
Houston Hispanic Forum
Audited Financial Statements
June 30, 2014 & 2013



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Houston Hispanic Forum
Houston, Texas

We have audited the accompanying financial statements of the Houston Hispanic Forum (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and June 30, 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Houston Hispanic Forum as of June 30, 2014 and June 30, 2013, 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.

A handwritten signature in black ink that reads "Brooks Cardiel, PLLC". The signature is written in a cursive, flowing style.

BrooksCardiel, PLLC
Certified Public Accountants
The Woodlands, Texas
November 17, 2014

Houston Hispanic Forum
STATEMENTS OF FINANCIAL POSITION
June 30, 2014 & 2013

	ASSETS	
	June 30, 2014	June 30, 2013
CURRENT ASSETS		
Cash and cash equivalents	\$ 102,628	\$ 83,078
Pledges receivable, net	15,000	182
TOTAL CURRENT ASSETS	117,628	83,260
Fixed assets, net	636	450
TOTAL ASSETS	\$ 118,264	\$ 83,710
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,485	\$ -
Accrued expenses	9,082	1,102
TOTAL CURRENT LIABILITIES	10,567	1,102
NET ASSETS		
Unrestricted	60,720	59,108
Temporarily restricted	46,977	23,500
TOTAL NET ASSETS	107,697	82,608
TOTAL LIABILITIES AND NET ASSETS	\$ 118,264	\$ 83,710

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

Houston Hispanic Forum

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2014 & 2013

UNRESTRICTED NET ASSETS	2014	2013
REVENUES & SUPPORT		
Booth sales	\$ 46,402	\$ 66,734
Sponsorships	32,650	-
Membership dues	1,350	1,457
Donations - unrestricted	32,000	68,843
Interest income	154	12
TOTAL REVENUES & SUPPORT	112,556	137,046
Net assets released from donor restrictions	106,523	97,950
TOTAL UNRESTRICTED REVENUES & SUPPORT	\$ 219,079	\$ 234,996

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

Houston Hispanic Forum
STATEMENTS OF ACTIVITIES - CONTINUED
For the Years Ended June 30, 2014 & 2013

EXPENSES	2014	2013
PROGRAM EXPENSES		
Career and Education Day	86,578	91,825
Scholarships	23,500	15,000
Other	-	1,500
TOTAL PROGRAM EXPENSES	<u>110,078</u>	<u>108,325</u>
 Supporting services - general and administrative	 107,389	 94,330
TOTAL EXPENSES	<u>217,467</u>	<u>202,655</u>
 INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	 <u>1,612</u>	 <u>32,341</u>
 TEMPORARILY RESTRICTED NET ASSETS		
Career and Education Day - donations	110,500	82,950
Scholarships - donations	19,500	24,500
Net assets released from restrictions	(106,523)	(97,950)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>23,477</u>	<u>9,500</u>
 INCREASE IN NET ASSETS	 25,089	 41,841
NET ASSETS, BEGINNING OF YEAR	<u>82,608</u>	<u>40,767</u>
NET ASSETS, END OF YEAR	<u>\$ 107,697</u>	<u>\$ 82,608</u>

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

Houston Hispanic Forum

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2014 & 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 25,089	\$ 41,841
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	431	225
Change in assets and liabilities:		
Pledges receivable	(14,818)	(182)
Accounts payable	1,485	-
Accrued expenses	7,980	1,102
Net cash provided by operating activities	<u>20,167</u>	<u>42,986</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(617)	(675)
Net cash (used) by investing activities	<u>(617)</u>	<u>(675)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,550	42,311
CASH & CASH EQUIVALENTS, BEGINNING OF PERIOD	83,078	40,767
CASH & CASH EQUIVALENTS, END OF PERIOD	<u>\$ 102,628</u>	<u>\$ 83,078</u>

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

Houston Hispanic Forum

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2014 & 2013

NATURE OF OPERATIONS

The mission of the Houston Hispanic Forum (the "Organization") is to improve Hispanic achievement in the greater Houston area through information and dialogue, service, collaborations, and promoting awareness of educational issues affecting Hispanics. The Organization was formed in 1986. The organization's primary programs are its annual Career & Education Day "CED" held at the George R. Brown Convention Center, and providing scholarships to college students.

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 amount 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 periods. Actual results could differ from those estimates.

Net Asset Classification

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization and/or the passage of time. When donor-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.

Houston Hispanic Forum

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2014 & 2013

Permanently restricted net assets – Net assets that are subject to donor-imposed restrictions that specify assets are donated to be invested to provide a permanent source of income. There were no permanently restricted assets as of June 30, 2014 or 2013.

