

**Congressional Hispanic
Leadership Institute**
Financial Statements
For the Year Months Ended December 31, 2007
and Report Thereon

Cocchiaro & Associates

Certified Public Accountants and Consultants



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Congressional Hispanic Leadership Institute, Inc.

We have audited the accompanying statement of financial position of Congressional Hispanic Leadership Institute (CHLI) as of December 31, 2007, and the related statements of activities and cash flows for the year months then ended. These financial statements are the responsibility of CHLI'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 CHLI as of December 31, 2007, and the changes in its net assets and its cash flows for the year months then ended in conformity with accounting principles generally accepted in the United States of America.

Cocchiaro & Associates LLC

Cocchiaro & Associates, LLC

May 22, 2008
Alexandria, Virginia

CONGRESSIONAL HISPANIC LEADERSHIP INSTITUTE
STATEMENT OF FINANCIAL POSITION
December 31, 2007

ASSETS	
Current Assets	
Cash	\$ 226,256
Certificate of Deposit	21,653
Contributions receivable	20,000
Prepaid expenses	<u>25,589</u>
Total Current Assets	293,498
Furniture and Equipment	<u>6,866</u>
TOTAL ASSETS	<u>\$ 300,364</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	\$ <u>12,201</u>
TOTAL LIABILITIES	<u>12,201</u>
Commitments and risks	
NET ASSETS	
Unrestricted net assets	184,254
Temporarily restricted net assets	<u>103,909</u>
TOTAL NET ASSETS	<u>288,163</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 300,364</u>

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

CONGRESSIONAL HISPANIC LEADERSHIP INSTITUTE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 90,820	\$ 212,343	\$ 303,163
In-kind contributions	2,500	-	2,500
Special events, net of direct benefits to donors of \$45,614	210,886	-	210,886
Interest and other income	7,177	-	7,177
Net assets released from restrictions	<u>133,176</u>	<u>(133,176)</u>	<u>-</u>
Total Support and Revenue	<u>444,559</u>	<u>79,167</u>	<u>523,726</u>
EXPENSES			
Program Services	291,319	-	291,319
Supporting Services			
General and administrative	138,838	-	138,838
Fundraising	<u>176,505</u>	<u>-</u>	<u>176,505</u>
Total Supporting Services	<u>315,343</u>	<u>-</u>	<u>315,343</u>
Total Expenses	<u>606,662</u>	<u>-</u>	<u>606,662</u>
Change in Net Assets	(162,103)	79,167	(82,936)
Net Assets, Beginning of Year	<u>346,357</u>	<u>24,742</u>	<u>371,099</u>
Net Assets, End of Year	<u>\$ 184,254</u>	<u>\$ 103,909</u>	<u>\$ 288,163</u>

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

CONGRESSIONAL HISPANIC LEADERSHIP INSTITUTE
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2007
Increase (Decrease) in Cash

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (82,936)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	2,955
Changes in assets and liabilities:	
Decrease in pledges receivable	30,000
Increase in prepaid expenses and deposit	(1,884)
Increase in accounts payable and accrued expenses	<u>6,664</u>
NET CASH FLOW USED IN OPERATING ACTIVITIES	<u>(45,201)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Reinvested certificate of deposit interest	(621)
Purchases of furniture and equipment	<u>(948)</u>
NET CASH FLOW USED IN INVESTING ACTIVITIES	<u>(1,569)</u>
NET DECREASE IN CASH	(46,770)
CASH , BEGINNING OF YEAR	<u>273,026</u>
CASH, END OF YEAR	<u>\$ 226,256</u>

