

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

FINANCIAL STATEMENTS

DECEMBER 31, 2006 AND 2005



BKR GARCIA & COMPANY
certified public accountants

CUBAN AMERICAN NATIONAL COUNCIL, INC.
(a nonprofit organization)
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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, 2006 and 2005 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, 2006 and 2005 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 March 23, 2007, 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

March 23, 2007

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

	2006	2005
ASSETS		
Cash	\$ 333,241	\$ 287,857
Grants receivable	201,896	226,398
Other receivables	6,718	95,137
Prepaid expenses	48,153	64,059
Beneficial interest in assets held by Dade Community Foundation	247,401	130,867
Property and equipment - (Net of accumulated depreciation of \$646,101 and \$617,062)	48,483	59,183
Deposits	19,953	27,178
TOTAL ASSETS	\$ 905,845	\$ 890,679
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	268,807	\$ 267,703
Note payable	207,496	11,962
TOTAL LIABILITES	476,303	279,665
NET ASSETS (DEFICIT)		
Unrestricted	(95,276)	180,413
Temporarily restricted	277,417	430,601
Permanently restricted	247,401	-
TOTAL NET ASSETS	429,542	611,014
TOTAL LIABILITIES AND NET ASSETS	\$ 905,845	\$ 890,679

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, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, SUPPORT AND TRANSFERS				
Public Support:				
Grants revenue				
Federal Sources	\$ 2,126,717	\$ 328	\$ -	\$ 2,127,045
Local Government	2,209,078	24,523	-	2,233,601
Contributions	688,524	222,423	86,350	997,297
Revenue:				
Interest and Miscellaneous	8,448	-	-	8,448
Realized/Unrealized gain from investments			30,184	30,184
Transfer		(130,867)	130,867	-
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of program restrictions	<u>269,591</u>	<u>(269,591)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES, SUPPORT AND TRANSFERS	<u>5,302,358</u>	<u>(153,184)</u>	<u>247,401</u>	<u>5,396,575</u>
EXPENSES				
Program Services:				
CNC Educational Institutes	1,910,612	-	-	1,910,612
Employment and Training	1,151,769	-	-	1,151,769
DIAL Day Care	507,748	-	-	507,748
Career and Academic Services	894,263	-	-	894,263
Other Programs	<u>247,180</u>	<u>-</u>	<u>-</u>	<u>247,180</u>
Total program services	<u>4,711,572</u>	<u>-</u>	<u>-</u>	<u>4,711,572</u>
Supporting Services				
Fundraising	542,205	-	-	542,205
Management and Support	<u>324,270</u>	<u>-</u>	<u>-</u>	<u>324,270</u>
Total supporting services	<u>866,475</u>	<u>-</u>	<u>-</u>	<u>866,475</u>
TOTAL EXPENSES	<u>5,578,047</u>	<u>-</u>	<u>-</u>	<u>5,578,047</u>
CHANGE IN NET ASSETS	(275,689)	(153,184)	247,401	(181,472)
NET ASSETS AT BEGINNING OF YEAR	<u>180,413</u>	<u>430,601</u>	<u>-</u>	<u>611,014</u>
NET ASSETS AT END OF YEAR	<u>\$ (95,276)</u>	<u>\$ 277,417</u>	<u>\$ 247,401</u>	<u>\$ 429,542</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 CASH FLOWS
DECEMBER 31,

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (181,472)	\$ (61,551)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	29,039	29,867
Loss from disposal of property and equipment	-	8,051
Unrealized gain on investments	(30,184)	-
(Increase) Decrease in:		
Grants receivable	24,502	46,365
Other receivable	88,419	(46,966)
Prepaid expenses	15,906	(7,032)
Deposits	7,225	6,270
Increase in:		
Accounts payable	1,104	53,797
Total adjustments	136,011	90,352
Net cash (used in) provided by operating activities:	(45,461)	28,801
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(18,339)	(59,922)
Transfer to Endowment Fund	(86,350)	(130,867)
Proceed from sale of property and equipment	-	21,200
Net cash (used in) investing activities	(104,689)	(169,589)
CASH FLOWS FROM FINANCING ACTIVITIES		
Note payable	200,000	14,049
Payments on note payable	(4,466)	(18,814)
Net cash provided by (used in) financing activities	195,534	(4,765)
NET INCREASE (DECREASE) IN CASH	45,384	(145,553)
CASH AT BEGINNING OF YEAR	287,857	433,410
CASH AT END OF YEAR	\$ 333,241	\$ 287,857
SUPPLEMENTAL DATA		
Interest paid	\$ 10,063	\$ 4,130

