

**DALLAS URBAN DEBATE ALLIANCE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

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## INDEPENDENT AUDITOR'S REPORT

March 16, 2015

To the Board of Directors  
of Dallas Urban Debate Alliance

We have audited the accompanying financial statements of Dallas Urban Debate Alliance (a non-profit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, 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 audits. We conducted our audits 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 Dallas Urban Debate Alliance as of June 30, 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



## **Report on Summarized Comparative Information**

We have previously audited the Dallas Urban Debate Alliance's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 20, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*HOWARD, LLP*

**DALLAS URBAN DEBATE ALLIANCE**  
**STATEMENTS OF FINANCIAL POSITION**  
(with summarized financial information for the year ended June 30, 2013)

<i>June 30,</i>	<i>2014</i>	<i>2013</i>
<b>Assets</b>		
Cash and cash equivalents	\$ 90,281	\$ 54,190
Accounts receivable	2,360	-
Equipment, net of accumulated depreciation of \$2,700 and \$2,025, respectively	2,821	1,351
<b>Total assets</b>	<b>95,462</b>	<b>55,541</b>
<b>Liabilities</b>		
Accounts payable	33,275	22,702
<b>Net assets</b>		
Unrestricted net assets	57,187	17,839
Temporarily restricted net assets	5,000	15,000
<b>Total net assets</b>	<b>62,187</b>	<b>32,839</b>
<b>Total liabilities and net assets</b>	<b>\$ 95,462</b>	<b>\$ 55,541</b>

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

**DALLAS URBAN DEBATE ALLIANCE**  
**STATEMENTS OF ACTIVITIES**  
(with summarized financial information for the year ended June 30, 2013)

<i>For the Year Ended June 30,</i>	<i>2014</i>			<i>2013</i>
	Unrestricted	Temporarily Restricted	Total	Total
<b>Revenue:</b>				
Contributions	\$ 569,900	\$ 5,000	\$ 574,900	\$ 412,725
Interest income	23	-	23	41
	569,923	5,000	23	-
Net assets released from restrictions	15,000	(15,000)	-	-
<b>Total revenue and support</b>	584,923	(10,000)	574,923	412,766
<b>Expenses:</b>				
Program services:				
Mentoring	16,929	-	16,929	12,511
Training	117,499	-	117,499	108,185
Tournaments	298,677	-	298,677	225,618
Advocacy and evaluation	89,872	-	89,872	48,415
Total program services	522,977	-	522,977	394,729
Supporting services:				
General and administrative	9,707	-	9,707	20,833
Fundraising	12,891	-	12,891	11,585
Total supporting services	22,598	-	22,598	32,418
<b>Total expenses</b>	545,575	-	545,575	427,147
<b>Change in net assets</b>	39,348	(10,000)	29,348	(14,381)
<b>Net assets, beginning of year</b>	17,839	15,000	32,839	47,220
<b>Net assets, end of year</b>	\$ 57,187	\$ 5,000	\$ 62,187	\$ 32,839

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

**DALLAS URBAN DEBATE ALLIANCE  
STATEMENT OF FUNCTIONAL EXPENSES**

*For the year ended June 30, 2014*

	Program Expenses				Supporting Services		Total
	Mentoring	Training	Tournaments	Advocacy & Evaluation	General and Administrative	Fundraising	
Personnel costs	\$ 7,420	\$ 24,175	\$ 37,937	\$ 36,342	\$ 3,750	\$ 11,250	\$ 120,874
Payroll taxes	564	1,836	2,881	2,760	285	854	9,180
Postage and delivery	1,026	1,079	2,990	1,244	276	13	6628
Travel, lodging and meals	1,900	45,471	58,058	-	2,696	-	108,125
Rent	900	7,470	6,000	2,251	-	-	16,621
Awards	-	-	20,494	-	-	-	20,494
Support staff	1,500	32,827	141,514	-	245	-	176,086
Judges	-	-	2,660	-	-	-	2,660
Registration fees	-	-	5,250	-	-	-	5,250
Professional fees	985	2,955	2,955	1,477	985	493	9,850
Payroll processing	102	305	305	153	102	51	1,018
Resource and operation materials	2,071	-	14,307	10,027	-	-	26,405
Supplies	80	240	1,048	120	80	40	1,608
Depreciation	68	203	203	101	68	34	677
Finance charges	100	300	300	150	100	50	1,000
Banquet	-	-	-	14,928	-	-	14,928
Computer and technology expenses	213	638	638	319	210	106	2,124
Other expenses	-	-	1,137	20,000	910	-	22,047
<b>Total expenses</b>	<b>\$ 16,929</b>	<b>\$ 117,499</b>	<b>\$ 298,677</b>	<b>\$ 89,872</b>	<b>\$ 9,707</b>	<b>\$ 12,891</b>	<b>\$ 545,575</b>

