

HMONG CULTURAL CENTER, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

PREPARED BY:
MICHAEL S. WILSON AND ASSOCIATES
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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, 2010, and the related statement 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, 2010 and the results of its operations and changes in net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

March 29, 2011
Minneapolis, Minnesota

HMONG CULTURAL CENTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS

	<u>2010</u>
Current Assets	
Cash-Checking	58,337
Accounts receivable	1,576
Contracts Receivable	56,112
Prepaid Expenses	3,915
Total Current Assets	<u>119,940</u>
 Property and Equipment	
Office Equipment	91,622
Accumulated Depreciation	(71,948)
Total Property and Equipment	<u>19,674</u>
 Other Assets	
Security Deposit	<u>1,900</u>
Total Assets	<u><u>\$ 141,514</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 1,480
Accrued Payroll Liabilities	3,695
Total Current Liabilities	<u>5,175</u>
 Net Assets	
Unrestricted	
Board Designated: Building bridges	1,698
Undesignated	90,457
Temporarily Restricted	44,184
Total Net Assets	<u>136,339</u>
Total Liabilities and Net Assets	<u><u>\$ 141,514</u></u>

HMONG CULTURAL CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2010</u>
Public Support, Revenue and Gains			
Public Support			
Grants - government	190,838	-	190,838
Donations and private grants	35,486	46,000	81,486
Net assets released from restrictions	46,772	(46,772)	-
Revenue			
Interest income	93	-	93
Miscellaneous revenue	906	-	906
Total support and revenue	274,095	(772)	273,323
 EXPENSES			
Program expenses	293,131	-	293,131
Management and general	20,174	-	20,174
Fundraising	9,214	-	9,214
Total Expenses	322,519	-	322,519
 Change in net assets	(48,424)	(772)	(49,196)
 Net assets at beginning of year	140,579	44,956	185,535
 Net assets at end of year	\$ 92,155	\$ 44,184	\$ 136,339

HMONG CULTURAL CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2010</u>
Salaries	\$ 187,264	\$ 8,308	\$ 6,231	\$ 201,803
Payroll taxes and insurance	14,162	1,160	870	16,192
Benefits	10,583	207	155	10,945
Total salaries and related expenses	<u>212,009</u>	<u>9,675</u>	<u>7,256</u>	<u>228,940</u>
Supplies	2,200	95	71	2,366
Rent/Maintenance	40,549	1,744	1,308	43,601
Insurance	4,979	214	161	5,354
Communication	1,970	85	64	2,119
Postage	0	0	0	0
Contract services	1,000	4,441	-	5,441
Program expenses	16,489			16,489
Staff and board development	-	680		680
Printing	227	10	7	244
Equipment, maintenance, repairs	2,857	123	92	3,072
Events	2,185	-	0	2,185
Travel	543			543
Bank charges and payroll services	0	2,737		2,737
Other expenses	219	30		249
Depreciation	7,904	340	255	8,499
Total Expenses	<u>\$ 293,131</u>	<u>\$ 20,174</u>	<u>\$ 9,214</u>	<u>\$ 322,519</u>
As a percentage of total costs	91%	6%	3%	100%

**HMONG CULTURAL CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENED DECEMBER 31, 2010**

Cash Flow From Operating Activity	
Increase (decrease) in net assets	\$ (49,196)
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation	8,499
Increase in accounts receivable	(1,576)
Decrease in pledge receivable	20,000
Increase in grants receivable	(4,097)
Increase in prepaid expenses	(506)
Decrease in accounts payable	(366)
Increase in accrued payroll liabilities	<u>3,576</u>
Cash Flow From Operating Activity	(23,666)
Cash Flow From Investing Activity	
Change in agency accounts	<u>(20,612)</u>
Cash Flow From Investing Activity	(20,612)
Increase in Cash and Cash Equivalents	<u>(44,278)</u>
Cash and Cash Equivalents - Beginning of Year	<u>102,615</u>
Cash and Cash Equivalents - End of Year	<u><u>58,337</u></u>

HMONG CULTURAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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, 2010

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, 2010 that met the conditions for recognition.

HMONG CULTURAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 2010.

Compensated Absences

The Organization does not allow employees to carryover hours related to paid time-off. 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.

Unpaid Volunteers

The Organization receives donated services from a variety of unpaid volunteers assisting the organization in program implementation. No amounts have been recognized in the accompanying statement of activities because the accounting standards criteria for recognition of such volunteer effort have not been satisfied. Nevertheless, volunteers give substantial hours and vastly improve the activities and projects of the Hmong Cultural Center.

HMONG CULTURAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2. RECEIVABLES

Accounts receivable at December 31, 2010 are as follows:

Costs to be reimbursed:

St. Paul Public Schools	\$56,112
Other receivables	<u>1,576</u>
Total	<u>\$57,688</u>

NOTE 3. EQUIPMENT

Property and equipment included the following balances at December 31, 2010.

Office equipment	\$81,712
Vehicle	7,500
Musical instruments	2,410
Less: Accumulated depreciation	<u>(71,948)</u>
Net equipment	<u>\$19,674</u>

Depreciation expense for the year-ended December 31, 2010 was \$8,499.

HMONG CULTURAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 one year in advance.. The minimum future lease payments are \$3,500. The rental expense and maintenance for fiscal year 2010 was \$42,000.

NOTE 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2010 and 2007:

Youth activities	\$ 12,838
Dance	1,346
Citizenship	20,000
Medical waiver class	<u>10,000</u>
Total	<u>\$ 44,184</u>

NOTE 6. NET ASSETS RELEASED FROM RESTRICTIONS

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

Youth activities	\$28,217
Dance	3,654
Resource Center	11,901
Transportation	<u>3,000</u>
Total	<u>\$ 46,772</u>