

**CUBAN AMERICAN NATIONAL COUNCIL, INC.**  
**(a nonprofit organization)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2005 AND 2004**

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**CUBAN AMERICAN NATIONAL COUNCIL, INC.**  
**(a nonprofit organization)**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005 AND 2004**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Cuban American National Council, Inc.  
(a nonprofit organization)  
Miami, Florida

We have audited the accompanying statements of financial position of Cuban American National Council, Inc. (a nonprofit organization) (the "Council") as of December 31, 2005 and 2004 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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 Cuban American National Council, Inc. (a nonprofit organization) as of December 31, 2005 and 2004 and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses on Pages 17 and 18 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 19, 2006 on our consideration of the Cuban American National Council, 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 result of our audit.

BKR Garcia & Company PLLC

May 19, 2006

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**CUBAN AMERICAN NATIONAL COUNCIL, INC.**  
**(a nonprofit organization)**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31,**

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash	\$ 287,857	\$ 433,410
Grants receivable	226,398	272,763
Other receivables	95,137	48,170
Prepaid expenses	64,059	57,027
Property and equipment - (Net of accumulated depreciation of \$617,062 and \$780,506)	59,183	58,378
Endowment with Dade Community Foundation	130,867	-
Deposits	<u>27,178</u>	<u>33,448</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 890,679</b></u>	<u><b>\$ 903,196</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 267,703	\$ 213,906
Note payable	<u>11,962</u>	<u>16,725</u>
<b>TOTAL LIABILITIES</b>	<u><b>279,665</b></u>	<u><b>230,631</b></u>
<b>NET ASSETS</b>		
Unrestricted	180,413	381,336
Temporarily restricted	<u>430,601</u>	<u>291,229</u>
<b>TOTAL NET ASSETS</b>	<u><b>611,014</b></u>	<u><b>672,565</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 890,679</b></u>	<u><b>\$ 903,196</b></u>

The accompanying notes are an integral part of these financial statements.

**CUBAN AMERICAN NATIONAL COUNCIL, INC.**  
**(a nonprofit organization)**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, SUPPORT AND TRANSFERS			
Public Support:			
Grants revenue			
Federal Sources	\$ 1,971,909	\$ 52,922	\$ 2,024,831
Local Government	2,323,862	-	2,323,862
Contributions	395,243	371,419	766,662
Revenue:			
Interest and Miscellaneous	29,106	-	29,106
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of program restrictions	<u>284,969</u>	<u>(284,969)</u>	<u>-</u>
TOTAL REVENUES, SUPPORT AND TRANSFERS	<u>5,005,089</u>	<u>139,372</u>	<u>5,144,461</u>
EXPENSES			
Program Services:			
CNC Educational Institutes	2,183,552	-	2,183,552
Employment and Training	1,038,285	-	1,038,285
DIAL Day Care	311,537	-	311,537
Career and Academic Services	931,295	-	931,295
Other Programs	<u>300,672</u>	<u>-</u>	<u>300,672</u>
Total program services	<u>4,765,341</u>	<u>-</u>	<u>4,765,341</u>
Supporting Services			
Fundraising	118,678	-	118,678
Management and Support	<u>321,993</u>	<u>-</u>	<u>321,993</u>
Total supporting services	<u>440,671</u>	<u>-</u>	<u>440,671</u>
TOTAL EXPENSES	<u>(5,206,012)</u>	<u>-</u>	<u>(5,206,012)</u>
CHANGE IN NET ASSETS	(200,923)	139,372	(61,551)
NET ASSETS AT BEGINNING OF YEAR	<u>381,336</u>	<u>291,229</u>	<u>672,565</u>
NET ASSETS AT END OF YEAR	<u>\$ 180,413</u>	<u>\$ 430,601</u>	<u>\$ 611,014</u>

The accompanying notes are an integral part of these financial statements.

**CUBAN AMERICAN NATIONAL COUNCIL, INC.**  
**(a nonprofit organization)**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, SUPPORT AND TRANSFERS			
Public Support:			
Grants revenue			
Federal Sources	\$ 1,763,563	\$ -	\$ 1,763,563
Local Government	2,215,389	210,637	2,426,026
Contributions	1,017,891	-	1,017,891
Revenue:			
Interest	2,973	-	2,973
Miscellaneous	6,648	-	6,648
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of program restrictions	<u>282,899</u>	<u>(282,899)</u>	<u>-</u>
TOTAL REVENUES, SUPPORT AND TRANSFERS	<u>5,289,363</u>	<u>(72,262)</u>	<u>5,217,101</u>
EXPENSES			
Program Services:			
CNC Educational Institutes	2,195,938	-	2,195,938
Employment and Training	1,329,506	-	1,329,506
DIAL Day Care	295,762	-	295,762
Career and Academic Services	278,559	-	278,559
Other Programs	<u>249,861</u>	<u>-</u>	<u>249,861</u>
Total program services	<u>4,349,626</u>	<u>-</u>	<u>4,349,626</u>
Supporting Services:			
Fundraising	441,314	-	441,314
Management and Support	<u>325,259</u>	<u>-</u>	<u>325,259</u>
	<u>766,573</u>	<u>-</u>	<u>766,573</u>
TOTAL EXPENSES	<u>(5,116,199)</u>	<u>-</u>	<u>(5,116,199)</u>
CHANGE IN NET ASSETS	173,164	(72,262)	100,902
NET ASSETS AT BEGINNING OF YEAR	<u>208,172</u>	<u>363,491</u>	<u>571,663</u>
NET ASSETS AT END OF YEAR	<u>\$ 381,336</u>	<u>\$ 291,229</u>	<u>\$ 672,565</u>

The accompanying notes are an integral part of these financial statements.

