



Montemayor Hill & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**GREATER AUSTIN
HISPANIC CHAMBER OF COMMERCE, INC.**

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2009



Montemayor Hill & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Greater Austin Hispanic Chamber of Commerce, Inc.

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of financial position of Greater Austin Hispanic Chamber of Commerce, Inc. (Chamber) as of December 31, 2009 and the related statements 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 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 Chamber as of December 31, 2009 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.

Montemayor Hill & Company, P.C.

14 May 2010
Austin, Texas

3001 SOUTH LAMAR BOULEVARD
SUITE 320
AUSTIN, TEXAS 78704
PHONE: 512.442.0380
FAX: 512.442.0817
www.montemayorhill.com

**GREATER AUSTIN
HISPANIC CHAMBER OF COMMERCE, INC.**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$226,645
Investments	108,443
Accounts receivable	38,735
Grants receivable	20,049
Prepaid expenses	<u>10,362</u>
	404,234

FURNITURE AND EQUIPMENT

3,549

\$407,783

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$16,037
Deferred revenue	<u>25,657</u>
	<u>41,694</u>

UNRESTRICTED NET ASSETS

366,089

\$407,783

The accompanying notes are an integral part of this financial statement presentation.

**GREATER AUSTIN
HISPANIC CHAMBER OF COMMERCE, INC.**

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2009

SUPPORT AND REVENUES

Memberships, including \$24,737 in contributed goods and services	\$337,717
Membership events, including \$17,945 in contributed goods and services	251,771
Contracts and grants	220,298
Investment income	16,755
Other, including \$14,273 in contributed goods and services	<u>35,652</u>
	<u>862,193</u>

EXPENSES

Payroll and related	413,882
Membership events	111,149
Rent	74,796
Program	59,693
Marketing and advertising	44,635
Professional services	20,719
Communications	18,460
Travel	14,295
Insurance	12,312
Equipment rental	11,911
Other	<u>38,656</u>
	<u>820,508</u>

CHANGE IN NET ASSETS 41,685

BEGINNING NET ASSETS 324,404

ENDING NET ASSETS \$366,089

The accompanying notes are an integral part of this financial statement presentation.

**GREATER AUSTIN
HISPANIC CHAMBER OF COMMERCE, INC.**

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets from operating activities	\$41,685
Depreciation expense	3,583
Loss on investments	(11,093)
Change in accounts receivable	(18,009)
Change in prepaid expenses and other	1,793
Change in accounts payable	8,975
Change in accrued liabilities	(9,116)
Change in deferred revenue	<u>4,766</u>
	<u>22,584</u>

CASH FLOW FROM INVESTING ACTIVITIES

Proceeds from sales of investments	<u>(4,673)</u>
------------------------------------	----------------

NET CHANGE IN CASH 17,911

BEGINNING CASH 208,734

ENDING CASH \$226,645

The accompanying notes are an integral part of this financial statement presentation.

**GREATER AUSTIN
HISPANIC CHAMBER OF COMMERCE, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

The Greater Austin Hispanic Chamber of Commerce (Chamber) is a nonprofit corporation formed under the Texas Nonprofit Corporation Act for purposes of organizing and implementing programs which will improve the economic conditions and status of member organizations. The Chamber's support comes primarily from contracts with the City of Austin and the Austin Convention and Visitors Bureau, and membership dues.

The Chamber provides the following programs:

Membership:

The diversity of the Chamber's membership consists of individual entrepreneurs, nonprofit organizations, small businesses, corporations, and students of all ethnic backgrounds. Members within the organization have access to entrepreneurial and economic development opportunities that include a community of professionals who share a common goal of building personal wealth.

Economic development:

The primary goal of the economic development program is to increase the vitality of Austin by addressing the diverse needs of the community and businesses, by providing a wide array of information and business opportunities for procurement, business capital, business outreach, workforce development and international business.

Tourism and convention:

The primary purpose of the tourism and convention program is to work with the City of Austin to promote tourism and conventional activity in Austin.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Chamber are prepared on the accrual basis of accounting whereby revenues and expenses are recognized in the period earned or incurred.

FINANCIAL STATEMENT PRESENTATION

The Chamber is required to report 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. In addition, the Chamber is required to present a statement of cash flows. The Chamber had no temporarily or permanently restricted net asset activity during the year ended December 31, 2009.