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, CNC Management, Inc., and Codel 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, 2006

<u>Schools' Name and Address</u>	<u>Grades</u>	<u>Enroll- ment</u>	<u>School Principal</u>
Little Havana Institute 300 SW 12 th Avenue, 3 rd Floor Miami, Florida	9 th , 10 th , 11 th and 12 th	329	Martha Young, PHD
Hialeah Institute 1851 Palm Avenue Hialeah, Florida	7 th through 12 th	55	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, 2006:

<u>Name</u>	<u>Title</u>	<u>Name</u>	<u>Title</u>
George W. Foyo(*)	Chairman	Juan A. Galan (*)	Past Chairman
Guarione M. Diaz (*)	President	Raquel C. Switzer (*) (**) (***)	Treasurer
Wilfredo A. Ferrer (*)	Secretary	Elva Collazo-Bodner	Board Member
Maria Acosta (*) (**)	Board Member and Chairperson of the Financial Committee	Rita Di Martino	Board Member
Jorge L. Escalona	Board Member	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 (*) (***)	Board Member and Chairman of the Audit Committee	Jorge Plasencia (*)	Vice Chairman and Chair of the Policy and Program Committee
Barbara Gutierrez	Board Member	Fred M. Racwicz	Board Member

(*) Members Executive Board
 (**) Members Financial Committee
 (***) Members Audit Committee

B. EMPLOYMENT AND TRAINING is funded by the U.S. Department of Labor through the South Florida Workforce Consortium, the Central Florida Workforce, and the U.S. Department of Health and Human Services. Through this, the Council offers assistance of job training to economically disadvantaged participants, refugees, youth and the elderly.

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

Programs (Continued)

- C. **DIAL CHILD CARE CENTER** The Center for Development of Infants and Adolescents Latinas ("DIAL") mainly provides caring and development 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 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. The Council also provides child care services to the general public.
- 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 Miami-Dade County – Voluntary Pre-Kindergarten Education 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.
- G. **CENTER FOR LEGAL ASSISTANCE AND SELF-SUFFICIENCY** provides public information campaign to build broad community awareness of the Immigration and Nationality Act's immigration-related anti-discrimination provisions with the goal of achieving systematic change in the culture of employment-related decision-making in Miami-Dade County. This program is funded mainly by a grant from the U.S. Department of Justice.

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."

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

Financial Statements Presentation (Continued)

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".

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.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

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, 2006 and 2005.

Statements of Cash Flows

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

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

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 temporarily 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.

Indirect cost

The Council uses a provisional indirect cost rate of 30.27% that was negotiated and approved by its agent, the U.S. Department of Labor, during the year ended December 31, 2006, 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, 2006 and 2005 collectible within one year was as follows:

	<u>2006</u>	<u>2005</u>
Miami-Dade County	\$ 9,360	\$ 7,247
South Florida Employment and Training Consortium	116,217	80,952
U.S. Department of Labor	-	111,472
U.S. Department of Education	27,327	14,663
U.S. Department of Justice	3,432	-
School Board of Orange County	6,860	-
State of Florida, Department of Health	15,129	3,642
The Children's Trust	2,201	-
Private Corporations	<u>21,370</u>	<u>8,422</u>
Total Grants Receivable	<u>\$ 201,896</u>	<u>\$ 226,398</u>

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2006</u>	<u>2005</u>
Furniture and fixtures	\$ 253,889	\$ 242,697
Equipment	421,195	414,048
Auto and passenger vans	<u>19,500</u>	<u>19,500</u>
	694,584	676,245
Less: accumulated depreciation	<u>(646,101)</u>	<u>(617,062)</u>
	<u>\$ 48,483</u>	<u>\$ 59,183</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, 2006 and 2005 amounted to \$29,039 and \$29,867, respectively.

