

**MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER  
COMMUNITY CENTER, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

**(With Summarized Totals for the Year Ended December 31, 2009)**

MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER  
COMMUNITY CENTER, INC.

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Independent Auditor's Report

Board of Directors  
Milwaukee Lesbian/Gay/Bisexual/Transgender Community Center, Inc.

We have audited the accompanying balance sheet of Milwaukee Lesbian/Gay/Bisexual/Transgender Community Center, Inc. as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Milwaukee Lesbian/Gay/Bisexual/Transgender Community Center, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report dated June 25, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Milwaukee Lesbian/Gay/Bisexual/Transgender Community Center, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2011, on our consideration of Milwaukee Lesbian/Gay/Bisexual/Transgender Community Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Milwaukee Lesbian/Gay/Bisexual/Transgender Community Center, Inc. taken as a whole. The accompanying schedule of functional expenses, schedule of grant expenditures and the schedule of expenditures of federal and state awards required in accordance with applicable State of Wisconsin audit guides, 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.



RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
June 30, 2011

Ritz Holman LLP  
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**MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER  
COMMUNITY CENTER, INC.  
BALANCE SHEET  
DECEMBER 31, 2010  
(With Summarized Totals for December 31, 2009)**

ASSETS	2010	2009
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 64,860	\$ 298,647
Net Accounts Receivable	182,326	47,175
Investments	545	---
Prepaid Expenses	2,884	1,747
Total Current Assets	\$ 250,615	\$ 347,569
<b>FIXED ASSETS</b>		
Equipment and Furnishings	\$ 62,757	\$ 52,155
Less: Accumulated Depreciation	(18,867)	(48,586)
Net Fixed Assets	\$ 43,890	\$ 3,569
<b>OTHER ASSETS</b>		
Security Deposits	\$ 25,349	\$ 7,840
Total Other Assets	\$ 25,349	\$ 7,840
<b>TOTAL ASSETS</b>	\$ 319,854	\$ 358,978
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 26,646	\$ 11,573
Accrued Liabilities	24,249	17,840
Refundable Advance	30,709	11,078
Fiscal Agents	755	5,049
Other Liabilities	4,475	3,753
Total Liabilities	\$ 86,834	\$ 49,293
<b>NET ASSETS</b>		
Unrestricted		
Operations	\$ 132,651	\$ 213,860
Board Designated	---	50,000
Temporarily Restricted	100,369	45,825
Total Net Assets	\$ 233,020	\$ 309,685
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 319,854	\$ 358,978

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

**MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER  
COMMUNITY CENTER, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(With Summarized Totals for the Year Ended December 31, 2009)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
<b>REVENUE</b>				
Grants	\$ 221,909	\$ 100,369	\$ 322,278	\$ 259,113
Government Grants	226,675	---	226,675	327,427
Contracted Services	144,467	---	144,467	126,288
Rent Sublease Income	41,689	---	41,689	50,806
Donations	22,026	---	22,026	17,133
Planned Gifts	9,139	---	9,139	201,738
Workplace Giving	28,542	---	28,542	19,683
Memberships	6,145	---	6,145	8,230
Programming	---	---	---	(25)
Fund-Raising Revenue				
Special Events	22,220	---	22,220	46,521
Third Party Events	---	---	---	200
Less: Fund-Raising Expenses	(7,152)	---	(7,152)	(15,651)
Interest Income	844	---	844	238
Loss on Disposal of Fixed Assets	(1,366)	---	(1,366)	---
In-Kind Revenue	22,721	---	22,721	19,243
Miscellaneous Income	2,915	---	2,915	704
Net Assets Released From Restrictions	45,825	(45,825)	---	---
Total Revenue	<u>\$ 786,599</u>	<u>\$ 54,544</u>	<u>\$ 841,143</u>	<u>\$ 1,061,648</u>
<b>EXPENSES</b>				
Program Services	\$ 678,271	\$ ---	\$ 678,271	\$ 576,268
Management and Administrative	178,749	---	178,749	188,314
Fund-Raising	60,788	---	60,788	54,136
Total Expenses	<u>\$ 917,808</u>	<u>\$ ---</u>	<u>\$ 917,808</u>	<u>\$ 818,718</u>
CHANGE IN NET ASSETS	\$ (131,209)	\$ 54,544	\$ (76,665)	\$ 242,930
Net Assets, Beginning of Year	<u>263,860</u>	<u>45,825</u>	<u>309,685</u>	<u>66,755</u>
NET ASSETS, END OF YEAR	<u>\$ 132,651</u>	<u>\$ 100,369</u>	<u>\$ 233,020</u>	<u>\$ 309,685</u>