**CUBAN AMERICAN NATIONAL COUNCIL, INC.**  
**(a nonprofit organization)**  
**STATEMENTS OF CASH FLOWS**  
**DECEMBER 31,**

	<u>2005</u>	<u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (61,551)	\$ 100,902
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	29,867	64,236
Loss from disposal of property and equipment	8,051	
(Increase) Decrease in:		
Grants receivable	46,365	2,761
Other receivable	(46,966)	(33,756)
Prepaid expenses	(7,032)	4,835
Deposits	6,270	6,105
Increase (Decrease) in:		
Accounts payable	53,797	(48,306)
Total adjustments	<u>90,352</u>	<u>(4,125)</u>
Net cash provided by operating activities:	<u>28,801</u>	<u>96,777</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(59,922)	(42,021)
Endowment with Dade Community Foundation	(130,867)	-
Proceed from sale of property and equipment	<u>21,200</u>	<u>-</u>
Net cash (used in) investing activities	<u>(169,589)</u>	<u>(42,021)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Note payable	14,049	16,631
Payments on note payable	<u>(18,814)</u>	<u>(11,113)</u>
Net cash (used in) provided by financing activities	<u>(4,765)</u>	<u>5,518</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(145,553)	60,274
<b>CASH AT BEGINNING OF YEAR</b>	<u>433,410</u>	<u>373,136</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 287,857</u>	<u>\$ 433,410</u>
<b>SUPPLEMENTAL DATA</b>		
Interest paid	<u>\$ 4,130</u>	<u>\$ 1,584</u>

The accompanying notes are an integral part of these financial statements.

**CUBAN AMERICAN NATIONAL COUNCIL, INC.**  
**(a nonprofit organization)**  
**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Cuban American National Council, Inc. (a nonprofit organization) (the "Council"), was established to identify the social, economic and educational needs of Cuban-Americans. Currently, the Council also assists other minorities and individuals in need from all racial and ethnic groups throughout the United States but primarily in South Florida. The Council initiates economic expansion through community development, and promotes special programs and events in the fields of leadership, development, drop-out prevention and multi-ethnic cooperation. The Council's funding comes primarily from federal, state and local grants and contributions from the private sector. The financial statements do not include the financial activities of other nonprofit organizations which are related to the Council. Certain members of the Council's management and Board of Directors are represented on the Board of Directors of the following nonprofit organizations: The CNC Foundation, Inc. (the "Foundation"), CODEC, Inc., Peninsula Housing Projects and CNC Management, Inc., (See Note 8 Related Entities)

**Programs**

The Cuban American National Council, Inc. provides many services to various groups of individuals. The services provided are:

- A. **CNC EDUCATIONAL INSTITUTES** The two institutes are alternative schools for students at risk. Funded by the School Board of Miami-Dade County, the United Way, Department of Education and contributions from private corporations, they serve students who are potential high school dropouts and face educational difficulties in a traditional school setting.

In addition to offering students the state required academic curriculum, the two institutes promote active parental involvement and individualized instruction.

**Enrollment and Grade Configuration as of December 31, 2005**

<b><u>Schools' Name and Address</u></b>	<b><u>Grades</u></b>	<b><u>Enrollment</u></b>	<b><u>School Principal</u></b>
Little Havana Institute 300 SW 12 <sup>th</sup> Avenue, 3 <sup>rd</sup> Floor Miami, Florida	10 <sup>th</sup> , 11 <sup>th</sup> and 12 <sup>th</sup>	216	Martha Young, PHD
Hialeah Institute 1851 Palm Avenue Hialeah, Florida	7 <sup>th</sup> through 12 <sup>th</sup>	163	Roberto Lopez



1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Programs** (Continued)

A. **CNC EDUCATIONAL INSTITUTES** (Continued)

The Little Havana Institute and the Hialeah Institute operate under the Board of Directors of the Council. The following represents the Board members of the Council and of the schools as of December 31, 2005:

<u>Name</u>	<u>Title</u>	<u>Name</u>	<u>Title</u>
Guarione M. Diaz (*)	President	Juan A. Galan (*)	Past Chairman
George W. Foyo(*)	Chairman (*)	Raquel C. Switzer (*) (**) (***)	Treasurer
Maria C. Santana(*)	Secretary	Elva Collazo-Bodner	Board Member
Wilfredo A. Ferrer	Board Member	Rita Di Martino	Board Member
Jorge L. Escalona (*)(**)	Board Member and Chairman of the Financial Committee	Alicia Diaz	Board Member
Cesar A. Pizzaro	Board Member	Antonio de Cardenas	Board Member
Jose Montero, Jr.	Board Member	Angel R. Rodriguez (**)(***)	Board Member
Cesar Conde	Board Member	Celia C. Saurez (**)	Board Member
Alberto Manrara (*)(***)	Chairman of the Audit Committee	Jorge Plasencia (*)	Vice Chairman and Chair of the Policy and Program Committee
Manuel Portuondo	Board Member		

(\*) Members Executive Board

(\*\*) Members Financial Committee

(\*\*\*) Members Audit Committee

- B. **EMPLOYMENT AND TRAINING**, funded by the U.S. Department of Labor through the South Florida Workforce Consortium and the Central Florida Workforce, as well as the U.S. Department of Health and Human Services offer assistance of job training to economically disadvantaged participants as well as to refugees, youth and the elderly.