4. CONDITIONAL PROMISES TO GIVE

As of December 31, 2006, the Council had received approximately \$2,958,000 of conditional promises to give, which represents 55% of the total revenues. Conditional promises to give were received from the Miami-Dade County School Board, for approximately \$1,608,000 contingent upon providing alternative schools for the students, approximately \$1,177,000 from South Florida Workforce Consortium contingent upon providing counseling, job development and placement services to eligible participants, approximately \$ 72,500 from the United Way of Miami-Dade County, and \$102,000 from The Children's Trust Foundation.

As of December 31, 2005, the Council had received approximately \$3,478,000 of conditional promises to give, which represents 70% of the total revenues. Conditional promises to give were received from the Miami-Dade County School Board, for 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.

5. NOTE PAYABLE

Notes payable at December 31 comprised of the following:

	<u>2006</u>	<u>2005</u>
3-Year term notes dated June 12, 2005, bearing an interest rate of 8.987% payable in monthly installments of approximately \$447 including principal and interest. The note is collateralized by a cargo van.	\$ 7,496	\$ 11,962
In December 2006, the Council entered into \$250,000 line of credit agreement with a local bank. The agreement requires monthly payment of interest only at a rate of 0.50% per annum over prime rate quoted from time to time in the Wall Street Journal, adjusted daily, calculated on the basis of a 360 day calendar year. The line of credit matured two years from the date of closing and is secured by a blanket lien (UCC-1) and security interest on all of the Council's asset located on the property where the Council operates.	<u>200,000</u>	<u>-</u>
	<u>\$ 207,496</u>	<u>\$ 11,962</u>

Future maturities of the note payable at December 31, 2006 are as follows:

2007	4,884
2008	202,612

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, 2006 and 2005 were approximately \$675,370 and \$651,435, respectively. In addition, the Council leased six photocopiers under various operating leases. Rental expenses under such leases amounted to approximately \$67,466 and \$33,009, respectively.

The total minimum future commitment under such leases for year ended December 31, 2006 are as follows:

2007	\$ 267,509
2008	202,369
2009	176,278
2010	171,600
2011	171,600
Thereafter	71,500

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 Workforce, the Miami-Dade County School Board, Miami-Dade County, United Way of Miami-Dade County, State of Florida Food Program, Orange County Public School 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.

In October 2006, the CNC Foundation's Board voted to dissolve the foundation and assets and liabilities were transferred to the Dade Community Foundation, Inc. (see Note 9 Permanently Restricted Net Assets).

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, 2006 and 2005, as a result of this allocation, amounted to approximately \$140,200 and \$113,300, respectively.

The following is a summary of the assets, liabilities and net assets and activities of the CNC Management, Inc. as of and for the year ended December 31, 2006:

(Unaudited) 12/31/06

Total assets	\$ 807,227
Total liabilities	\$ 294,893
Net assets	\$ 512,334
Total revenues	\$ 943,105
Total expenses	\$ 783,197

CODEL, Inc. is a nonprofit organization created to provide 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 a mortgage loan guaranteed by the Council and a second mortgage from the seller in the amount of \$239,000. The Council rents the building property acquired by CODEL for \$14,300 per month under a seven (7) year lease agreement expiring on May 31, 2012. Rent expense under this agreement for the year ended December 31, 2006 amounted to \$168,350.

8. **RELATED ENTITIES (CONTINUED)**

The following is a summary of the assets, liabilities and net assets and activities of the CODEL, Inc. as of and for the year ended December 31, 2006:

(Unaudited) 12/31/06

Total assets	\$ 1,226,590
Total liabilities	\$ 1,134,097
Net assets	\$ 92,493
Total revenues	\$ 168,385
Total expenses	\$ 76,537

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.

