
NATIONAL ASSOCIATION OF
HISPANIC JOURNALISTS
FINANCIAL STATEMENTS
Together with Independent Auditors' Report
DECEMBER 31, 2015 AND 2014

GREENWALT^{CPAs}
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
National Association of Hispanic Journalists:

We have audited the accompanying financial statements of National Association of Hispanic Journalists (NAHJ), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditors' 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 audits 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 auditors' 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 NAHJ, as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report of Summarized Comparative Information

We have previously audited the NAHJ 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 23, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Greenwald CPAs, Inc.

August 24, 2016

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 464,204	\$ 556,219
Contributions receivable	63,599	66,320
Prepayments	<u>24,221</u>	<u>8,916</u>
<i>Total current assets</i>	552,024	631,455
INVESTMENTS	167,675	134,844
SOFTWARE AND EQUIPMENT, NET	<u>5,049</u>	<u>8,836</u>
<i>Total assets</i>	<u><u>\$ 724,748</u></u>	<u><u>\$ 775,135</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 28,220	\$ 14,265
Deferred revenue	<u>56,591</u>	<u>52,143</u>
<i>Total liabilities</i>	<u>84,811</u>	<u>66,408</u>
COMMITMENTS (NOTE 5)		
NET ASSETS		
Undesignated	(32,379)	(33,046)
Board designated	<u>172,276</u>	<u>157,781</u>
<i>Total unrestricted net assets</i>	139,897	124,735
Temporarily restricted	<u>500,040</u>	<u>583,992</u>
<i>Total net assets</i>	<u>639,937</u>	<u>708,727</u>
<i>Total liabilities and net assets</i>	<u><u>\$ 724,748</u></u>	<u><u>\$ 775,135</u></u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>UNDESIGNATED</u>	<u>BOARD DESIGNATED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2015 TOTAL</u>	<u>2014 TOTAL</u>
REVENUE AND SUPPORT					
Grants	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 71,500
Registration fees and tickets	112,204	-	6,279	118,483	202,953
Publications revenue	924	-	-	924	368
Advertising income	73,175	-	-	73,175	61,800
Social and special events	665	-	6,044	6,709	7,373
Investment income	-	17,392	17	17,409	15,543
Membership dues	80,956	-	7,696	88,652	92,940
Donations	12,660	-	3,617	16,277	8,010
In-kind donations	137,560	-	-	137,560	135,143
Sponsorships	328,333	-	4,875	333,208	236,623
Booth and exhibit fees	71,042	-	-	71,042	108,850
Miscellaneous revenue	25	-	-	25	30
Net assets released from restrictions	135,377	(2,897)	(132,480)	-	-
<i>Total revenue and support</i>	<u>952,921</u>	<u>14,495</u>	<u>(83,952)</u>	<u>883,464</u>	<u>941,133</u>
EXPENSES					
Program	638,282	-	-	638,282	627,566
General and administrative	285,892	-	-	285,892	241,462
Fundraising	28,080	-	-	28,080	68,309
<i>Total expenses</i>	<u>952,254</u>	<u>-</u>	<u>-</u>	<u>952,254</u>	<u>937,337</u>
CHANGE IN NET ASSETS	667	14,495	(83,952)	(68,790)	3,796
NET ASSETS, BEGINNING OF YEAR	<u>(33,046)</u>	<u>157,781</u>	<u>583,992</u>	<u>708,727</u>	<u>704,931</u>
NET ASSETS, END OF YEAR	<u>\$ (32,379)</u>	<u>\$ 172,276</u>	<u>\$ 500,040</u>	<u>\$ 639,937</u>	<u>\$ 708,727</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2015

