 9/29/11	93.709 ARRA		930,420	-	-
Total Head Start Cluster					4,137,161	-	-
Total U.S. Department of Health and Human Services					4,159,611	-	-
State and Local Awards							
Department of Public Inspection							
Head Start State Supplement	N/A	7/1/10 - 6/30/11		255.344	-	148,867	-
Technical College System Board							
Basic Skills	Milwaukee Area Technical College	7/1/10 - 6/30/11		292.112	-	47,500	-
Milwaukee Public Schools							
Alternative Education	N/A				-		717,061
4-Year Old Kindergarten	N/A				-		168,022
Total Federal, State and Local Awards					\$ 4,572,691	\$ 196,367	\$ 885,083

See Independent Auditor's Report.

See accompanying notes to the Schedule of Expenditures of Federal, State and Local Awards.

Council for the Spanish Speaking, Inc.

Notes to Schedule of Expenditures of Federal, State and Local Awards

Year Ended June 30, 2011

Basis of Presentation

The accompanying schedule of expenditures of Federal, State and Local Awards (the “schedule”) includes the Federal, State, and Local grant activity for the Council for the Spanish Speaking, Inc. under programs of the federal government for the year ended June 30, 2011. The information in this schedule is presented in accordance with requirements of the Office and Management and Budget (OMB) Circular A-133 *Audits of State, Local Governments and Nonprofit Organizations*. Because the schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Council.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Although Casa Catalina Corporation, Hispanic Housing Corporation, and La Villa Housing Corporation are consolidated with the Council for the Spanish Speaking, Inc. for financial statement purposes, they are not included with testing to meet the requirements of OMB Circular A-133 *Audits of State, Local Governments and Nonprofit Organizations* because they have separate audits under OMB Circular A-133.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the Council for the Spanish Speaking, Inc., as of and for the year ended June 30, 2011, and have issued our report thereon dated March 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council for the Spanish Speaking, Inc. internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Council for the Spanish Speaking, Inc. internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organizations 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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 a material weakness, 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*.

We noted certain matters that were reported to management of the Council for the Spanish Speaking, Inc. in a separate letter dated March 19, 2012.

This report is intended for the information of the Board of Directors, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

March 19, 2012
Milwaukee, Wisconsin

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal and State Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the Council for the Spanish Speaking, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines*, issued by the Wisconsin Departments of Administration that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2011. The Council for the Spanish Speaking, Inc.'s major federal and state programs are identified in the summary of audit 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 and state programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Council for the Spanish Speaking, Inc. compliance based on our audit. The Council of the Spanish Speaking, Inc.'s basic financial statements included the operations of the Casa Catalina Corporation, Hispanic Housing Corporation, and La Villa Housing Corporation, which in total received approximately \$5,815,639 in federal and state awards which is not included in the schedule of expenditures of federal and state awards during the year ended June 30, 2012. Our audit, described below, did not include the operations of the Casa Catalina Corporation, Hispanic Housing Corporation, and La Villa Housing Corporation because they had a separate audit under OMB Circular A-133 and the State of Wisconsin State Single Audit Guidelines.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*, issued by the Wisconsin Departments of Administration. 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 or state program occurred. An audit includes examining, on a test basis, evidence about the Council for 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 the Council for 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 that have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned cost as item 063011-02.

Internal Control Over Compliance

The management of the Council for 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 and state 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 or state 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 any opinion on the effectiveness of the 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 or state program on a timely basis. A material weakness in internal control over compliance, is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 063011-01 and 063011-02. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. The Council for the Spanish Speaking, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Council for the Spanish Speaking, Inc.'s responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board of Directors, management, federal, state, and local awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Wipfli LLP

Wipfli LLP

March 19, 2012

Milwaukee, Wisconsin

Council for the Spanish Speaking, Inc.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified not considered to be material weakness(es)? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified not considered to be material weakness(es)? X yes ___ none reported

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? X yes ___ no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600,	Head Start Cluster
93.708-ARRA,	Head Start Cluster
93.709-ARRA	Head Start Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? Yes

Council for the Spanish Speaking, Inc.

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

Section II - Financial Statement Findings

None

Section III – Findings and Questioned Costs – Major Award Program Audits

063011-01: Proper Approval of Disbursements

Criteria:

In order to comply with *OMB Circular A-122, Attachment A (D)(3)(c)*, an Organization receiving federal funds should provide “effective control over accountability for all funds, property and other assets.” In addition, they should “adequately safeguard all such assets and assure they are used solely for authorized purposes.”

Condition:

During the audit, Wipfli LLP did not find proper approval by the Council for ten out of the forty disbursements selected for testing.

Effect:

As a result of not properly approving disbursements a significant deficiency in control exists and the Council was out of compliance with federal regulations. Unapproved disbursements may permit unallowable activities and costs to occur.

Questioned Costs:

None

Recommendations:

We recommend that the Council implement a standard approval process for all disbursements.

Corrective Action:

The Council began to implement an enhanced approval process for all disbursements towards the end of fiscal year 2011, when this audit was in process. The new enhanced process requires that all invoices and disbursements be properly signed by the supervisor, director or manager that has engaged in the contractual relationship. The invoices or requests for reimbursements are sent to the Council’s Accounting Department which will match them to the appropriate funding source, approve them and properly code them; when required, the invoice or disbursement request may be signed by the Executive Director; then, it is sent to the Council’s financial partners, Anick & Associates, for final recording and disbursement.

Council for the Spanish Speaking, Inc.

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

063011-02: Recording of In-kind

Criteria:

OMB Circular A-110 Section 215.23 (a), indicates that certain criteria must be met in order for third party in-kind contributions to meet matching requirements. The in-kind contribution must be “verifiable from the recipient’s records.”

Condition:

During the audit, Wipfli LLP noted that Early Head Start in-kind was supported by appropriate documentation; however, the in-kind was not recorded in the financial accounting system.

Effect:

As a result of not recording in-kind in the financial accounting system, the Council was out of compliance with federal regulations. By not recording the Early Head Start in-kind, reports sent to the Early Head Start funding source were not supported by financial statement records. This lack of a policy to record in-kind in the financial accounting system is a significant deficiency in internal control.

Questioned Costs:

None

Recommendations:

We recommend that the Council properly record all in-kind that meets program requirements in the financial accounting system.

Corrective Action:

The Council for the Spanish Speaking, Inc., began the process of recording all In-Kind in all programs, including Early Head Start, regular Head Start and Adult Education programs late in 2011. Recording of In-Kind includes the recording of all In-Kind transactions in the general ledger, inclusion in reports to the funding source, and in the Council’s financial statements.

Council for the Spanish Speaking, Inc.

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

Section IV - Other Issues

Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?

yes no

Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, reportable condition, management letter comment) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines:

Department of Health Services

yes no

Department of Public Instruction

yes no

Was a management letter or other document conveying audit comments issued as a result of this audit?

yes no

Identification of major state programs:

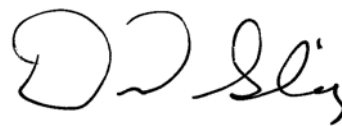
CARS Number Name of State Major Program

255.327 Head Start

Dollar threshold used to distinguish between Type A and Type B programs

\$100,000

Name and Signature of Partner



David Globig, CPA

March 19, 2012