

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE

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

**FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 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 statements of financial position of Greater Dallas Hispanic Chamber of Commerce as of December 31, 2009 and 2008, 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 Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Fox, Byrd + Company, P.C.

Dallas, Texas
June 15, 2010

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 89,230	\$ 86,566
Accounts receivable	16,383	147,170
Due from grantors	44,410	51,908
Prepaid expenses	3,450	5,175
	<u>153,473</u>	<u>290,819</u>
PROPERTY AND EQUIPMENT, net	30,412	44,667
RESTRICTED CASH	25,000	-
OTHER ASSETS	<u>2,196</u>	<u>2,196</u>
	<u>\$ 211,081</u>	<u>\$ 337,682</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Current liabilities		
Line of credit	\$ 32,945	\$ 29,984
Accounts payable	50,481	155,947
Accrued liabilities	38,779	17,531
Deferred revenue	40,000	167,142
Note payable	-	3,739
	<u>162,205</u>	<u>374,343</u>
NET ASSETS		
Unrestricted	48,876	(76,661)
Temporarily restricted	-	40,000
	<u>48,876</u>	<u>(36,661)</u>
	<u>\$ 211,081</u>	<u>\$ 337,682</u>

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

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2009 and 2008

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT						
Grants and contracts	\$ 683,239	\$ -	\$ 683,239	\$ 675,815	\$ 40,000	\$ 715,815
Events	430,478	-	430,478	675,268	-	675,268
Membership	333,004	-	333,004	315,431	-	315,431
Programs	18,582	-	18,582	5,836	-	5,836
Other	40,433	-	40,433	45,173	-	45,173
	<u>1,505,736</u>	<u>-</u>	<u>1,505,736</u>	<u>1,717,523</u>	<u>40,000</u>	<u>1,757,523</u>
OPERATING EXPENSES						
Events	175,725	-	175,725	381,329	-	381,329
General and administrative	1,240,063	-	1,240,063	1,518,863	-	1,518,863
	<u>1,415,788</u>	<u>-</u>	<u>1,415,788</u>	<u>1,900,192</u>	<u>-</u>	<u>1,900,192</u>
OTHER INCOME AND EXPENSE						
Other income	(14)	-	(14)	394	-	394
Other expense	(4,397)	-	(4,397)	(1,788)	-	(1,788)
	<u>(4,411)</u>	<u>-</u>	<u>(4,411)</u>	<u>(1,394)</u>	<u>-</u>	<u>(1,394)</u>
NET ASSETS RELEASED FROM RESTRICTIONS						
	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS						
	125,537	(40,000)	85,537	(184,063)	40,000	(144,063)
NET ASSETS, beginning of year						
	<u>(76,661)</u>	<u>40,000</u>	<u>(36,661)</u>	<u>107,402</u>	<u>-</u>	<u>107,402</u>
NET ASSETS, end of year						
	<u>\$ 48,876</u>	<u>\$ -</u>	<u>\$ 48,876</u>	<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
 STATEMENTS OF CASH FLOWS
 For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 85,537	\$ (144,063)
Depreciation	14,255	15,806
Cash restricted	(25,000)	-
Adjustments to reconcile increase (decrease) in net assets to cash provided by operating activities:		
Net changes in assets and liabilities:		
Receivables	138,285	20,983
Prepaid expenses	1,725	5,514
Payables and accruals	(84,218)	(2,818)
Deferred revenue	(127,142)	152,342
Net cash provided by operating activities	<u>3,442</u>	<u>47,764</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	-	(1,714)
Net cash used in operating activities	<u>-</u>	<u>(1,714)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing under line of credit	2,961	37,000
Repayments on line of credit	-	(7,016)
Repayments on notes payable	(3,739)	(6,809)
Net cash provided by (used in) operating activities	<u>(778)</u>	<u>23,175</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,664	69,225
CASH AND CASH EQUIVALENTS, beginning of year	<u>86,566</u>	<u>17,341</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 89,230</u>	<u>\$ 86,566</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, 2009 and 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 \$14,255 in 2009 and \$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 2009, grants were as follows:

<u>Grant</u>	<u>Term</u>	<u>Amount</u>
U.S. Department of Transportation	9/1/09 – 8/31/10	\$135,000
City of Dallas Business Assistance Center #1	10/1/09 – 9/30/10	80,000
City of Dallas Business Assistance Center #3	10/1/09 – 9/30/10	80,000
City of Dallas Business Assistance Center #4	10/1/09 – 9/30/10	80,000
Dallas County Community College District	9/1/09 – 8/31/10	35,000
Dallas Independent School District	7/1/09 – 6/30/10	50,000
City of Dallas Community Outreach Liaison Program	4/1/09 – 3/31/10	54,000

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.

Subsequent events

Management has evaluated the effect of subsequent events on the financial statements through June 15, 2010, which was the date the financial statements were available to be issued.

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE
NOTES TO FINANCIAL STATEMENTS

2. ACCOUNTS RECEIVABLE

At December 31, accounts receivable comprised the following:

	Amount	
	2009	2008
Grants receivable		
Department of Transportation	\$ 10,844	\$ 9,559
City of Dallas Business Assistance Centers	15,163	29,919
City of Dallas Community Outreach Liaison Program	18,403	12,430
	44,410	51,908
Accounts receivable		
Dues and sponsorships	16,383	147,170
	\$ 60,793	\$ 199,078

3. PROPERTY AND EQUIPMENT

At December 31, contributions receivable comprised the following:

	Amount	
	2009	2008
Furniture and fixtures	\$ 146,320	\$ 146,320
Office equipment	44,071	44,071
Software	7,035	7,035
	197,426	197,426
Accumulated depreciation	(167,014)	(152,759)
	\$ 30,412	\$ 44,667

4. 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, 2009, was \$32,945.

GREATER DALLAS HISPANIC CHAMBER OF COMMERCE
NOTES TO FINANCIAL STATEMENTS

5. UNRESTRICTED NET ASSETS DEFICIT

As of December 31, 2008, the Organization had an unrestricted net asset deficit of \$76,661. In 2009, Organization's management and Board of Directors worked to ensure unrestricted net assets were restored to a positive balance, and as of December 31, 2009, the deficit had been eliminated, and unrestricted net assets had a positive balance of \$48,876.

6. 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. Rent paid to the partnership was \$17,100 in 2009 and \$17,100 in 2008.

The Organization is also a guarantor for the related partnership's debt on the building. At December 31, 2009, the loan had a balance of \$197,072, and is due in monthly installments continuing through the Organization's 2023 fiscal year. The Organization would be obligated to perform under this guarantee if the related partnership failed to pay principal and interest payments to the lender when due. The loan is secured by the building, which has been appraised for significantly more than the loan balance.

7. COMMITMENTS AND CONTINGENCIES

The Organization's guarantee of the related party loan represents a contingent liability, because the Organization would be obligated to perform under this guarantee if the related partnership failed to pay principal and interest payments to the lender when due. See the note regarding related party transactions for more information.

The Organization is obligated under three non-cancellable operating lease obligations through 2014. Future minimum payments required under the operating leases are as follows:

<u>Year Ending December 31:</u>	<u>Amount</u>
2010	\$ 89,194
2011	69,394
2012	67,594
2013	29,194
2014	<u>21,895</u>
	<u>\$ 277,271</u>

Rent expense was \$119,762 in 2009 and \$134,770 in 2008.