

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2008

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greater Dallas Hispanic Chamber of Commerce
Dallas, Texas

We have audited the accompanying statement of financial position of Greater Dallas Hispanic Chamber of Commerce as of December 31, 2008, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Greater Dallas Hispanic Chamber of Commerce at December 31, 2008, 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.

Fox, Byrd + Company, P.C.

Dallas, Texas
January 22, 2010

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE
STATEMENT OF FINANCIAL POSITION
December 31, 2008

ASSETS

Current Assets	
Cash and cash equivalents	\$ 86,566
Accounts receivable	147,170
Due from grantors	51,908
Prepaid expenses	<u>5,175</u>
	290,819
 PROPERTY AND EQUIPMENT, net	 44,667
 OTHER ASSETS	 <u>2,196</u>
	 <u>\$ 337,682</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Current liabilities	
Line of credit	\$ 29,984
Accounts payable and accrued liabilities	173,478
Deferred revenue	167,142
Note payable	<u>3,739</u>
	374,343
 NET ASSETS	
Unrestricted	(76,661)
Temporarily restricted	<u>40,000</u>
	<u>(36,661)</u>
	 <u>\$ 337,682</u>

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

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Grants and contracts	\$ 675,815	\$ 40,000	\$ 715,815
Events	675,268	-	675,268
Membership	315,431	-	315,431
Programs	5,836	-	5,836
Other	45,173	-	45,173
	<u>1,717,523</u>	<u>40,000</u>	<u>1,757,523</u>
OPERATING EXPENSES			
Events	381,329	-	381,329
General and administrative	1,518,863	-	1,518,863
	<u>1,900,192</u>	<u>-</u>	<u>1,900,192</u>
OTHER INCOME AND EXPENSE			
Other income	394	-	394
Other expense	(1,788)	-	(1,788)
	<u>(1,394)</u>	<u>-</u>	<u>(1,394)</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(184,063)	40,000	(144,063)
NET ASSETS, beginning of year	<u>107,402</u>	<u>-</u>	<u>107,402</u>
NET ASSETS, end of year	<u>\$ (76,661)</u>	<u>\$ 40,000</u>	<u>\$ (36,661)</u>

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

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (144,063)
Depreciation	15,806
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Net changes in assets and liabilities:	
Receivables	20,983
Prepaid expenses	5,514
Payables and accruals	(2,818)
Deferred revenue	<u>152,342</u>
Net cash provided by operating activities	<u>47,764</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of equipment	<u>(1,714)</u>
Net cash used in investing activities	<u>(1,714)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Borrowing under line of credit	37,000
Repayments on line of credit	(7,016)
Repayments on notes payable	<u>(6,809)</u>
Net cash provided by financing activities	<u>23,175</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 69,225
 CASH AND CASH EQUIVALENTS, beginning of year	 <u>17,341</u>
 CASH AND CASH EQUIVALENTS, end of year	 \$ <u><u>86,566</u></u>

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

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Greater Dallas Hispanic Chamber of Commerce (the Organization) is a Texas not-for-profit organization established in 1939 to serve as a business resource, a forum and an advocate for the Hispanic business community in the Dallas area.

Cash equivalents

For purposes of the statement of cash flows, the Organization defines cash equivalents as cash and short-term investments with an original maturity of three months or less.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2008, there was no allowance for doubtful accounts because management believes all receivables to be fully collectible.

Property and equipment

Property and equipment are recorded at cost and depreciated on the straight-line method over the estimated useful lives of the assets ranging from three to seven years. Depreciation expense on property and equipment was \$15,806 in 2008.

Deferred revenue

Deferred revenue is recorded when a member prepays its membership and when sponsors prepay for their participation in events. The revenue is recognized in the period in which the Organization fulfills its related obligations.

Income taxes

The Organization is a qualified nonprofit Section 501(c)(6) organization and is, therefore, exempt from federal income taxes under Section 501(a) of the Internal Revenue Code. Accordingly, the financial statements contain no provision for federal income taxes.

