

**GREATER DALLAS HISPANIC CHAMBER OF COMMERCE**

Financial Statements

and

Independent Auditor's Report

Year ended December 31, 2007

# GREATER DALLAS HISPANIC CHAMBER OF COMMERCE

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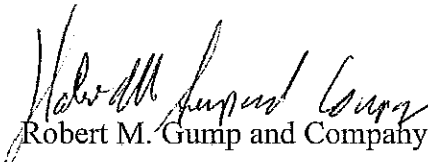
## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Greater Dallas Hispanic Chamber of Commerce

We have audited the accompanying statement of financial position of the Greater Dallas Hispanic Chamber of Commerce (a nonprofit organization) as of December 31, 2007, and the related statements of activities 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 the Greater Dallas Hispanic Chamber of Commerce as of December 31, 2007, 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.



Robert M. Gump and Company

February 12, 2009

**GREATER DALLAS HISPANIC CHAMBER OF COMMERCE**

Statement of Financial Position

December 31, 2007

Assets

Current assets:

Cash	\$ 17,341
Accounts receivable	220,061
Prepaid expenses	<u>10,689</u>
Total current assets	<u>248,091</u>

Property and equipment, at net:

Furniture and equipment	195,712
Less: accumulated depreciation	( <u>136,953</u> )
Net property and equipment	<u>58,759</u>

Other assets:

Security deposits	<u>2,196</u>
Total assets	<u><u>309,046</u></u>

Liabilities and Net Assets

Current liabilities:

Accounts payable	176,296
Deferred revenues	14,800
Notes payable	<u>10,548</u>
Total current liabilities	<u>201,644</u>

Net assets:

Unrestricted	107,402
Temporarily restricted	-
Permanently restricted	<u>-</u>
Total net assets	<u>107,402</u>
Total liabilities and net assets	<u><u>\$ 309,046</u></u>

The independent auditors' report and accompanying notes are an integral part of these statements.

**GREATER DALLAS HISPANIC CHAMBER OF COMMERCE**

Statement of Activities

December 31, 2007

Changes in unrestricted net assets:

Revenues and support:

Contributions and Dues	\$ 427,010
Programs and Grants	545,401
Events	873,488
Miscellaneous income	5,294
Interest income	121
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Total unrestricted revenue	1,851,314

Expenses:

Business Development	26,097
Conferences and Seminars	15,218
Contract Services	88,253
Depreciation	13,493
Education and Training	25,076
Events	158,360
General and Administrative Expenses	180,839
Insurance	16,752
Interest	392
Meals and Catering	207,902
Office Expense and Supplies	49,741
Professional Fees	102,397
Rent	180,635
Salaries, Wages, and Benefits	694,659
Taxes	66,978
Technology	42,989
Telephone	40,457
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Total expenses	1,910,238

Decrease in unrestricted net assets ( 58,924 )

Unrestricted net assets at beginning of year 

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 166,326

Unrestricted net assets at end of year 

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 \$ 107,402

The independent auditors' report and accompanying notes are an integral part of these statements.

**GREATER DALLAS HISPANIC CHAMBER OF COMMERCE**

Statement of Cash Flows

December 31, 2007

Cash flows from operating activities:

Revenues and support received	\$ 1,851,314
Cash and benefits paid to/on behalf of employees	( 694,659 )
Cash paid to suppliers	( 1,167,521 )
Interest received	121
Interest paid	( 392 )
Net cash used by operating activities	( 11,137 )

Cash flows from investing activities:

Purchase of property and equipment	( 41,300 )
Net cash used in investing activities	( 41,300 )

Cash flows from financing activities:

Additions to notes payable	6,601
Net cash provided by financing activities	6,601

Net decrease in cash and cash equivalents ( 45,836 )

Cash and cash equivalents at beginning of year 63,177

Cash and cash equivalents at end of year \$ 17,341

The independent auditors' report and accompanying notes are an integral part of these statements.

**GREATER DALLAS HISPANIC CHAMBER OF COMMERCE**

Statement of Operating Cash Flows

December 31, 2007

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

Decrease in unrestricted net assets	( \$ 58,924 )
Adjustments to reconcile decrease in unrestricted net assets to net cash provided by operating activities:	
Depreciation	13,493
Decrease in accounts receivable	86,215
Decrease in prepaid expenses	9,168
Increase in accounts payable	123,511
(Decrease) in due to affiliates	( 13,000 )
(Decrease) in deferred revenues	( 171,600 )
	<u>47,787</u>
Net cash (used) by operating activities	( \$ 11,137 )

The independent auditors' report and accompanying notes are an integral part of these statements.