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

CONGRESSIONAL HISPANIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007

1. Organization and Summary of Significant Accounting Policies

Organization

Congressional Hispanic Leadership Institute (CHLI) is a 501(c)(3) nonprofit organization incorporated in November 2003 under the District of Columbia Nonprofit Act and commenced operations on March 4, 2004. The Congressional Hispanic Leadership Institute (CHLI) works to promote alternative approaches to challenges faced by more than 40 million Americans of Hispanic and Portuguese descent living in the United States today. Through educational partnerships and events, CHLI provides opportunities for discussion and exploration of strategic solutions for community challenges that in turn, benefit the nation as a whole. CHLI is a non-partisan organization dedicated to creating a broader awareness of the diversity of thought, heritage, interests and views of Americans of Hispanic and Portuguese descent. Its establishment serves as a strong testament to the vibrant growth and increasingly important role of the United States' largest minority community. CHLI's programs are supported by cash and in-kind contributions from board members and the organizations they represent and revenue from special fundraising events.

Furniture and Equipment and Related Depreciation and Amortization

Furniture and equipment are stated at cost and are depreciated using the straight-line method over estimated useful lives of three to five years, with no salvage value. Expenditures for major repairs and improvements are capitalized; conversely, expenditures for minor repairs and maintenance costs are expensed when incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is reported in the statement of activities, as appropriate. At December 31, 2007, CHLI's fixed assets were comprised of computer and other equipment with a cost of \$14,976 and accumulated depreciation of \$8,110

Classification of Net Assets

The net assets of CHLI are classified as follows:

- Unrestricted net assets are available for the general operations of CHLI
- Temporarily restricted net assets represents amounts restricted by the donor for specific purposes or periods of time. At December 31, 2007, temporarily restricted net assets were available for the 2008 CHLI Intern Program (\$60,000), Future Leaders Conference program (\$23,909) and 2008 operations (\$20,000).

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CONGRESSIONAL HISPANIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition

CHLI recognizes revenue from unconditional grants and contributions when notification of the funding commitment is received from the donor. CHLI reports contributions of cash and other assets as temporarily restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or a 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.

Inkind Revenue and Expense

CHLI records in-kind revenue and the related expense at fair value on the date of donation as provided by the donor or by reference to prevailing market rates for similar goods or services as provided by the donor.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administrative costs have been allocated to the programs and supporting services proportionately based on direct personnel costs.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Contributions Receivable

Contributions receivable represents amounts due from donors. All amounts are due within one year and are considered fully collectible.

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CONGRESSIONAL HISPANIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007

3. Operating Leases

During 2007, CHLI leased its office space under the terms of a short-term lease. In February 2008 CHLI entered into a three year operating lease for new office space. The terms of the new lease require monthly payments of \$3,069 and provide for annual increases in rent. Future minimum lease payments under this lease are \$30,688 in 2008, \$37,592 in 2009, \$38,532 in 2010 and \$6,448 in 2011, for a total of \$113,259. Rent expense for the year ended December 31, 2007 was \$52,012.

4. Programs

For the year ended December 31, 2007, program services were comprised of the following programs and expenses:

Program Services:

Ford Motor Company/CHLI Intern Program	\$ 114,224
Financial Literacy Workshops	41,098
Future Leaders Conference	36,272
CHLI Policy Series	34,194
Communications Fellowship	19,556
Other Programs	<u>45,975</u>
 Total Program Services	 <u>\$ 291,319</u>

5. Concentration of Risk

CHLI maintains its cash balances at a single financial institution. While the amount at times is in excess of the FDIC insured limit of \$100,000, and, therefore, bears some risk, CHLI has not experienced and does not anticipate any loss of funds. As of December 31, 2007, the amount held at this financial institution in excess of the amount guaranteed by federal agencies was \$134,290.

6. Retirement Plan

CHLI maintains a 403(b) retirement plan for eligible employees. For the year ended December 31, 2007, CHLI made \$8,942 in employer contributions to the plan.

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CONGRESSIONAL HISPANIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007

7. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, CHLI is exempt from the payment of taxes on income other than net unrelated business income. For the year ended December 31, 2007, CHLI had no significant net unrelated business income and no provision for income taxes was required.

8. Line of Credit

CHLI has a line of credit agreement with a financial institution in the amount of \$50,000. At December 31, 2007, there was no balance outstanding on this line of credit.