- C. **DIAL CHILD CARE CENTER** The Center for Development of Infants and Adolescents Latinas ("DIAL") mainly provides caring and developing of infants and toddlers of teenage mothers who attend CNC's Little Havana Institute and others. While completing their secondary education, teen mothers are instructed on the "Development of Life Skills" of their infants, the fundamental role of parents in child development and the importance of family planning. Developing healthier infants and mothers, physically, intellectually and

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Programs** (Continued)

C. **DIAL CHILD CARE CENTER** (Continued)

emotionally, with a high level of psychological functioning is the center's primary goal. The Miami-Dade County Child Development and Human Services Department, and the State of Florida Food and Nutrition Departments fund the program.

- D. **PRE-KINDERGARTEN PROGRAM** provides a program of loving care and learning that will provide children with a healthy physical and emotional development, and prepares children to enter kindergarten successfully. This program is funded mainly by a grant from the Goizueta Foundation and is included as part of the DIAL Day Care program.

- E. **CAREER AND ACADEMIC SERVICES** are programs mainly funded by U.S. Department of Labor and U.S. Department of Education. The programs are set to improve academic achievement and career opportunities for Hispanic American youth by providing participating youth with goal-specific career planning, training, academic and technical support and opportunities

- F. **CORPORATE PROGRAMS**, are diverse programs funded by private corporations and foundations. They mainly aim at promoting education, work and community participation opportunities for Hispanics in the United States. They are included under "other programs" in the financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support and expenses during the period. Actual results could differ from those estimates.

**Financial Statements Presentation**

The accounts of the Council are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds have been combined and presented for the Council as a whole in accordance with the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations."

Under SFAS No. 117, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Council is required to present a statement of cash flows.

The Council follows SFAS No. 116, "Accounting for Contributions Received and Contributions Made,". In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. In addition, the Council recognizes only those contributed services which are provided by individuals possessing "specialized skills".

## 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

### **Restricted and Unrestricted Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal and State grant awards are classified as refundable advances until expended for the purposes of the grant since they are conditional promises to give. Unrestricted support increases unrestricted net assets.

### **Allowance for Doubtful Accounts**

Management believes that all receivables are collectible, therefore, the Council has not included a provision for uncollectible accounts. Any accounts deemed uncollectible will be charged to expense when the determination is made. There were no uncollectible accounts during the years ended December 31, 2005 and 2004.

### **Statements of Cash Flows**

For purposes of reporting cash flows, cash includes cash in bank.

### **Property and Equipment**

Purchases of depreciable assets are recorded at cost. Assets purchased with funds with explicit restrictions regarding their use and restrictions on the disposition of those assets are reported as restricted support. The Council reclassifies temporarily restricted net assets to unrestricted net assets by releasing the depreciation charged for those assets during the period. Normal repairs and maintenance are charged to expense as incurred. Depreciation is recorded as an expense of Unrestricted Net Assets and is computed on the straight-line method over a 2 - 5 year estimated useful life. The Council capitalizes assets with a cost greater than \$500 and a useful life greater than one year.

### **Income Taxes**

The Council is exempt from income taxes, under Section 501(c) 3 of the Internal Revenue Code of 1954 (as amended) under the classification of other than a private foundation; accordingly, the financial statements reflect no provision for income taxes.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Indirect cost**

The Council uses an indirect cost rate; which is the lesser of the maximum rate of 30.27% used in the proposal presented to the Department of Labor during the year ended December 31, 2005 or the amounts allowed per the specific grant agreements. The indirect cost rate is based on all direct salaries and fringe benefits charged to the programs, and are charged to those programs which allow for indirect cost allocation.

2. **GRANTS RECEIVABLE**

The breakdown of the total grants receivable balance at December 31, 2005 and 2004 collectible within one year was as follows:

	<u>2005</u>	<u>2004</u>
Miami-Dade County	\$ 7,247	\$ 17,664
South Florida Employment and Training Consortium	80,952	202,901
U.S. Department of Labor	111,472	29,288
U.S. Department of Education	14,663	4,348
State of Florida, Department of Health	3,642	4,163
Private Corporations	<u>8,422</u>	<u>14,399</u>
Total Grants Receivable	<u>\$ 226,398</u>	<u>\$ 272,763</u>

3. **PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>2005</u>	<u>2004</u>
Furniture and fixtures	\$ 242,697	\$ 303,442
Equipment	414,048	453,944
Auto and passenger vans	<u>19,500</u>	<u>81,498</u>
	676,245	838,884
Less: accumulated depreciation	<u>(617,062)</u>	<u>(780,506)</u>
	<u>\$ 59,183</u>	<u>\$ 58,378</u>

The Council cannot transfer, dispose or encumber any of the property and equipment purchased with Federal and local government funds without the approval of the sponsoring agency.