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.

Calendar Year

GDHCC accounts for its operations on a calendar year basis.

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.

GDHCC receives a grant from the U.S. Department of Transportation to assist the Department to increase its utilization of small, disadvantaged and/or minority owned businesses in its procurement and contracting processes.

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE  
Notes to the Financial Statements

GDHCC receives a grant from United Way to assist in increasing high-school graduation and college readiness in Texas.

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

Program/Grant/Contract	Annual Amount	Current Term
Business Assistance Center #1	\$ 80,000	10/01/07 - 09/30/08
Business Assistance Center #3	80,000	10/01/07 - 09/30/08
Business Assistance Center #4	80,000	10/01/07 - 09/30/08
Community Outreach Liaison Program	54,212	04/01/07 - 03/31/08
Dallas Independent School District	75,000	07/01/06 - 06/30/08
Dallas County Community College District	70,000	09/01/07 - 08/31/08
U.S. Department of Transportation	135,000	09/01/07 - 08/31/08
United Way	45,000	07/06/07 - 12/31/08
 	<hr/>	
TOTAL	<u>\$ 619,212</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, 2007, and during the year ended December 31, 2007, 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.

Promises to Give

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. This same standard differentiates between a *promise* to

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE  
Notes to the Financial Statements

give and an *intent* to give. To be recognized, a *promise* to give must be substantiated by verifiable documentation that a promise was made by the donor and received by the GDHCC. At that point the promise is recorded as a receivable and related revenue. An *intent* to give is not recognized in the financial statements until actually received. An *intent* to give allows the prospective donor to withdraw the intention anytime until the contribution is actually made.

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 during 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, 2007, was \$13,493.

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 2008 fiscal year.

Taxes

The tax expenses reported are primarily related to the Medicare and Social Security

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE  
Notes to the Financial Statements

taxes levied on wages and salaries.

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.

2. NOTES PAYABLE:

GDHCC has one installment note in the original amount of \$6,626. The note is unsecured and is payable in monthly installments of \$776 including interest at 12.75%. The outstanding balance at December 31, 2007, is \$3,761. The note is used to fund the GDHCC liability insurance.

3. COMMITMENTS AND CONTINGENCIES:

Leases

GDHCC is obligated under three non-cancellable operating lease obligations, one of which is with a related party (Note 5). For the year ended December 31, 2007, rent expense totals \$180,635.

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

<u>Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
BAC #1 & Offices	\$ 38,400	\$ 38,400	\$ 38,400	\$ 38,400	\$ 38,400
BAC #3	21,600	21,600	21,600	1,800	
BAC #4	26,520	4,420			
<u>Total</u>	<u>\$ 86,520</u>	<u>\$ 64,420</u>	<u>\$ 60,000</u>	<u>\$ 40,200</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Capital Leases	\$ 4,686				
Other Obligations	15,644	\$ 1,750			
<u>Total</u>	<u>\$ 20,330</u>	<u>\$ 1,750</u>			

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE  
Notes to the Financial Statements

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.

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, 2007, 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 on 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 2007 the total amount paid to the Partnership totaled \$79,166.

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE  
Notes to the Financial Statements

6. STATEMENT OF FUNCTIONAL EXPENSES

	<u>Total</u>	<u>Programs</u>	<u>Events</u>	<u>Membership and General</u>	<u>Fundraising</u>
Business Development	26,097	1,700	5,339	1,690	17,368
Conferences and Seminars	15,218	1,631	4,452	7,103	2,032
Contract Services	88,253	21,275	48,463	17,715	800
Depreciation	13,493			13,493	
Education and Training	25,076	5,891	16,670	2,515	
Events	158,360		158,360		
General and Administrative Expenses	180,839			180,839	
Insurance	16,752	3,046	850	12,856	
Interest	392			392	
Meals and Catering	207,902	5,282	171,139	26,156	5,325
Office Expense and Supplies	49,741	3,498	20,800	25,290	153
Professional Fees	102,397	16,106	29,231	43,485	13,575
Rent	180,635	101,469		79,166	
Salaries, Wages and Benefits	694,659	66,555		628,104	
Taxes	66,978	5,121	696	60,955	206
Technology	42,989	810	500	41,679	
Telephone	40,457	7,916		32,541	
	<u>1,910,238</u>	<u>240,300</u>	<u>456,500</u>	<u>1,173,979</u>	<u>39,459</u>
Total expenses					