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

**MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER  
COMMUNITY CENTER, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(With Summarized Totals for the Year Ended December 31, 2009)**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (76,665)	\$ 242,930
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	2,045	1,865
Unrealized Gain on Investments	(26)	---
Loss on Disposal of Fixed Assets	1,366	---
(Increase) Decrease in Accounts Receivable	(135,151)	26,474
(Increase) Decrease in Prepaid Expenses	(1,137)	1,053
(Increase) Decrease in Security Deposits	(17,509)	778
Increase (Decrease) in Accounts Payable	15,073	(8,932)
Increase (Decrease) in Accrued Liabilities	6,409	(6,675)
Increase (Decrease) in Refundable Advance	19,631	(16,017)
Increase (Decrease) in Fiscal Agents	(4,294)	1,150
Increase (Decrease) in Other Liabilities	722	(60)
	<u>\$ (189,536)</u>	<u>\$ 242,566</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	\$ (43,732)	\$ ---
Donated Securities	(519)	---
	<u>\$ (44,251)</u>	<u>\$ ---</u>
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (233,787)	\$ 242,566
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>298,647</u>	<u>56,081</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 64,860</u>	<u>\$ 298,647</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	\$ ---	\$ 331

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

**MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER  
COMMUNITY CENTER, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

**MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER  
COMMUNITY CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE A - Summary of Significant Accounting Policies**

**Organization**

The Milwaukee Lesbian/Gay/Bisexual/Transgender Community Center, Inc. (the "Organization") seeks to further develop our vibrant lesbian, gay, bisexual, and transgender community in the greater Milwaukee area, thus improving the quality of life for all of us. The mission is supported by the Center's leadership in community building, health promotion, advocacy and communications.

**Accounting Method**

The financial statements of the Organization have been prepared on the accrual basis of accounting.

**Basis of Presentation**

The Organization reports 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. Assets of the restricted classes are created only by donor-imposed restrictions.

At December 31, 2010, the Organization had \$7,500 of temporarily purpose-restricted net assets, \$68,898 of temporarily time-restricted net assets and \$23,971 of temporarily time- and purpose-restricted net assets.

**Contributions and Donations**

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**Investments**

Investments consist of funds in marketable equity securities which are carried at fair market value. Unrealized gains and losses are included in the change of net assets.

**Fixed Assets**

Fixed Assets are recorded at cost. The Organization's capitalization threshold is \$500. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.



**MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER  
COMMUNITY CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 and expenses during the reporting period. Actual results could differ from those estimates.

**Allowance for Uncollectible Accounts**

Management believes all receivables will be collected in accordance with the terms of the agreements. Thus, no allowance for uncollectible accounts is necessary at year end.

**NOTE B - Comparative Financial Information**

The financial information shown for 2009 in the accompanying financial statements is included to provide a basis of comparison with 2010 and presents summarized totals only.

**NOTE C - Net Accounts Receivable**

At December 31, 2010, Net Accounts Receivable is comprised as follows:

<u>Source</u>	<u>Amount</u>
State of Wisconsin -	
Department of Health Services	\$ 27,104
Diverse and Resilient, Inc.	38,709
Safe & Sound, Inc.	6,200
State of Wisconsin - Department of Justice	4,840
United Way of Greater Milwaukee, Inc.	23,971
Community Advocates, Inc.	10,834
Foundation	70,000
Other	<u>1,770</u>
Gross Accounts Receivable	\$183,428
Less: Present Value Discount	<u>(1,102)</u>
Total Net Accounts Receivable	<u>\$182,326</u>

Gross Accounts Receivable is expected to be collected as follows:

<u>During the Year Ending December 31,</u>	<u>Amount</u>
2011	\$148,428
2012	<u>35,000</u>
Total	<u>\$183,428</u>

Accounts Receivable with due dates extending beyond one year are discounted using the prime rate. The applicable rate at December 31, 2010 was 3.25%.

**MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER  
COMMUNITY CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE D - Investments**

Investments are carried at fair market value. The market value at December 31, 2010 was as follows:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds	<u>\$ 519</u>	<u>\$ 545</u>	<u>\$ 26</u>
Total	<u>\$ 519</u>	<u>\$ 545</u>	<u>\$ 26</u>

Investment Income is summarized as follows:

Unrealized Gain	<u>\$ 26</u>
Total Investment Income	<u>\$ 26</u>

**NOTE E - Fair Value Measurements**

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2010:

<u>Investment Category</u>	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds	<u>\$ 545</u>	<u>\$ ---</u>	<u>\$ 545</u>	<u>\$ ---</u>
Total	<u>\$ 545</u>	<u>\$ ---</u>	<u>\$ 545</u>	<u>\$ ---</u>

**MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER  
COMMUNITY CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE F - Lease Agreement**

The Organization leases office space at 252 East Highland Avenue under a lease expiring April 30, 2021.