Depreciation expenses for the year ending December 31, 2005 and 2004 amounted to \$29,867 and \$64,236, respectively.

#### 4. CONDITIONAL PROMISES TO GIVE

As of December 31, 2005, the Council had received approximately \$3,478,000 of conditional promise to give, which represents 70% of the total revenues. The conditional promises to give were received from the Miami-Dade County School Board in approximately \$1,567,000 contingent upon providing alternative schools for 500 students, approximately \$909,000 from South Florida Workforce Consortium contingent upon providing counseling, job development and placement services to eligible participants, approximately \$ 457,000 from U.S. Department of Labor contingent upon providing counseling, job development and placement services, approximately \$428,000 from the U.S. Department of Education contingent upon providing counseling and public information on "No Child Left Behind" program of the U.S. government approximately \$77,000 from the United Way of Miami-Dade County, and \$38,000 from U.S. Department of Education.

As of December 31, 2004, the Council had received approximately \$4,485,354 of conditional promise to give, which represents 85% of the total revenues. The conditional promises to give were received from the South Florida Workforce Consortium in approximately \$375,395 contingent upon providing counseling, job development and placement services to eligible participants, approximately \$916,845 from Miami-Dade County School Board contingent upon providing alternative schools for 500 students, approximately \$45,678 from the United Way of Miami-Dade County, approximately \$282,176 from U.S. Department of Labor contingent upon providing counseling, job development and placement services to eligible participants, approximately \$50,023 from the Goizueta Foundation, and \$4,348 from U.S. Department of Education.

#### 5. NOTE PAYABLE

Notes payable at December 31 comprised of the following:

	<u>2005</u>	<u>2004</u>
3-Year term notes dated June 12, 2005 bearing an interest rate of 8.987% payable in monthly installment of approximately \$447 including principal and interest	\$ 11,962	\$ -
3-Year term notes dated January 1, 2004 bearing an interest rate of 5.9% payable in monthly installment of approximately \$505 including principal and interest	-	11,410
5-Year term notes dated October 1, 2000 bearing an interest rate of 8.69% payable in monthly installment of approximately \$553 including principal and interest	-	5,315
	<u>\$ 11,962</u>	<u>\$ 16,725</u>

All notes were collateralized by a cargo van. Future maturities of the note payable at December 31, 2005 are as follows:

2006	\$ 4,466
2007	4,884
2008	2,612

## 6. COMMITMENTS

The Council leases office and school space under various leases in different locations. The majority of the space rental leases could be canceled 30 days after the Council has given written notification to the lessor. Under such leases, the Council office and school space rental expense for the years ended December 31, 2005 and 2004 were approximately \$651,435 and \$622,434, respectively. In addition, the Council leased six photocopiers under various operating leases. Rental expenses under such leases amounted to approximately \$33,009 and \$52,811, respectively.

The total minimum future commitment under such leases for year ended December 31, 2005 are as follows:

2006	\$ 209,160
2007	183,460
2008	160,410
2009	156,000
2010	156,000
Thereafter	221,000

## 7. CONTINGENCIES

### Grants from the Government and Other Agencies

The Council receives grants from the United States Department of Labor, U.S. Department of Education, U. S. Department of Health and Human Services through South Florida Employment and Training Consortium and Workforce Central Florida, the Miami-Dade County School Board, Miami-Dade County, United Way of Miami-Dade County and other organizations that require compliance with certain provisions stated in the instruments of grant. Failure to comply with these provisions could result in the return of funds to grantors. Although, this is a possibility, the management deems the contingency remote since, in their opinion, the Council has fully complied with the provisions of the grants.

## 8. RELATED ENTITIES

The CNC Foundation was formed in 1999 as a Florida not-for-profit corporation with the purpose of soliciting funds from individuals, corporations, governmental bodies and all segments of the public in general to support the activities of the Cuban American National Council, Inc.

The following is a summary of the asset, liabilities and net assets and activities of the Foundation as of and for the year ended December 31, 2005:

	<u>12/31/05</u>
Total assets	\$ 84,448
Total liabilities	\$ -
Net assets	\$ 84,448
Total revenues	\$ 7,211
Total expenses	\$ 131,251

## 8. RELATED ENTITIES (CONTINUED)

On October 6, 2005, the Council entered into an agreement with Dade Community Foundation, Inc. (the "Foundation") and transferred approximately \$130,000 of the funds held by the CNC Foundation to the Dade Community Foundation to establish an endowment fund for the benefit of the Council. The Dade Community Foundation will manage and invest the funds and will distribute to the Council an amount equal to 5% of the average fund balance over the preceding 20 quarters.

