

HMONG CULTURAL CENTER, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

PREPARED BY:
MICHAEL S. WILSON
REPORT OF CERTIFIED PUBLIC ACCOUNTANT

TABLE OF CONTENTS

Independent Auditor's Report.....1

Financial Statements

Statement of Financial Position.....2

Statement of Activities.....3

Statement of Functional Expenses 4

Statement of Cash Flows.....5

Notes to Financial Statements.....6-10

Mike Wilson and Associates
Certified Public Accountants
Minneapolis, Minnesota
(612)558-1692

Independent Auditor's Report

Board of Directors
Hmong Cultural Center, Inc.
St. Paul, Minnesota

We have audited the accompanying statement of financial position of the Hmong Cultural Center, Inc. as of December 31, 2008 and 2007, and the related statements of activities, statement of functional expenses and statement of 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 Hmong Cultural Center, Inc. as of December 31, 2008 and 2007, and the results of its operations and changes in net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Michael S. Wilson, CPA

Minneapolis, Minnesota

April 30, 2009

HMONG CULTURAL CENTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Current Assets		
Cash-Checking	142,230	168,983
Pledges receivable	40,000	0
Contracts Receivable	62,355	47,332
Prepaid Expenses	1,632	2,863
Total Current Assets	246,217	219,178
 Property and Equipment		
Office Equipment	85,572	67,347
Accumulated Depreciation	(54,900)	(47,077)
Total Property and Equipment	30,672	20,270
 Other Assets		
Fiscal Sponsorship Cash - Hmong Resource Fair	13,222	13,171
Security Deposit	1,900	1,900
Total Other Assets	15,122	15,071
 Total Assets	\$ 292,011	\$ 254,519

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 3,004	\$ 515
Accrued Payroll Liabilities	9,264	10,279
Fiscal Sponsorship - Hmong Resource Fair	13,222	13,171
Total Current Liabilities	25,490	23,965
 Net Assets		
Unrestricted		
Board Designated: Youth	2,329	1,139
Board Designated: Building bridges	12,661	9,414
Undesignated	168,594	156,844
Temporarily Restricted	82,937	63,157
Total Net Assets	266,521	230,554
 Total Liabilities and Net Assets	\$ 292,011	\$ 254,519

HMONG CULTURAL CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008
WITH COMPARATIVE TOTALS FOR 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2008</u>	<u>Total 2007</u>
Public Support, Revenue and Gains				
Public Support				
Public support	37,839	98,000	135,839	102,674
In-kind donations	3,600		3,600	-
Net assets released from restrictions	78,220	(78,220)	-	-
Revenue				
Government grants	245,019	-	245,019	235,085
Interest income	586	-	586	520
Miscellaneous revenue	705	-	705	3,060
Total support and revenue	<u>365,969</u>	<u>19,780</u>	<u>385,749</u>	<u>341,339</u>
EXPENSES				
Program expenses	305,916	-	305,916	235,300
Management and general	31,400	-	31,400	27,853
Fundraising	12,466	-	12,466	20,988
Total Expenses	<u>349,782</u>	<u>-</u>	<u>349,782</u>	<u>284,141</u>
Change in net assets	16,187	19,780	35,967	57,058
Net assets at beginning of year	<u>167,397</u>	<u>63,157</u>	<u>230,554</u>	<u>173,496</u>
Net assets at end of year	<u>\$ 183,584</u>	<u>\$ 82,937</u>	<u>\$ 266,521</u>	<u>\$ 230,554</u>

HMONG CULTURAL CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2008
WITH COMPARATIVE TOTALS FOR 2007

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2008</u>	<u>Total 2007</u>
Salaries	\$ 188,348	\$ 7,663	\$ 5,747	\$ 201,758	\$ 159,866
Payroll taxes and insurance	17,393	681	511	18,585	14,676
Benefits	5,329	154	115	5,598	7,698
Total salaries and related expenses	<u>211,070</u>	<u>8,498</u>	<u>6,373</u>	<u>225,941</u>	<u>182,240</u>
Supplies	5,555	239	179	5,973	4,101
Rent/Maintenance	39,834	1,713	1,285	42,832	39,041
Insurance	1,078	46	35	1,159	1,188
Communication	2,050	88	66	2,204	3,139
Postage	409	18	13	440	490
Contract services	7,446	11,174	1,875	20,495	17,704
Program expenses	21,201			21,201	15,682
Staff and board development	5,239	271		5,510	135
Printing	2,522	108	81	2,711	2,832
Equipment, maintenance, repairs	3,276	141	106	3,523	3,793
Events	-	-	2,453	2,453	2,860
Travel	4,946			4,946	1,178
Books and cultural items	959			959	869
Other expenses	331	1,281		1,612	774
Depreciation		7,823		7,823	8,255
Total Expenses	<u>\$ 305,916</u>	<u>\$ 31,400</u>	<u>\$ 12,466</u>	<u>\$ 349,782</u>	<u>\$ 284,281</u>

HMONG CULTURAL CENTER, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2008 AND 2007

