

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE

Financial Statements

and

Independent Auditor's Report

Year ended December 31, 2006

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE

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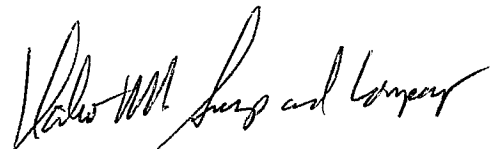
Independent Auditor's Report

Greater Dallas Hispanic Chamber of Commerce

We have audited the accompanying statement of financial position of Greater Dallas Hispanic Chamber of Commerce (a 501(c)(6) organization) as of December 31, 2006, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Chamber'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 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 as of December 31, 2006, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants
August 8, 2007

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE

Statement of Financial Position

December 31, 2006

Assets

Current assets:

Cash	\$ 63,177
Accounts receivable	306,276
Prepaid expenses	<u>19,857</u>
Total current assets	<u>389,310</u>

Property and equipment, at net:

Furniture and equipment	154,412
Less: accumulated depreciation	(<u>123,460</u>)
Net property and equipment	<u>30,952</u>

Other assets:

Security deposits	<u>2,196</u>
Total assets	<u><u>422,458</u></u>

Liabilities and Net Assets

Current liabilities:

Accounts payable	52,785
Due to affiliates	13,000
Deferred revenues	186,400
Note payable	<u>3,947</u>
Total current liabilities	256,132

Net assets:

Unrestricted	166,326
Temporarily restricted	-
Permanently restricted	<u>-</u>
Total net assets	<u>166,326</u>
Total liabilities and net assets	<u><u>\$ 422,458</u></u>

See accompanying notes.

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE

Statement of Activities

December 31, 2006

Changes in unrestricted net assets:

Revenues and support:

Contributions	\$	9,400
Programs and events		266,016
Dues and memberships		598,186
Grant income		424,200
Miscellaneous income		19,951
Interest income		49
		<hr/>
Total unrestricted revenue		1,317,802

Expenses:

Salaries and wages		456,992
Program services and events		504,895
Fundraising expenses		7,076
Depreciation		7,507
Interest expense		1,596
General and administrative		403,687
		<hr/>
Total expenses		1,381,753

Decrease in unrestricted net assets (63,951)

Unrestricted net assets at beginning of year

 230,277

Unrestricted net assets at end of year

 \$ 166,326

See accompanying notes.

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE

Statement of Cash Flows

December 31, 2006

Cash flows from operating activities:

Revenues and support received	\$ 1,317,802
Cash paid to employees	(456,992)
Cash paid to suppliers	(876,058)
Interest paid	(1,596)
Net cash used by operating activities	(16,844)

Cash flows from investing activities:

Purchase of property and equipment	(19,584)
Net cash used in investing activities	(19,584)

Cash flows from financing activities:

Addition to insurance note payable	904
Net cash provided by financing activities	904

Net decrease in cash and cash equivalents	(35,524)
Cash and cash equivalents at beginning of year	98,701
Cash and cash equivalents at end of year	<u>\$ 63,177</u>

See accompanying notes.

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE

Statement of Operating Cash Flows

December 31, 2006

Reconciliation of increase in unrestricted net assets
to net cash provided by operating activities

Decrease in unrestricted net assets	(\$ 63,951)
Adjustments to reconcile decrease in unrestricted net assets to net cash provided by operating activities:	
Depreciation	7,507
(Increase) in accounts receivable	(113,232)
(Increase) in prepaid expenses	(11,717)
Decrease in security deposit	25
(Decrease) in accounts payable	(12,583)
(Decrease) in accrued expenses	(7,459)
Increase in due to affiliates	13,000
Increase in deferred revenues	<u>171,566</u>
	<u>47,107</u>
Net cash (used) by operating activities	(\$ <u>16,844</u>)

See accompanying notes.

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Greater Dallas Hispanic Chamber of Commerce (GDHCC) is a Texas not-for-profit organization established in 1939, and received its 501(c)(6) qualification effective July, 1987. The purpose of GDHCC is to serve as a business resource, a forum and an advocate for Hispanic business issues and a united voice for the Hispanic business community.

Fiscal year

GDHCC's fiscal year coincides with the calendar year.

Cash and Cash Equivalents

For purposes of the statement of cash flows, GDHCC considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. None of GDHCC cash is restricted.

Support and expenses

GDHCC obtains funding through several sources. It collects dues from individuals and businesses, solicits donations from corporate partners and holds several fund raising events including golf tournaments, galas and business and consumer EXPO.

GDHCC receives three grants from the City of Dallas for expenses incurred for GDHCC's Business Assistance Center (BAC) programs. These programs provide assistance to small start up businesses by providing space, support equipment and supplies at a nominal fee.

GDHCC receives a grant from the City of Dallas for its Community Outreach Liaison Program (COLP).

GDHCC receives a grant from the Dallas Independent School District (DISD) to assist DISD in increasing the District's Hispanic-owned business utilization. GDHCC is charged with the responsibility of recruiting minority/women owned vendors to provide goods/services to the DISD.

GDHCC receives a grant from the Dallas County Community College District. The grant terms are the same for the GDHCC as for the Dallas Black Chamber of Commerce and the Greater Dallas Asian Chamber of Commerce.

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE
NOTES TO THE FINANCIAL STATEMENTS

The schedule below lists the grant amounts and current term of the agreements.