**GREATER AUSTIN
HISPANIC CHAMBER OF COMMERCE, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GRANTS AND CONTRACTS

The Chamber considers all governmental grants and contracts to be exchange contracts and not contributions. The Chamber recognizes revenue from these transactions as services are rendered and expenses are incurred and billed. The Chamber considers grants receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted at fair value on the date of donation depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. Membership dues are considered contributions for accounting purposes.

FEDERAL INCOME TAX

The Chamber is a nonprofit organization exempt from Federal income taxes under IRS Code Section 501(c)(6). Therefore, no provision has been made for Federal income tax in the accompanying financial statements.

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 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.

FURNITURE AND EQUIPMENT

Furniture and equipment valued at \$200 or greater are stated at cost if purchased or fair value if donated. Assets are depreciated using the straight-line method over their estimated useful lives of 5 to 7 years. Maintenance and repairs are charged to operations as incurred and betterments of existing assets are capitalized.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

**GREATER AUSTIN
HISPANIC CHAMBER OF COMMERCE, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

ADVERTISING

Advertising costs are charged to expense as incurred.

CONTRIBUTED GOODS AND SERVICES

The Chamber received goods and services from various businesses for use in its various programs. Such items have been reported as in-kind contributions based on the fair value of goods or services received. Also, a substantial number of volunteers have donated significant amounts of their time to the organization's program services and in fund-raising for special events.

SUBSEQUENT EVENTS

The Chamber has evaluated subsequent events through 14 May 2010, the date the financial reports were issued.

NOTE 3: DEFINED CONTRIBUTION PLAN

The Chamber adopted a simple IRA contribution plan effective January 1, 2001. To be eligible for the plan, an employee must be reasonably expected to receive at least \$5,000 in compensation that calendar year. All contributions are fully vested. The Chamber matches contributions up to 3%. Total matching contributions paid in the year ended December 31, 2009 were \$800 approximately.

NOTE 4: CONTINGENCY

The Chamber receives revenue under City of Austin and Austin Convention and Visitors Bureau contracts that are subject to monitoring and review. Potential noncompliance (if any) as a result of such reviews could result in a request for reimbursement by the City or Bureau of funds received by the Chamber. Management believes that such amounts if any would not be significant.

NOTE 5: CONCENTRATION

26% of gross revenue and 9% of accounts receivable are from the City of Austin.

**GREATER AUSTIN
HISPANIC CHAMBER OF COMMERCE, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 6: RELATED PARTY TRANSACTIONS

The Executive Director of the Chamber also serves as Executive Director for the Austin Hispanic Chamber of Commerce Foundation (Foundation), and the Hispanic Technology Institute of Austin (HTIA). Both the Foundation and HTIA have separate Boards of Directors, which are not controlled by the Chamber, and accordingly, their financial statements are not consolidated with the Chamber's financial statements. In accordance with the operating procedures of the 3 organizations, the Chamber pays the expenses of the Foundation and HTIA who each in turn reimburse the Chamber. At year end, the Foundation and HTIA owed the Chamber \$38, 437 for such reimbursements (included in accounts receivable).

NOTE 7: OPERATING LEASES

The Chamber is obligated under operating leases for office space, a computer lab and office equipment. Current year rent expense was approximately \$86,000. The Chamber was reimbursed approximately \$11,000 by the Foundation for a portion of the total expenses (see Note 8). The following is a schedule of future minimum lease payments for the operating leases:

2010	\$95,950
2011	12,292
2012	10,106
2013	7,290
2014	<u>4,856</u>
	<u>\$130,494</u>

NOTE 8: INVESTMENTS

Investments consist of funds invested in mutual funds, which are carried at fair market value (level 1). Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Components of investment earnings:

Interest and dividends	\$5,662
Net unrealized gain	<u>11,093</u>
	<u>\$16,755</u>

**GREATER AUSTIN
HISPANIC CHAMBER OF COMMERCE, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 9: CONTRIBUTED GOODS AND SERVICES

The Chamber received contributed goods and services as follows:

Advertising	\$29,537
Membership events	26,418
Gift cards	<u>1,000</u>
	<u>\$56,955</u>

The contributions were for the following programs:

Membership	\$18,795
Economic development	11,391
Tourism and conventions	6,835
Goods and services benefitting all programs	<u>19,934</u>
	<u>\$56,955</u>

NOTE 10: FUNCTIONAL EXPENSES

Program	\$672,852
Administrative	96,044
Fund-raising	<u>51,612</u>
	<u>\$820,508</u>