Cash Flow From Operating Activity	<u>2008</u>	<u>2007</u>
Increase (decrease) in net assets	\$ 35,967	\$ 57,058
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	7,823	8,255
Change in accounts receivable	(40,000)	552
Change in grants receivable	(15,023)	6,165
Change in prepaid expenses	1,231	(956)
Change in accounts payable	2,489	(3,218)
Change in accrued payroll liabilities	<u>(1,015)</u>	<u>(2,008)</u>
Cash Flow From Operating Activity	(8,528)	65,848
Cash Flow From Investing Activity		
Purchase of equipment	<u>(18,225)</u>	<u>(5,515)</u>
Cash Flow From Investing Activity	(18,225)	(5,515)
Increase in Cash and Cash Equivalents	<u>(26,753)</u>	<u>60,333</u>
Cash and Cash Equivalents - Beginning of Year	<u>168,983</u>	<u>108,650</u>
Cash and Cash Equivalents - End of Year	<u><u>142,230</u></u>	<u><u>168,983</u></u>

HMONG CULTURAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization:

The Hmong Cultural Center, Inc. (HCC) is a nonprofit organization designed to serve the entire Hmong community in the Twin Cities by playing a leadership role in promoting Hmong culture to all generations. The HCC promotes the personal development of children, youth, and adults through Hmong cultural education while providing resources that enhance cross-cultural understanding between Hmong and Non-Hmong people.

The significant accounting policies employed are described below to enhance the usefulness of the financial statements to the reader.

Method of Accounting:

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made* and SFAS No. 117, *Financial Statements for Not-For-Profit Organizations*. The provisions of the new standards have been applied to the periods presented.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Hmong Cultural Center, Inc. and changes therein are classified and reported as follows.

Unrestricted Net Assets

This classification contains net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

This category includes net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. Temporarily restricted net assets are released from restrictions when donor-imposed stipulations are satisfied.

Permanently Restricted Net Assets

These are net assets subject to donor-imposed stipulations that are required to be maintained permanently by the organization. This classification does not apply to the organization.

HMONG CULTURAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes

Hmong Cultural Center, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05.

Basis of Accounting

The HCC uses the accrual method of accounting where revenues are recognized when they are earned and expenses are recognized when they are incurred.

Cash

Cash includes deposits into federally insured checking and savings accounts account with amounts available on demand.

Property and Equipment

Equipment is recorded at cost when purchased. Depreciation is provided using the straight-line method over the estimated useful lives of five to seven years for equipment.

Contributions

The following types of contributions are recorded as revenue at their fair market value when they are received unconditionally: cash, promises to give, certain contributed services, and gifts of long-lived assets. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. There were no donated services for the year ended December 31, 2008 that met the conditions for recognition.

HMONG CULTURAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

Major Funding Sources

The Hmong Cultural Center, Inc. receives funding under a contract with the St. Paul school district for citizen training and literacy courses. The HCC also is the recipient of public support from various foundations for multicultural education and literacy programs.

Government grants and contracts recognize revenue as earned when eligible expenses, as defined in each grant or contract, are made. Funds advanced and received on the above grants but not yet earned are shown as refundable advances. Expenses under government grants are subject to review by the granting authority. To the extent, if any, that such a review reduces expenses allowed under these grants, the Hmong Cultural Center, Inc. will record such disallowance at the time the final assessment is made.

Functional Accounting for Expenses

The costs of providing the various programs have been presented on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting service benefited.

Contingencies

Amounts received or receivable from governmental agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although HCC expects such amounts, if any, to be immaterial for 2008.

Compensated Absences

The Organization allows employees to carryover hours related to paid time-off. Since HCC cannot charge its primary granting authorities for accrued vacation until it is used, no provision has been made in the accompanying financial statements for recording the accrued vacation liability and related expenses at the end of the year.

**HMONG CULTURAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 2. RECEIVABLES

Accounts receivable at December 31, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Costs to be reimbursed under contract with:		
St. Paul School District	\$58,855	\$47,322
City of St. Paul	3,500	0
Total	<u>\$62,355</u>	<u>\$47,332</u>

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment included the following balances at December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Office equipment	\$85,573	\$64,937
Musical instruments	---	2,410
Less:		
Accumulated depreciation	<u>(54,900)</u>	<u>(47,077)</u>
Net property and equipment	<u>\$30,672</u>	<u>\$20,270</u>

Depreciation expense for the year-ended December 31, 2008 and 2007 respectively was \$7,823 and \$8,255.

**HMONG CULTURAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 4. LEASE COMMITMENTS

The Organization leases office space for program and administrative activities on University Avenue in St. Paul. The annual lease requires notification of plans to vacate or cease use of the facility by HCC. The minimum future lease payments are \$38,400. The rental expense and maintenance for fiscal year 2008 and 2007 for this office space was \$42,832 and \$39,041, respectively

NOTE 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Building bridges	\$16,762	\$ 39,791
Literacy	5,466	6,130
Resource Center	8,552	---
Men's circle/youth programs	52,157	14,236
Total temporarily restricted	<u>\$82,937</u>	<u>\$ 63,157</u>

NOTE 6. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions because they complied with following donor requests.

	<u>2008</u>	<u>2007</u>
Building bridges	\$23,028	\$20,891
Youth activities	---	10,252
Men's Circle	32,080	---
Health	3,000	---
Learn about Hmong	---	12,000
Resource Center	11,448	960
Musical and Dance	5,000	11,374
Literacy	664	6,593
Other	3,000	763
Total net assets released	<u>\$78,220</u>	<u>\$62,833</u>