As described in article fourth of the agreement between the Council and the Foundation, the Council may request a distribution of the fund at any time and the Board of Governors of the Foundation may honor such request. The management of the Council believes that the probability of the Foundation of not honoring the request to withdraw the fund is remote and has recorded the fund as temporarily restricted assets since the contribution is restricted by the original donor for the benefit of the Council youth education and leadership programs, housing and other assistance to needy persons of Cuban descent or in the case of serious cash problem, to meet the obligation of the Council in a timely basis.

As of December 31, 2005, the CNC Foundation had approximately \$84,448 in assets held for the benefit of the Council that were transferred to the Foundation subsequent to year end to increase the Council endowment fund.

CNC Management, Inc. provides management and related services to Peninsula Housing projects. During the year, a portion of the salaries and fringe benefits of the Executive Director, the Executive Vice President and the Personnel Director were allocated to CNC Management, Inc. The total amount paid by CNC Management, Inc. for the years ended December 31, 2005 and 2004, as a result of this allocation, amounted to approximately \$113,300 and \$95,778, respectively.

The following is a summary of the asset, liabilities and net assets and activities of the CNC Management, Inc. as of and for the year ended December 31, 2005:

(Unaudited) 12/31/05

Total assets	\$ 500,950
Total liabilities	\$ 185,590
Net assets	\$ 315,360
Total revenues	\$ 807,470
Total expenses	\$ 732,012

CODEL, Inc. is a nonprofit organization providing safe and affordable housing to low-income families. In 2005, CODEL acquired a building with a cost of \$1.2 million, \$960,000 of which was financed through mortgage loan guaranteed by the Council and a second mortgage from the seller in the amount of \$239,000. In addition, the Council also advanced CODEL approximately \$22,619 to pay settlement and underwriter charges related with the acquisition of the property. The Council rents the building property acquired by CODEL for \$13,000 per month under a seven (7) year lease agreement expiring on May 31, 2012. Rent expense related to this property for the year ended December 31, 2005 amounted to \$91,000.

**8. RELATED ENTITIES (CONTINUED)**

The following is a summary of the asset, liabilities and net assets and activities of the CODEL, Inc. as of and for the year ended December 31, 2005:

(Unaudited) 12/31/05

Total assets	\$ 1,228,902
Total liabilities	\$ 1,197,773
Net assets	\$ 31,129
Total revenues	\$ 91,220
Total expenses	\$ 62,093

The Council has guaranteed a \$700,000 bank loan of Peninsula Housing Development, Inc. XVII (PHD XVII), also a nonprofit organization incorporated under the laws and statutes of the State of Florida for the purpose of developing, owning and operating a HUD 202 Project, which provides elderly and handicapped persons with housing facilities. The loan was secured by a property owned by PHD XVII. In addition, the Council advanced PHD XVII approximately \$29,554 for settlement of the bank loan processing fees and the same amount is included in the other receivable as of December 31, 2005.

The following is a summary of the asset, liabilities and net assets and activities of the PHD XVII, Inc. as of and for the year ended December 31, 2005:

(Unaudited) 12/31/05

Total assets	\$ 927,266
Total liabilities	\$ 733,940
Net assets	\$ 193,326
Total revenues	\$ 38
Total expenses	\$ 38,755

CODEC, Inc. is a nonprofit organization providing construction management services for the development of housing projects for the elderly and low income families. Some of the employees of CODEC, Inc. are covered under the health insurance policy of the Council and the Organization uses the same telephone system of the Council. CODEC, Inc. reimburses the Council for the expenses pertaining to their employees and the telephone system. Total charges for these transactions during the years ended December 31, 2005 and 2004 were approximately \$15,683 and \$10,268 respectively. In addition the Organization advanced CODEC, Inc. approximately \$20,781 to pay consultant fees related to Peninsula Housing Development, Inc. VII (La Palma). Advance is non-interest bearing and due on demand.



**8. RELATED ENTITIES (CONTINUED)**

The following is a summary of the asset, liabilities and net assets and activities of the CODEC, Inc. as of and for the year ended December 31, 2005:

(Unaudited) 12/31/05

Total assets	\$ 874,911
Total liabilities	\$ 450,523
Net assets	\$ 424,388
Total revenues	\$ 113,365
Total expenses	\$ 135,316

**9. RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets were comprised of property and equipment used in operations, temporarily restricted contributions to be used as part of various other programs operated by the Council and endowment with Dade Community Foundation, Inc. to be used for Council's youth education and leadership programs.

Temporarily restricted net assets consist of the following:

	<u>2005</u>	<u>2004</u>
Property and equipment	\$ 59,183	\$ 58,378
Endowment with Dade Community Foundation	130,867	
Others	<u>240,551</u>	<u>232,851</u>
Total	<u>\$ 430,601</u>	<u>\$ 291,229</u>

**10. PARTICIPANTS' COST**

Participants' cost represents the costs directly related to stipends and bus passes, tuition and books, training and financial assistance expenditure under the Employment and Training Program, ALPHA, and the other programs. At December 31, 2005 and 2004, participants' costs amounted to \$127,987 and \$363,670, respectively.

**11. EMPLOYEE BENEFIT PLAN**

The Council adopted a 401(k) Plan covering substantially all employees who have completed three months of employment and at least 250 hours of service. Vesting increases at a rate of 20% per year after 3 years of service. The Plan is a defined contribution plan with all contribution amounts (if any) determined by management. The Company contributed \$1,879 and \$1,346, respectively, for the year ended December 31, 2005 and 2004 and is included as part of fringe benefits in the statement of functional expenses.