During the reporting period, the Organization had only unrestricted and temporarily restricted assets. Temporarily restricted assets as of June 30, 2014 and 2013, related to contributions for which the funds have not yet been spent for the purpose designated by the donor.

Revenue Recognition

Sponsorship or service revenue is recognized when the underlying service is provided or the event related to the sponsorship occurs. Advance payments from sponsors are classified as deferred revenue and recognized as revenue upon the underlying event occurring.

Nonreciprocal revenues or contributions are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions or conditions. Expiration of donor-imposed restrictions (i.e., the donor-stipulated purpose has been satisfied) is reported as satisfaction of program restrictions. The Organization reports donations as unrestricted revenue when the donor does not restrict its use as well as when the donor's restrictions are met in the same reporting period. Donations are recorded based on the accrual method when a firm arrangement is in place, the donation amount is fixed, and collectability is reasonably assured.

Cash and Cash Equivalents

The Organization considers short-term highly liquid investments to be cash equivalents provided that they are both readily convertible to cash and had an original maturity of three months or less when purchased. There were no cash equivalents as of June 30, 2014 or 2013.

Pledges Receivable

Pledges receivable arise in the normal course of business. It is the policy of management to review the outstanding pledges receivable at year-end and establish an allowance for doubtful accounts for any balances where collection appears less than likely to occur. The allowance for doubtful accounts was \$3,253 and \$0 for the years ended June 30, 2014 and 2013, respectively.

Fixed Assets and Depreciation

All asset purchases are recorded at cost when purchased. Donated assets are recorded at fair market value on the date acquired. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Houston Hispanic Forum

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2014 & 2013

Depreciation is calculated over the useful life of the assets based on the straight-line method. The Organization currently holds office equipment and computer hardware which is being depreciated over an estimated useful life of three years.

Financial Instruments and Credit Risk

Financial instruments which potentially subject the Organization to credit risk include cash and cash equivalents and pledges receivable. Cash is deposited in demand accounts in federally insured domestic institutions to minimize risk. From time to time, the balances in these accounts may exceed the federally insured limits. The Organization has not incurred losses related to these deposits.

The carrying values of the Organization's financial instruments approximate their fair values as of June 30, 2014 and 2013.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS

For the years ended June 30, 2014 and 2013, temporarily restricted net assets consisted of the following:

	<u>2014</u>	<u>2013</u>
Career & Education Day	\$ 27,477	\$ -
Scholarships	19,500	23,500
	<u>\$ 46,977</u>	<u>\$ 23,500</u>

Houston Hispanic Forum
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2014 & 2013

NOTE 3 – FIXED ASSETS

Components of fixed assets were as follows:

	June 30, 2014	June 30, 2013
Office equipment	\$ 1,292	\$ 675
Total fixed assets	1,292	675
Less: accumulated depreciation	(656)	(225)
Fixed assets, net	<u>\$ 636</u>	<u>\$ 450</u>

Depreciation expense totaled \$431 and \$225 for the years ended June 30, 2014 and 2013, respectively.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Organization has a board member that holds an employment position with the Houston First Corporation. During the years ended June 30, 2014 and 2013, the Organization paid the Houston First Corporation rental fees for the George R. Brown convention center of \$15,094 and \$19,988, respectively.

Several of the Organization's board members and officers hold employment positions with donors that provide varying levels of contributions to the Organization. None of these donors consisted of a concentration of 10% or more of total donations received by the Organization.

NOTE 5 – CONCENTRATIONS

During the year ended June 30, 2014, the Organization received approximately 31% of its revenue from two donors. During the year ended June 30, 2013, the Organization received approximately 20% of its revenue from one donor. No other donors consisted of more than 10% of total revenues for either year. Any adverse changes in funding from these donors may cause doubt about the Organization's ability to continue with their mission in a similar capacity.

As of June 30, 2014, the Organization was owed \$15,000 from one donor which accounted for all of the net pledges receivable owed as of June 30, 2014.

Houston Hispanic Forum

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2014 & 2013

NOTE 6 – FAIR VALUE MEASUREMENT

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Valuation is based upon unadjusted quoted market prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Valuation is based upon quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable in the market.

Level 3 – Valuation is based on models where significant inputs are not observable. The unobservable inputs reflect the Organization's own assumptions about the inputs that market participants would use.

The Organization's financial instruments consist of cash and cash equivalents, pledges receivable, accounts payable, and accrued liabilities. The estimated fair value of cash, pledges receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

There were no material subsequent events through the date the financial statements were issued.