Program/Grant/Contract	Annual Amount	Current Term
Business Assistance Center #1	\$ 85,000	10/01/06 - 09/30/07
Business Assistance Center #3	85,000	10/01/06 - 09/30/07
Business Assistance Center #4	85,000	10/01/06 - 09/30/07
Community Outreach Liaison Program	54,212	04/01/06 - 03/31/07
Dallas Independent School District	75,000	07/01/06 - 06/30/08
Dallas County Community College District	70,000	09/01/06 - 08/31/07
TOTAL	<u>\$ 454,212</u>	

Contributions received are measured at their fair values and are reported as an increase in net assets. GDHCC reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are restricted as support for future periods. When a donor 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. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. At December 31, 2006, and during the year ended December 31, 2006, GDHCC did not have any assets that were subject to temporary or permanent restrictions.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated services

A substantial number of volunteers have donated their time to the GDHCC for various administrative services during the year; however, these donated services are not reflected in the accompanying financial statements since these services do not require specialized skills.

Pledge receivables

The Financial Accounting Standards Board (FASB), as set forth in Statement of Financial Accounting Standards No. 116, requires GDHCC to record unconditional promises to give as assets. However, intentions to give do not require the recording of an asset and related revenues. GDHCC does not view intentions to give legally binding commitments. Accordingly, no pledge receivables are reflected.

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE
NOTES TO THE FINANCIAL STATEMENTS

Statement of cash flows

For purposes of this statement, cash includes money market investments with maturities of three months or less. None of GDHCC cash is restricted.

Prepaid Expenses

Prepaid Expenses consists of short term prepayments that will be utilized in the next fiscal year.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for maintenance and repair are expenses as incurred. Property and equipment is depreciated using straight-line methods over useful lives of 3 to 7 years. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and gain or loss is included in operations. Depreciation expense for the year ended December 31, 2006, was \$7,507.

Accounts payable

Accounts payable and other liabilities consist of items arising from the normal course of business.

Income taxes

GDHCC is exempt from income taxes pursuant to Section 501(c)(6) of the Internal Revenue Code and has not been classified as a private foundation. Accordingly, these financial statements do not make any provision for federal income taxes.

Deferred Revenues

Deferred income consists of prepaid dues and sponsorships attributable to the 2007 fiscal year.

Use of 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.

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE
NOTES TO THE FINANCIAL STATEMENTS

2. NOTE PAYABLE:

GDHCC has one installment note in the original amount of \$7,966. The note is unsecured and is payable in monthly installments of \$625 plus interest at 10.75%. The outstanding balance at December 31, 2006, is \$3,947. The note is used to fund the GDHCC liability insurance.

3. COMMITMENTS AND CONTINGENCIES:

Leases

GDHCC is obligated under three non-cancelable operating lease obligations, one of which is with a related party (Note 5). For the year ended December 31, 2006, rent expense totaled \$119,831.

Future minimum rental payments required under the terms of the above leases obligations are as follows:

<u>Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
BAC #1 & Offices	\$ 83,280				
BAC #3	21,600	\$ 21,600	\$ 21,600	\$ 21,600	\$ 1,800
BAC #4	26,520	26,520	4,420		
<u>Total</u>	<u>\$ 131,400</u>	<u>\$ 48,120</u>	<u>\$ 26,020</u>	<u>\$ 21,600</u>	<u>\$ 1,800</u>

GDHCC also leases certain equipment under capital lease arrangements and has certain service contracts with future minimum obligations as follows:

<u>Type of Obligations</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Capital Leases	\$ 6,339	\$ 4,686			
Other Obligations	18,496	13,300	\$ 1,212		
<u>Total</u>	<u>\$ 24,835</u>	<u>\$ 17,986</u>	<u>\$ 1,212</u>	<u>\$</u>	<u>\$</u>

Litigation

GDHCC is subject to legal proceedings and claims that arise in the ordinary course of operations. Currently, GDHCC is not a party to any pending litigation and management does not believe that there are any potential claims or asserted damages that could have a material adverse effect on GDHCC consolidated financial position, operating results or cash flows.

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE
NOTES TO THE FINANCIAL STATEMENTS

4. FINANCIAL INSTRUMENTS:

GDHCC's financial instruments consist of cash, accounts receivable and note payable (Note 2).

Cash

GDHCC maintains its cash in bank and other deposit accounts that, at times, may exceed federally insured limits for short periods of time. GDHCC has not experienced any losses in such accounts and as of December 31, 2006, none of GDHCC cash was in excess of federal insurance coverage.

Accounts receivable

GDHCC's receivables arise from member dues and contributions from corporate partners. GDHCC grants credit, without collateral, to its members and corporate partners generally located throughout the greater Dallas Metroplex. GDHCC believes its members acceptance, billing and collection policies are adequate to minimize potential credit risk. Based GDHCC's collection experience with bad debt activity (Note 1), management believes that their accounts receivable are fairly stated at estimated net realizable amounts.

Note payable

GDHCC believes the carrying value of their note payable represents the fair value of this financial instrument because the terms are the same or similar to those in the lending market for comparable loans with comparable risks and remaining maturities.

5. RELATED PARTY TRANSACTIONS:

Officers

GDHCC leases its office facilities from a Partnership which was formed for the purpose of obtaining a grant to construct a building in which GDHCC is headquartered (Note 3). The Partnership, which is owned by two economic development agencies, is controlled by current officers of GDHCC through management authority and is managed by GDHCC employees. GDHCC does not have a direct ownership or other economic interest in the Partnership. During 2006 the total amount paid to the Partnership totaled \$106,020.