**12. CURRENT VULNERABILITY DUE TO CONCENTRATION**

The Council has adopted SOP 94-6 which requires disclosure of vulnerable concentration of exposed risk. For the year ended December 31, 2005, the Council receives approximately 44% of its support from the Miami-Dade County School Board for the CNC Education Institute and 37% from the U.S. Department of Labor. It is reasonably possible that in the near term these programs could cease, which could cause a severe impact on the Council and its ability to continue operations. The Council does not expect in any way that the support from these governmental agencies will be lost in the near term.

**13. COMPARATIVE DATA/RECLASSIFICATIONS**

Comparative total data for the prior year has been presented in order to provide an understanding of the changes in the Council's financial position and operations. Also, certain expenses which were classified as management and support in prior year, have been reclassified as fundraising expenses in the current year's presentation.

**CUBAN AMERICAN NATIONAL COUNCIL, INC**  
(a nonprofit organization)  
**Schedule of Functional Expenses**  
**For the Year Ended December 31, 2005**

	CNC EDUCATIONAL INSTITUTES	EMPLOYMENT & TRAINING	DIAL DAYCARE	CAREER & ACADEMIC SERVICES	OTHER PROGRAMS	TOTAL PROGRAM EXPENSES	FUND RAISING	MANAGEMENT & SUPPORT	TOTAL
<b>DIRECT COST:</b>									
Salaries	\$ 970,779	\$ 672,813	\$ 155,521	\$ 446,014	\$ 85,016	\$ 2,330,143	\$ 87,685	\$ 436,432	\$ 2,854,260
Fringe Benefits	211,269	147,093	43,597	75,078	13,833	490,870	13,010	89,755	593,635
Participant Costs	12,487	24,928	15,488	9,335	9,547	71,785	35,146	500	107,431
Equipment Rental	3,076	2,338	175	7,767	280	13,636	14,029	5,344	33,009
Space Rental	370,757	84,192	58,030	56,319	14,387	583,685	8,616	59,134	651,435
Supplies	27,858	12,433	6,038	24,271	315	70,915	6,272	32,182	109,369
Postage	408	737	211	3,812	564	5,732	3,681	10,370	19,783
Utilities	68,913	28,143	11,849	21,666	3,110	133,681	378	36,892	170,951
Insurance	28,609	7,435	4,488	3,311	590	44,433	393	5,476	50,302
Transportation	3,164	18,074	62	1,465	149	22,914	73	13,451	36,438
Printing	53	444	37	4,944	290	5,768	19,532	23,444	48,744
Professional Services	909	5,297	575	32,275	437	39,493	6,971	63,448	109,912
Other Services	15,103	25,558	4,482	29,055	2,362	76,560	902	18,651	96,113
Travel and Lodge	1,425	-	50	23,652	30,161	55,288	12,939	33,764	101,991
Donations	-	-	-	-	-	-	-	3,595	3,595
Memberships	-	-	570	-	-	570	-	5,690	6,260
Subscriptions	-	557	-	-	-	557	60	3,173	3,790
Meeting and Seminars	145	-	-	70	3,560	3,775	2,802	16,779	23,356
Advertising and Promotions	1,252	1,628	6,594	3,020	79,900	92,394	2,210	10,702	105,306
Maintenance	24,319	5,010	885	3,123	729	34,066	-	7,046	41,112
Licenses and Similar	659	574	449	960	-	2,642	-	372	3,014
Interest Expenses	96	-	-	-	-	96	-	4,034	4,130
Penalties	-	-	-	-	-	-	-	-	-
Miscellaneous	250	42	115	167	16	590	45	1,575	2,210
Total Direct Cost:	1,741,531	1,037,296	309,216	746,304	245,246	4,079,593	214,744	881,809	5,176,146
Management and Support	441,155	-	-	176,698	50,836	668,689	(97,614)	(571,075)	-
Expenses before depreciation and amortization	2,182,686	1,037,296	309,216	923,002	296,082	4,748,282	117,130	310,734	5,176,146
Depreciation and amortization	866	989	2,321	8,293	4,591	17,060	1,548	11,259	29,867
<b>TOTAL EXPENSES</b>	<b>\$ 2,183,552</b>	<b>\$ 1,038,285</b>	<b>\$ 311,537</b>	<b>\$ 931,295</b>	<b>\$ 300,673</b>	<b>\$ 4,765,342</b>	<b>\$ 118,678</b>	<b>\$ 321,993</b>	<b>\$ 5,206,013</b>

The accompanying notes are an integral part of the financial statements.