The Organization leases various office equipment under operating leases.

Minimum future rental payments are:

<u>Year Ending December 31,</u>	<u>Amount</u>
2011	\$ 244,295
2012	244,295
2013	246,905
2014	254,324
2015	253,277
Thereafter	<u>1,400,633</u>
Total	<u>\$2,643,729</u>

Portions of the leased space are subleased to several unaffiliated not-for-profit organizations under month-to-month leases.

Rental expense amounted to \$95,877 for the year ended December 31, 2010. Rentals under the subleases amounted to \$41,689 for the year ended December 31, 2010.

**NOTE G - Refundable Advance**

The Organization received the following amounts as of December 31, 2010, to be recognized as revenue in the subsequent year:

<u>Source</u>	<u>Amount</u>
State of Wisconsin - Department of Health Services	\$30,500
Sublease Rent Payments	<u>209</u>
Total	<u>\$30,709</u>

**NOTE H - Line of Credit**

The Organization has a line of credit of \$35,000 with a bank. The line of credit matures on September 18, 2011 and bears interest at the prime rate plus 1 percent. The line of credit is secured by the business assets of the Organization. At December 31, 2010, this line of credit was not drawn on.

**MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER  
COMMUNITY CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE I - In-Kind Services**

Donated web design services, accounting services, rent and other items with a fair value of \$22,721 were recorded as revenue and expenses for the year ended December 31, 2010.

**NOTE J - Temporarily Restricted Net Assets**

Temporarily Restricted Net Assets is available for the following purposes at December 31, 2010:

<u>Source</u>	<u>Amount</u>
Project Q	\$ 23,971
Breast Health	7,500
Time-Restricted	<u>68,898</u>
Total	<u>\$100,369</u>

**NOTE K - Related Party**

The Organization bought food and catering services from a company owned by a board member. The amount paid was \$997 for the year ended December 31, 2010.

**NOTE L - Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2010, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

**NOTE M - Subsequent Events**

Subsequent to year-end, the Organization was notified by its former landlord claiming the Organization terminated its lease early as the landlord was unable to find a replacement tenant. The Organization denies any liability in this matter and are in settlement negotiations with the former landlord. An evaluation of the likelihood of a favorable or unfavorable outcome is unable to be determined.

Subsequent events were evaluated through June 30, 2011, which is the date the financial statements were available to be issued.

**MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER  
COMMUNITY CENTER, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(With Summarized Totals for the Year Ended December 31, 2009)**

EXPENSES	Program Expenses	Management and Administrative	Fund-Raising	2010 Total	2009 Total
Salaries	\$ 353,714	\$ 53,927	\$ 40,098	\$ 447,739	\$ 408,627
Employee Benefits	46,871	7,147	5,313	59,331	54,056
Payroll Taxes	35,251	5,374	3,996	44,621	33,233
Incentives and Stipends	14,169	---	---	14,169	3,995
Subcontracts	---	---	---	---	1,740
Supplies	2,147	8,476	678	11,301	6,306
Depreciation	---	1,820	225	2,045	1,865
Telephone	5,770	541	2,705	9,016	10,113
Postage	1,944	554	764	3,262	5,311
Occupancy	81,495	14,382	---	95,877	99,104
Dues and Subscriptions	885	---	87	972	1,720
Printing	8,211	83	2,012	10,306	8,790
Conferences and Conventions	3,169	---	---	3,169	6,650
Insurance	---	2,330	---	2,330	2,338
Licenses and Fees	---	2,015	---	2,015	3,030
Repairs and Maintenance	11,351	---	---	11,351	13,508
Advertising and Promotion	1,951	7,805	1,084	10,840	9,132
Development/Training	5,722	1,010	80	6,812	10,449
Professional Fees	16,743	66,135	837	83,715	64,780
Travel	5,090	162	163	5,415	3,152
Utilities	12,978	6,988	---	19,966	21,471
Program Materials	44,000	---	---	44,000	21,456
Interest Expense	---	---	---	---	331
Bad Debt Expense	---	---	---	---	541
In-Kind Expense	19,386	---	---	19,386	18,843
Other Expenses	7,424	---	2,746	10,170	8,177
Totals	<u>\$ 678,271</u>	<u>\$ 178,749</u>	<u>\$ 60,788</u>	<u>\$ 917,808</u>	<u>\$ 818,718</u>

**MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER  
COMMUNITY CENTER, INC.  
SCHEDULE OF GRANT EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>SNP</u>	<u>Total</u>
<b>REVENUE</b>		
State of Wisconsin		
HIV Prevention	\$ 71,546	
Outreach	44,148	
Total Revenue		\$ 115,694
 <b>EXPENSES</b>		
Salaries	\$ 32,095	
Employee Benefits	4,864	
Payroll Taxes	2,918	
Incentives and Stipends	3,260	
Dues and Subscriptions	175	
Supplies	6,340	
Telephone	74	
Conferences and Conventions	17	
Insurance	197	
Professional Fees	3,944	
Travel	698	
Program Materials	1,689	
Other Expenses	1,011	
Operations Allocation	108,089	
Total Expenses		<u>165,371</u>
 CHANGE IN NET ASSETS		<u>\$ (49,677)</u>

**MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER  
COMMUNITY CENTER, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development City of Milwaukee - CDBG Community Development Block Grants/Entitlement Grants	14.218		\$ 25,640
U.S. Department of Justice Wisconsin Department of Justice - Victims of Crime Act Crime Victim Assistance	16.575		33,996
Recovery Act - State Victim Assistance Formula Grant Program	16.801		6,336
Safe & Sound, Inc.- Initiative Program Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		32,669
U.S. Department of Health and Human Services Wisconsin Department of Public Instruction - HIV/STD and Human Growth and Development Grant Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		<u>11,000</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 109,641</u>
State Grantor/ Program or Cluster Title			
Wisconsin Department of Health Services HIV Prevention		155958	\$ 71,546
Outreach		178500	<u>44,148</u>
TOTAL STATE EXPENDITURES			<u>\$ 115,694</u>

The accompanying note is an integral part of this schedule.

**MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER  
COMMUNITY CENTER, INC.  
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**NOTE 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Milwaukee Lesbian/Gay/Bisexual/Transgender Community Center, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with applicable state of Wisconsin audit guides. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance With  
Government Auditing Standards and Applicable State of Wisconsin Audit Guides

To the Board of Directors of  
Milwaukee Lesbian/Gay/Bisexual/Transgender Community Center, Inc.

We have audited the financial statements of Milwaukee Lesbian/Gay/Bisexual/Transgender Community Center, Inc. as of and for the year ended December 31, 2010, and have issued our report thereon dated June 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in accordance with applicable State of Wisconsin audit guides.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Milwaukee Lesbian/Gay/Bisexual/Transgender Community Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies in internal control over financial reporting as Item 2010-1. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Directors of  
Milwaukee Lesbian/Gay/Bisexual/Transgender Community Center, Inc.  
Page Two

Compliance and Other Matters

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

We noted certain matters that we reported to management of Milwaukee Lesbian/Gay/Bisexual/Transgender Community Center, Inc. in a separate letter dated June 30, 2011.

Milwaukee Lesbian/Gay/Bisexual/Transgender Community Center, Inc.'s response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Milwaukee Lesbian/Gay/Bisexual/Transgender Community Center, Inc.'s response and, accordingly, we express no opinion on it.

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



RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
June 30, 2011

**MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER COMMUNITY CENTER, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**A. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

**B. FINANCIAL STATEMENT FINDINGS**

Item 2010-1 Adjusting Journal Entries

Statement of Condition:

There were several journal entries made with audit fieldwork to adjust certain balance sheet accounts. Account balances that were adjusted included accounts payable.

Criteria:

The Organization shall record journal entries to adjust certain balance sheet accounts.

Effect:

Significant audit adjustments were necessary in order for the financial statements to accurately reflect generally accepted accounting principles.

Cause:

The Organization did not properly adjust certain balance sheet accounts and reconcile them at year end.

Recommendation:

The Organization should reconcile accounts payable.

Management Response:

The Finance Department of the Milwaukee LGBT Community Center will keep a log of 2011 payables that are not paid or invoices not received until 2012, tracking said payables throughout January and February 2012.

**MILWAUKEE LESBIAN/GAY/BISEXUAL/TRANSGENDER COMMUNITY CENTER, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010**

**C. OTHER ISSUES**


1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e., material noncompliance, non-material noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with applicable State of Wisconsin audit guides?

Department of Children and Families	N/A
Department of Health Services	Yes
Department of Workforce Development	N/A
Department of Corrections	N/A

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

4. Name and signature of partner

  
 \_\_\_\_\_  
 ANDREW C. HOLMAN

5. Date of report June 30, 2011