The following is a summary of the assets, liabilities and net assets and activities of the PHD XVII, Inc. as of and for the year ended December 31, 2006:

(Unaudited) 12/31/06

Total assets	\$ 1,027,932
Total liabilities	\$ 795,914
Net assets	\$ 232,018
Total revenues	\$ -
Total expenses	\$ 25

CODEC, Inc. is a nonprofit organization providing services for the development of housing projects for the elderly and low income families. One of the employees of *CODEC, Inc.* is 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, 2006 and 2005 were approximately \$4,282 and \$15,683 respectively.

The following is a summary of the assets, liabilities and net assets and activities of the *CODEC, Inc.* as of and for the year ended December 31, 2006:

(Unaudited) 12/31/06

Total assets	\$ 832,466
Total liabilities	\$ 417,430
Net assets	\$ 415,036
Total revenues	\$ 158,480
Total expenses	\$ 167,835

9. TEMPORARILY RESTRICTED 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.

Temporarily restricted net assets consist of the following:

	<u>2006</u>	<u>2005</u>
Property and equipment	\$ 48,483	\$ 59,183
Endowment with Dade Community Foundation	-	130,867
Others	<u>228,934</u>	<u>240,551</u>
Total	<u>\$ 277,417</u>	<u>\$ 430,601</u>

10. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets amounted to \$247,401 at December 31, 2006, pertain to endowment funds restricted in perpetuity with Dade Community Foundation, Inc., to be used for Council’s youth education and leadership programs and assistance to needy persons of Cuban descent.

On May 24, 2006, the initial agreement with Dade Community Foundation, Inc., (the “Foundation”) dated October 6, 2005, was amended creating three (3) Designated Endowment Funds for the benefit of the Council for approximately \$215,200. The Foundation will hold, manage, invest and reinvest the funds and will distribute to the Council an amount based on the provisions stipulated by the donors as follows:

<u>Donor</u>	<u>Annual Distribution</u>
Juan and Martha Galan Charitable Fund	\$3,000 beginning fiscal year 2007 through 2011 \$4,000 beginning fiscal year 2012 and thereafter
Jorge and Karen Escalona Charitable Fund	\$1,000 beginning fiscal year 2007 and thereafter
Cintas Charitable Fund	An amount equal to 5% average balance of the Cintas Charitable Fund

11. PARTICIPANTS' COST

Participants' cost represents mainly the costs directly related to stipends and bus passes, tuition and books, job training allowance and financial assistance expenditure under the Employment and Training Program, ALPHA, and the other programs. At December 31, 2006 and 2005, participants' costs amounted to \$333,240 and \$107,431, respectively. During the year ended December 31, 2006, approximately \$172,000 in participant’s cost were related to the conference and other fund raising events.

12. 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 \$2,134 and \$1,879, respectively, for the years ended December 31, 2006 and 2005, and is included as part of fringe benefits in the statement of functional expenses.

13. 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, 2006, the Council received approximately 32% of its support from the Miami-Dade County School Board for the CNC Education Institute and 22% 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 that the support from these governmental agencies will be lost in the near term.

14. UNRESTRICTED NET ASSETS (DEFICIT)

As of December 31, 2006, the Council had a deficit in unrestricted net assets fund balance of \$95,276. The deficit is the result of expenses exceeding revenues and supports during the past two (2) years of operations. Management of the Council plans to reduce the deficit by reducing administrative expenses and increasing the unrestricted support from contributions of corporate sponsors.

15. CONCENTRATION OF CREDIT RISK

The Council maintains bank accounts at four banks. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash in one of the institution exceeded the federally insured limits. The amount in excess of the FDIC limit totaled \$139,602 as of December 31, 2006.