**CUBAN AMERICAN NATIONAL COUNCIL, INC**  
(a nonprofit organization)  
**Schedule of Functional Expenses**  
**For the Year Ended December 31, 2004**

	CNC EDUCATIONAL INSTITUTES	EMPLOYMENT & TRAINING	DIAL DAYCARE	CAREER & ACADEMIC SERVICES	OTHER PROGRAMS	TOTAL PROGRAM EXPENSES	FUND RAISING	MANAGEMENT & SUPPORT	TOTAL
<b>DIRECT COST:</b>									
Salaries	\$ 918,920	\$ 763,174	\$ 143,385	\$ 139,917	\$ 54,296	\$ 2,019,692	\$ 117,080	\$ 354,548	\$ 2,491,320
Fringe Benefits	201,702	157,435	39,473	14,389	9,361	422,360	19,403	75,731	517,494
Participant Costs	11,539	128,400	13,827	6,204	38,756	198,726	161,404	3,540	363,670
Equipment Rental	604	4,990	132	194	3,489	9,409	37,036	6,366	52,811
Space Rental	367,016	121,329	58,030	11,365	2,381	555,121	4,382	62,931	622,434
Supplies	32,023	12,190	12,696	10,946	8,233	76,088	20,720	26,582	123,390
Postage	482	978	162	451	700	2,773	10,785	7,635	21,193
Utilities	60,181	36,791	9,917	5,860	1,223	113,972	788	42,122	156,882
Insurance	28,606	10,381	5,300	1,281	745	46,313	-	6,205	52,518
Transportation	2,784	17,871	117	809	87	21,668	2,163	13,143	36,974
Printing	4,347	1,117	240	-	4,162	9,866	56,549	11,196	77,611
Professional Services	977	6,500	4,411	45,094	1,463	58,445	34,691	77,652	170,788
Other Services	15,742	17,506	4,531	1,553	3,200	42,532	8,618	28,639	79,789
Travel and Lodge	440	1,292	-	10,851	15,982	28,565	32,057	33,416	94,038
Donations	-	-	-	-	-	-	-	2,020	2,020
Memberships	-	-	150	1,750	30	1,930	-	1,304	3,234
Subscriptions	121	164	-	-	-	285	-	3,486	3,771
Meeting and Seminars	-	-	-	-	3,802	3,802	2,327	8,349	14,478
Advertising and Promotions	768	3,343	483	6,824	80,451	91,869	11,124	4,587	107,580
Maintenance	19,193	11,275	1,107	2,344	43	33,962	-	8,008	41,970
Licenses and Similar	315	332	435	-	10	1,092	-	1,383	2,475
Interest Expenses	-	-	-	-	-	-	-	7,500	7,500
Penalties	-	-	-	-	-	-	-	-	-
Miscellaneous	508	767	299	250	143	1,967	2,899	3,157	8,023
Total Direct Cost:	1,661,268	1,295,835	294,695	260,082	228,557	3,740,437	522,026	789,500	5,051,963
Management and Support	525,977	1,940	1	16,961	17,805	562,684	(82,045)	(480,639)	-
Expenses before depreciation and amortization	2,187,245	1,297,775	294,696	277,043	246,362	4,303,121	439,981	308,861	5,051,963
Depreciation and amortization	8,693	31,731	1,066	1,516	3,499	46,505	1,333	16,398	64,236
<b>TOTAL EXPENSES</b>	<b>\$ 2,195,938</b>	<b>\$ 1,329,506</b>	<b>\$ 295,762</b>	<b>\$ 278,559</b>	<b>\$ 249,861</b>	<b>\$ 4,349,626</b>	<b>\$ 441,314</b>	<b>\$ 325,259</b>	<b>\$ 5,116,199</b>

The accompanying notes are an integral part of the financial statements.

**CUBAN AMERICAN NATIONAL COUNCIL, INC.**  
(a nonprofit organization)

**REPORTS REQUIRED UNDER  
GOVERNMENT AUDITING STANDARDS  
AND THE SINGLE AUDIT ACT  
FOR THE YEAR ENDED DECEMBER 31, 2005**

MANAGEMENT AND  
FINANCIAL AUDIT  
2006 JUN 15 AM 9:2

**CUBAN AMERICAN NATIONAL COUNCIL, INC.  
(a nonprofit organization)**

**REPORTS REQUIRED UNDER GOVERNMENT AUDITING STANDARDS  
AND THE SINGLE AUDIT ACT  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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**INDEPENDENT AUDITORS' 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**

To the Board of Directors of  
Cuban American National Council, Inc.  
(a nonprofit organization)  
Miami, Florida

We have audited the financial statements of Cuban American National Council, Inc. (a nonprofit organization) (the "Council") as of and for the year ended December 31, 2005, and have issued our report thereon dated May 19, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cuban American National Council, Inc.'s (a nonprofit organization) internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

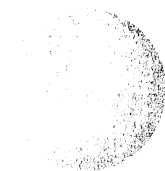
Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Directors, management, others within the Council and 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.

*BKR Garcia & Company* PLLC

May 19, 2006



**INDEPENDENT AUDITORS' 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 of  
Cuban American National Council, Inc.  
(a nonprofit organization)  
Miami, Florida

Compliance

We have audited the compliance of Cuban American National Council, 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 each of its major federal programs for the year ended December 31, 2005. Cuban American National Council, Inc.'s (a nonprofit organization) major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Cuban American National Council, Inc.'s (a nonprofit organization) management. Our responsibility is to express an opinion on Cuban American National Council, Inc.'s (a nonprofit organization) 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 Cuban American National Council, Inc.'s (a nonprofit organization) 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 on Cuban American National Council, Inc.'s (a nonprofit organization) compliance with those requirements.