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

**DALLAS URBAN DEBATE ALLIANCE  
STATEMENT OF FUNCTIONAL EXPENSES**

*For the year ended June 30, 2013*

	Program Expenses				Supporting Services		Total
	Mentoring	Training	Tournaments	Advocacy & Evaluation	General and Administrative	Fundraising	
Personnel costs	\$ 9,066	\$ 28,518	\$ 33,497	\$ 30,214	\$ 3,500	\$ 10,500	\$ 115,295
Payroll taxes	416	1,467	2,043	2,298	266	799	7,289
Postage and delivery	-	-	-	-	556	-	556
Travel, lodging and meals	1,805	46,447	58,759	221	1,279	-	108,511
Rent	900	2,700	2,700	1,350	900	-	8,550
Awards	-	-	17,739	560	-	-	18,299
Support staff	-	23,319	75,591	-	-	-	98,910
Judges	-	-	11,060	-	-	-	11,060
Registration fees	-	2,850	4,170	-	-	-	7,020
Professional fees	-	-	-	-	11,905	-	11,905
Payroll processing	93	280	280	140	93	47	933
Resource and operation materials	-	-	14,584	-	-	-	14,584
Supplies	200	400	3,579	400	908	-	5,487
Depreciation	-	-	-	-	675	-	675
Scholarship grants	-	2,014	-	-	-	-	2,014
Credit card charges	-	-	-	-	189	-	189
Banquet	-	-	-	12,993	-	-	12,993
Computer and technology expenses	31	62	1,416	62	62	62	1,695
IT development	-	-	-	177	176	177	530
Other expenses	-	128	200	-	324	-	652
<b>Total expenses</b>	<b>\$ 12,511</b>	<b>\$ 108,185</b>	<b>\$ 225,618</b>	<b>\$ 48,415</b>	<b>\$ 20,833</b>	<b>\$ 11,585</b>	<b>\$ 427,147</b>

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



**DALLAS URBAN DEBATE ALLIANCE**  
**STATEMENT OF CASH FLOWS**  
(with summarized financial information for the year ended June 30, 2013)

<i>For the Year Ended June 30,</i>	<i>2014</i>	<i>2013</i>
<b>Cash flows provided by (used in) operating activities:</b>		
Change in net assets	\$ 29,348	(14,381)
Adjustments to reconcile the change in net assets to cash used in operating activities:		
Depreciation	675	675
Changes in operating assets and liabilities:		
Accounts receivable	(2,360)	-
Prepaid expense	-	5,005
Accounts payable	10,573	(9,210)
<b>Net cash used in operating activities</b>	<b>38,236</b>	<b>(17,911)</b>
<b>Cash flows from investing activities</b>	<b>-</b>	<b>-</b>
Purchase of property and equipment	(2,145)	-
<b>Net cash used in investing activities</b>	<b>(2,145)</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>36,091</b>	<b>(17,911)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>54,190</b>	<b>72,101</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 90,281</b>	<b>\$ 54,190</b>

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

**DALLAS URBAN DEBATE ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**1. Organization**

Dallas Urban Debate Alliance (the “Organization”), a 501(c)(3) non-profit organization, whose general purpose is to improve urban public education in Dallas by empowering youth to become engaged learners, critical thinkers and active citizens who are effective advocates for themselves and their communities. The mission is to achieve this purpose by bringing rigorous competitive academic policy debate in a nationally-sanctioned and nationally-practiced format to as many students as possible in Dallas Independent School District schools. The Organization was formed in March 2008.

**2. Summary of Significant Accounting Policies**

Presentation - The financial statements of the Organization are presented using the accrual basis of accounting, and are presented in accordance with accounting principles generally accepted in the United States of America.

Support and Revenue - Contributions are recognized by the Organization when the donation is made. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions of non-cash assets are recorded at their fair values in the periods received.

Contributed Services - Contributed services are recorded at their fair values in the periods received. Included in contribution revenue for the year ended June 30, 2014, and 2013 are contributed services of approximately \$280,000 and \$201,000 respectively. In addition, individuals, including the board of directors, volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the criteria for recognition as contributed services.

Cash and Cash Equivalents - The Organization considers all cash, money market accounts and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Equipment - Equipment is stated at cost or, if donated, is recorded at its estimated fair value. Property and equipment donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Equipment has been depreciated using the straight-line method over the estimated useful life of three years.

Maintenance and repairs are expensed as incurred. Major renewals and improvements are capitalized.

**DALLAS URBAN DEBATE ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**2. Summary of Significant Accounting Policies (continued)**

Income Taxes - The Organization is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Organization is subject to routine audits by taxing jurisdictions; however, there are no audits for any fiscal period in progress. The Organization's management believes the Organization is no longer subject to tax examinations for fiscal years prior to 2010.

Presentation of Net Assets - The Organization reports information regarding its net assets and activities in three classes; unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

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

Temporarily restricted net assets of \$5,000 at June 30, 2014 were restricted for a new debate program for middle school students.

Permanently restricted net assets - Net assets subject to a donor-imposed stipulation that they must be maintained permanently by the Organization. Generally, the donors of these restricted assets permit the Organization to use all or part of the income earned on any investments for general purposes. There were no permanently restricted amounts at June 30, 2014 or 2013.

Use of 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 these estimates.

2013 Summarized Comparative Financial Information - The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended June 30, 2013, from which the summarized information was derived.

**DALLAS URBAN DEBATE ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS**

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**3. Concentration**

For the year ended June 30, 2014, and 2013, Dallas Independent School District contributed in-kind support in the form of support staff of approximately \$160,000 and \$93,000, respectively, and ancillary services of \$120,000 and \$47,000 to the Organization, which represents approximately 49% and 34%, of the Organization's total support for fiscal years 2014 and 2013. Continued funding from this source at the current level is dependent upon various factors, such as economic conditions, budget surplus, new legislations, and public perception of mission effectiveness and relative importance.

**4. Related Party Transactions**

During the year ended June 30, 2013, the Organization paid approximately \$3,000 for services to an entity that is owned by the Treasurer on the Board of Directors.

The Organizations' former Executive Director became a co-director of DDI, LLC, an organization that promotes debate programs at the local, regional and national level for high school and college students. For the year ended June 30, 2013, DDI, LLC sponsored scholarships valued at approximately \$9,000 for two students to attend a debate camp at Dartmouth College.

There were no related party transactions during fiscal 2014.

**5. Subsequent Events**

The Organization has evaluated subsequent events up to March 16, 2015, the date these financial statements were available to be issued.