CUBAN AMERICAN NATIONAL COUNCIL, INC
(a nonprofit organization)
Schedule of Functional Expenses
For the Year Ended December 31, 2006

	CNC EDUCATIONAL INSTITUTES	EMPLOYMENT & TRAINING	DIAL DAYCARE	CAREER & ACADEMIC SERVICES	OTHER PROGRAMS	TOTAL PROGRAM EXPENSES	FUND RAISING	MANAGEMENT & SUPPORT	TOTAL
DIRECT COST:									
Salaries	\$ 989,589	\$ 770,647	\$ 254,419	\$ 424,110	\$ 103,561	\$ 2,542,326	\$ 95,570	\$ 337,237	\$ 2,975,193
Fringe Benefits	204,502	146,474	62,916	72,865	18,565	505,322	14,138	71,422	590,882
Participant Costs	32,650	59,302	35,540	16,838	13,906	158,236	172,330	2,674	333,240
Equipment Rental	9,746	4,529	276	5,182	6,498	26,231	35,852	5,383	67,466
Space Rental	394,435	66,787	71,935	56,856	16,001	606,014	5,065	64,291	675,370
Supplies	26,573	13,444	22,566	11,588	1,807	75,978	15,958	15,990	107,926
Postage	1,346	1,012	1,816	3,084	911	8,169	9,921	4,289	22,379
Utilities	80,349	24,229	14,568	16,418	2,705	138,269	3,968	31,431	173,668
Insurance	18,358	9,854	8,209	7,657	294	44,372	423	8,179	52,974
Transportation	3,147	20,038	1,816	1,303	357	26,661	2,441	9,103	38,205
Printing	-	1,374	188	760	1,950	4,272	41,157	2,208	47,637
Professional Services	6,102	2,813	8,173	58,769	4,175	80,032	43,221	48,565	171,818
Other Services	19,203	21,107	7,279	20,478	3,555	71,622	863	14,319	86,804
Travel and Lodge	244	-	7	23,822	5,395	29,468	37,311	23,196	89,975
Memberships	-	-	690	-	-	690	-	3,805	4,495
Subscriptions	-	459	-	-	-	459	65	2,843	3,367
Meeting and Seminars	375	-	-	43	2,022	2,440	4,086	10,051	16,577
Advertising and Promotions	2,081	2,076	635	2,294	804	7,890	1,769	13,310	22,969
Maintenance	24,835	6,120	8,952	1,811	1,925	43,643	356	7,046	51,045
Licenses and Similar	351	516	1,058	572	51	2,548	170	1,892	4,610
Interest Expenses	133	-	105	-	-	238	-	9,826	10,064
Miscellaneous	349	183	79	88	126	825	113	1,406	2,344
Total Direct Cost:	1,814,368	1,150,964	501,227	724,538	184,608	4,375,705	484,777	688,526	5,549,008
Management and Support	95,883	-	4,402	156,145	61,589	318,019	56,653	(374,672)	-
Expenses before depreciation and amortization	1,910,251	1,150,964	505,629	880,683	246,197	4,693,724	541,430	313,854	5,549,008
Depreciation and amortization	361	805	2,119	13,580	983	17,848	775	10,416	29,039
TOTAL EXPENSES	\$ 1,910,612	\$ 1,151,769	\$ 507,748	\$ 894,263	\$ 247,180	\$ 4,711,572	\$ 542,205	\$ 324,270	\$ 5,578,047

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, 2005

	CNC EDUCATIONAL INSTITUTES	EMPLOYMENT & TRAINING	DIAL DAYCARE	CAREER & ACADEMIC SERVICES	OTHER PROGRAMS	TOTAL PROGRAM EXPENSES	FUND RAISING	MANAGEMENT & SUPPORT	TOTAL
DIRECT COST:									
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	683,685	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
Miscellaneous	250	42	115	167	15	589	45	1,575	2,209
Total Direct Cost:	1,741,531	1,037,296	309,216	746,304	245,245	4,079,592	214,744	881,809	5,176,145
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	296,081	4,748,281	117,130	310,734	5,176,145
Depreciation and amortization	866	989	2,321	8,293	4,591	17,060	1,548	11,259	29,867
TOTAL EXPENSES	\$ 2,183,552	\$ 1,038,285	\$ 311,537	\$ 931,295	\$ 300,672	\$ 4,765,341	\$ 118,678	\$ 321,993	\$ 5,206,012

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, 2006**



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, 2006**

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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, 2006, and have issued our report thereon dated March 23, 2007. 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

March 23, 2007

**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, 2006. Cuban American National Council, Inc.'s major federal programs are identified in the summary of auditors' 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 management. Our responsibility is to express an opinion on Cuban American National Council, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cuban American National Council, 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 on Cuban American National Council, Inc.'s compliance with those requirements.