In our opinion, Cuban American National Council, Inc. (a nonprofit organization) complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.



To the Board of Directors of  
Cuban American National Council, Inc.

Internal Control Over Compliance

The management of Cuban American National Council, Inc. (a nonprofit organization) 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 Cuban American National Council, Inc.'s (a nonprofit organization) 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of law, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We have audited the financial statements of Cuban American National Council, Inc. (a nonprofit organization) as of and for the year ended December 31, 2005 and have issued our report thereon dated May 19, 2006. Our audit was made for the purpose of forming an opinion on the financial statements of Cuban American National Council, Inc. (a nonprofit organization) taken as a whole. The accompanying schedule of expenditures of federal awards on page 4 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information 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.

This report is intended solely for the information and use of the Board of Directors, management, others within the Council and 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.

BKR Garcia & Company PLLC

May 19, 2006

**CUBAN AMERICAN NATIONAL COUNCIL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<u>Federal Grantor/Pass-Through Grantor/Grant Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
<b>U.S Department of Health and Human Services</b>			
Pass-Through the South Florida Employment and Training Consortium			
Refugee and Entrant Assistance	93.584	RET-PY04-04-00	\$ 651,555
Refugee and Entrant Assistance	93.584	RET-PY05-03-00	<u>215,473</u>
<b>Total U.S. Department of Health &amp; Human Services</b>			<u>867,028</u>
<b>U.S Department of Labor</b>			
Employment and Training Administration	17.261	AF-13781-04-60	<u>739,173</u>
Pass-Through the South Florida Employment and Training Consortium			
Workforce Investment Act of 1998 - Youth Services	17.259	WIA-YS-YOC-PY'04-04	<u>171,257</u>
Total Pass-Through the South Florida Employment and Training Consortium			<u>171,257</u>
<b>Total U.S. Department of Labor</b>			<u>910,430</u>
<b>U.S Department of Housing &amp; Urban Development</b>			
Community Development Block Grant OCED Youth Summer Program	14.218	N/A	<u>101</u>
<b>U.S Department of Agriculture</b>			
Child and Adult Care Food Program	10.558	2004-2005	28,652
Child and Adult Care Food Program	10.558	2005-2006	<u>7,443</u>
			<u>36,095</u>
<b>U.S Department of Education</b>			
Fund for the Improvement of Education/Unsolicited Grants	84.215	U215U040014	<u>198,985</u>
<b>U.S Department of Justice</b>			
Office of Justice Program			
Miami Dade Center for Legal Assistance		2005-MI-CX-008	<u>11,525</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 2,024,164</u>

See Notes to Schedule of Expenditures of Federal Awards

**CUBAN AMERICAN NATIONAL COUNCIL, INC.**  
**(a nonprofit organization)**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2005**

**1. GENERAL**

The Schedule of Expenditures of Federal Awards included herein represents all of the Federal grant awards of Cuban American National Council, Inc. over which Cuban American National Council, Inc. exercised direct operating control for the year ended December 31, 2005.

**2. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting and includes expenses incurred by Cuban American National Council, Inc. during its fiscal year January 1, 2005 to December 31, 2005.

Substantially all federal awards administered by Cuban American National Council, Inc. are operated on a reimbursement basis. Advances to grant programs are made from unrestricted cash balances included with Cuban American National Council, Inc.'s pooled cash account.

**3. SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133**

All Federal grant operations of the Council are included in the scope of the Office of Management and Budget (OMB) Circular A-133 audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB *Circular A-133 Compliance Supplement* (Revised May 2005, the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted below. These programs represent all Federal award programs and other grants with 2005 cash and noncash expenditures in excess of \$500,000 that ensure coverage of at least 25 percent of Federally granted funds (as a low risk auditee). Actual coverage is approximately 46% of total cash and noncash Federal award program expenses.

<u>Major Federal Award Program Description</u>	<u>CFDA No.</u>	<u>Expenditures</u>
Employment and Training Administration	17.261	\$739,173
Fund for the Improvement of Education	84.215	198,985

**4. FINDINGS OF NONCOMPLIANCE**

There were no material findings of noncompliance identified in connection with the December 31, 2005 Single Audit.

**CUBAN AMERICAN NATIONAL COUNCIL, INC.**  
**(a nonprofit organization)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2005**

**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	No
Non-compliance material to financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

Identification of major programs:

<u>Program</u>	<u>CFDA #</u>
Employment and Training Administration	17.261
Fund for the Improvement of Education	84.215

Dollar threshold used to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low risk auditee?	Yes

**CUBAN AMERICAN NATIONAL COUNCIL, INC.**  
**(a nonprofit organization)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

**II CURRENT YEAR FINDINDS AND RECOMMENDATIONS**

**A. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**B. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**C. OTHER FINDINGS - CURRENT YEAR**

None

**III STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

**A. FINDINGS - FINANCIAL STATEMENTS AUDIT**

N/A – No findings on financial statement audit noted in prior year

**B. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

N/A – No findings and questioned cost on major federal award programs audit noted in prior year