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue

The Organization obtains funding from several sources, including dues from individuals and businesses, and donations from corporate partners fund raising events. The Organization also receives grants from various grantors to assist in providing services to the community. All the grants are funded on a reimbursement basis. For 2008, grants were as follows:

<u>Grant</u>	<u>Term</u>	<u>Amount</u>
U.S. Department of Transportation	9/1/08 – 9/1/09	\$135,000
City of Dallas Business Assistance Center #1	10/1/08 – 10/1/09	80,000
City of Dallas Business Assistance Center #3	10/1/08 – 10/1/09	80,000
City of Dallas Business Assistance Center #4	10/1/08 – 10/1/09	80,000
Dallas County Community College District	9/1/08 – 9/1/09	70,000
Dallas Independent School District	7/1/08 – 6/30/09	45,000
City of Dallas Community Outreach Liaison Program	4/1/09 – 3/31/09	54,212

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, disclosure of contingent assets and liabilities, and the reported amounts of changes in net assets during the reporting period. Actual results may differ from those estimates.

Concentrations of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and trade accounts receivable. At times, the Organization's deposits at certain banks may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant risk. Concentrations of credit risk with respect to trade receivables are limited due to the large number of accounts comprising the Organization's membership and their dispersion across different industries.

Donated services

Volunteers support the Organization by donating their time and effort performing a variety of tasks. The value of these donated services is not reflected in the financial statements because the services do not meet the criteria for recording under generally accepted accounting principles.

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE
NOTES TO FINANCIAL STATEMENTS

2. ACCOUNTS RECEIVABLE

At December 31, 2008, accounts receivable comprised the following:

	Amount
Grants receivable	
Department of Transportation	\$ 9,559
City of Dallas Business Assistance Centers	29,919
City of Dallas Community Outreach Liaison Program	12,430
	51,908
Accounts receivable	
Dues and sponsorships	147,170
	\$ 199,078

3. PROPERTY AND EQUIPMENT

At December 31, 2008, contributions receivable comprised the following:

	Amount
Furniture and fixtures	\$ 146,320
Office equipment	44,071
Software	7,035
	197,426
Less accumulated depreciation	(152,759)
	\$ 44,667

4. COMMITMENTS

The Organization is obligated under three non-cancellable operating lease obligations. Future minimum payments required under the operating leases are as follows:

Year Ending December 31	Amount
2009	\$ 94,357
2010	60,000
2011	40,200
2012	38,400

Rent expense in 2008 was to \$134,770.

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE
NOTES TO FINANCIAL STATEMENTS

5. NOTES PAYABLE

A portion of the Organization's insurance premiums were financed via a note in the amount of \$6,626. The note is payable in monthly payments of \$717 including interest at the rate of 12.75%. The outstanding balance as of December 31, 2008, was \$3,739.

6. LINE OF CREDIT

The Organization has a \$50,000 revolving open line of credit with a financial institution. Interest is payable monthly at the Bank's prime rate plus 2%. The outstanding balance on December 31, 2008, was \$28,984.

7. UNRESTRICTED NET ASSETS DEFICIT

As of December 31, 2008, the Organization had an unrestricted net asset deficit of \$76,661. Subsequent to December 31, 2008, the deficit has been reduced, and the Organization's management and Board of Directors are currently working to ensure unrestricted net assets are restored to a positive balance.

8. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2008, the Organization had received \$40,000 in funding from a corporate grantor for the conduct of its Minority Micro-Lending and Financial Literacy Project. The amount is reflected as temporarily restricted at December 31, 2008, because, as of that date, the grant proceeds had not yet been used in the specified program.

9. RELATED PARTY TRANSACTIONS

The Organization leases its primary office facility from a partnership which is owned by two economic development agencies and is controlled by officers of the Organization and managed by the Organization's employees. In 2008, rent paid to the partnership was \$17,100.

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