In our opinion, Cuban American National Council, Inc. 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, 2006.

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

Internal Control Over Compliance

The management of Cuban American National Council, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Cuban American National Council, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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. as of and for the year ended December 31, 2006 and have issued our report thereon dated March 23, 2007. Our audit was made for the purpose of forming an opinion on the financial statements of Cuban American National Council, Inc. 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

March 23, 2007



**CUBAN AMERICAN NATIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

<u>Federal Grantor/Pass-Through Grantor/Grant Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
U.S Department of Health and Human Services			
Pass-Through the South Florida Employment and Training Consortium			
Temporary Assistance to Needy Family	93.558	WS-YS-SUM-PY'S06-02-00	\$ 95,208
Refugee and Entrant Assistance	93.584	RET-PY05-03-00	726,593
Refugee and Entrant Assistance	93.584	RET-PY06-03-00	<u>221,061</u>
Total U.S. Department of Health & Human Services			<u>1,042,862</u>
U.S Department of Labor			
Employment and Training Administration	17.261	AF-13781-04-60	<u>463,709</u>
Pass-Through the South Florida Employment and Training Consortium			
Workforce Investment Act of 1998 - Youth Services	17.259	WS-YS-ISY-PY'06-02-00	91,118
Workforce Investment Act of 1998 - Youth Services	17.259	WS-YS-ISY-PY'06-03-00	<u>16,983</u>
Total Pass-Through the South Florida Employment and Training Consortium			<u>108,101</u>
Total U.S. Department of Labor			<u>571,810</u>
U.S Department of Agriculture			
Child and Adult Care Food Program	10.558	I-1535	<u>53,382</u>
U.S Department of Education			
Fund for the Improvement of Education	84.215	U215U040014	<u>396,290</u>
U.S Department of Justice			
Office of Justice Program			
Miami Dade Center for Legal Assistance		2005-MI-CX-008	<u>35,142</u>
Total Federal Financial Assistance			<u>\$ 2,099,486</u>

CUBAN AMERICAN NATIONAL COUNCIL, INC.
(a nonprofit organization)
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2006

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, 2006.

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, 2006 to December 31, 2006.

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 2006, 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 2006 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 50% of total cash and noncash Federal award program expenses.

<u>Major Federal Award Program Description</u>	<u>CFDA No.</u>	<u>Expenditures</u>
Refugee Entrant Assistance	93.584	\$947,654
WIA Youth Activities	17.259	108,101

4. FINDINGS OF NONCOMPLIANCE

There were no material findings of noncompliance identified in connection with the December 31, 2006 Single Audit.

5. AUDITS PERFORMED BY OTHER ORGANIZATIONS

On February 23, 2007, the Council received a final monitoring report from the South Florida Workforce Investment Board, (the "SFWIB"), pass-through entity of the U.S. Department of Health and Human Services for the Refugee Entrant Assistance Program, with findings on non-compliance with the purchasing procedures stipulated in the agreement that all purchases exceeding the amount of \$500 other than office supplies will be purchased through SFWIB. The Council purchased three computer equipment units with aggregate costs of approximately \$4,000 without the approval of the SFWIB thereby disallowing the expenditure. Since the equipment was needed and is being used for the operation of the program, the Council is currently negotiating the disallowance of the cost of the computers.

CUBAN AMERICAN NATIONAL COUNCIL, INC.
(a nonprofit organization)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2006

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:

Program	<u>CFDA #</u>
Refugee Entrant Assistance	93.584
WIA Youth Activities	17.259

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, 2006
(CONTINUED)

II CURRENT YEAR FINDINGS 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 statements audit noted in prior year

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

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