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Convention</u>	<u>Education Programs</u>	<u>Chapter Activities</u>	<u>Membership</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2015 Total</u>	<u>2014 Total</u>
Advertising	\$ 457	\$ -	\$ 50	\$ 80	\$ 587	\$ -	\$ -	\$ 587	\$ -
Audio visual	47,257	-	-	2,268	49,525	326	-	49,851	52,392
Bad debt	-	10,000	-	6,000	16,000	3,111	-	19,111	5,000
Computer software and equipment	-	-	108	-	108	20	-	128	14,886
Conference, meetings and workshops	(447)	-	100	37	(310)	276	-	(34)	7,589
Convention management fee	62,349	-	-	-	62,349	-	-	62,349	-
Depreciation	-	-	-	-	-	3,787	-	3,787	2,524
Drayage	-	-	-	-	-	-	-	-	26,243
Equipment and facilities rental	11,725	-	825	2,310	14,860	125	-	14,985	18,924
Financial service fees	5	150	72	-	227	10,952	-	11,179	18,305
Food and beverage	50,291	-	5,649	11,857	67,797	939	-	68,736	119,164
Insurance	-	-	-	-	-	7,525	-	7,525	9,137
Internet access and website hosting and maintenance	6	1,989	397	12,741	15,133	2,692	-	17,825	25,460
Membership dues and fees	-	-	345	-	345	1,186	-	1,531	1,020
Miscellaneous	1,537	-	125	-	1,662	2,860	-	4,522	102
Occupancy	-	-	-	-	-	12,691	-	12,691	8,021
Office supplies and furniture	-	23	76	65	164	913	-	1,077	2,450
Personnel costs	52,875	63,894	-	22,253	139,022	105,651	27,981	272,654	233,004
Postage and shipping	1,518	421	40	1,305	3,284	2,438	-	5,722	4,442
Printing	4,435	-	550	1,084	6,069	50	-	6,119	18,038
Professional services and fees (including \$50,667 and \$35,886 of in-kind expense in 2015 and 2014, respectively)	71,025	12,632	2,000	15,055	100,712	77,354	99	178,165	154,783
Promotional items and other event costs	4,728	-	1,300	-	6,028	-	-	6,028	22,274
Scholarships	-	55,500	2,300	-	57,800	5,000	-	62,800	58,650
Service fees	933	-	-	-	933	-	-	933	-
Sponsorships	1,500	-	300	-	1,800	5,000	-	6,800	803
Telephone	-	-	-	-	-	4,176	-	4,176	6,332
Travel (including \$100,000 of in-kind expenses in 2015 and 2014)	63,900	15,591	425	14,271	94,187	38,820	-	133,007	127,794
<i>Total expenses</i>	<u>\$ 374,094</u>	<u>\$ 160,200</u>	<u>\$ 14,662</u>	<u>\$ 89,326</u>	<u>\$ 638,282</u>	<u>\$ 285,892</u>	<u>\$ 28,080</u>	<u>\$ 952,254</u>	<u>\$ 937,337</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS**STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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CHANGE IN CASH AND CASH EQUIVALENTS

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, sponsorships, and fees	\$ 735,664	\$ 968,580
Cash paid to suppliers and employees	(812,257)	(811,686)
Investment income	2,075	1,715
	<u> </u>	<u> </u>
<i>Net cash and cash equivalents provided by (used in) operating activities</i>	<u>(74,518)</u>	<u>158,609</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(43,209)	(59,972)
Sale of investments	25,712	56,769
	<u> </u>	<u> </u>
<i>Net cash and cash equivalents used in investing activities</i>	<u>(17,497)</u>	<u>(3,203)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(92,015)	155,406
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>556,219</u>	<u>400,813</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 464,204</u></u>	<u><u>\$ 556,219</u></u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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**RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH
AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES**

	<u>2015</u>	<u>2014</u>
CHANGE IN NET ASSETS	\$ (68,790)	\$ 3,796
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Depreciation expense	3,787	2,524
Unrealized (gain) loss on investments	(10,137)	11,481
Realized gain on investments	(5,197)	(25,309)
<i>Increase (decrease) in operating assets:</i>		
Contributions receivable	2,721	183,395
Prepayments	(15,305)	2,811
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	13,955	(13,293)
Accrued expenses	-	(1,534)
Deferred revenue	4,448	(5,262)
<i>Total adjustments</i>	<u>(5,728)</u>	<u>154,813</u>
NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (74,518)</u>	<u>\$ 158,609</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

National Association of Hispanic Journalists (NAHJ) was incorporated in 1984 in California and is dedicated to the recognition and professional advancement of Hispanics in the news industry. NAHJ is governed by a fourteen (14) member board of directors that consists of executive officers and regional directors who represent geographic areas of the United States and the Caribbean. The national office is located in Washington, DC. NAHJ's main sources of revenue consist of donations, sponsorships, and registration fees.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements have been prepared on the accrual basis of accounting. 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 the revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class and functional expense. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NAHJ's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

CASH AND CASH EQUIVALENTS

NAHJ considers all liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents for NAHJ consist primarily of money market accounts. At December 31, 2015 and 2014, NAHJ had cash equivalents of \$184,453 and \$202,922, respectively. At December 31, 2015, NAHJ maintained cash balances in excess of federally insured limits of \$250,000.

SOFTWARE AND EQUIPMENT

Expenditures for software and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. Depreciation is recorded by using the straight-line method over the estimated useful lives. NAHJ capitalizes all acquisitions of software and equipment in excess of \$500.

	<u>2015</u>	<u>2014</u>
Computer software	\$ 11,360	\$ 17,631
Computer equipment	-	3,631
Accumulated depreciation	<u>(6,311)</u>	<u>(12,426)</u>
	<u>\$ 5,049</u>	<u>\$ 8,836</u>

Repairs and maintenance are recorded in the period incurred in the statement of activities.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

DEFERRED REVENUE

Member dues are billed based on member anniversary. Membership revenue is recognized ratably over the membership period. Deferred revenue represents the unearned portion of dues in addition to unearned booth fees and exhibit revenue at year-end.

NET ASSETS

The financial statements have been prepared in accordance with Accounting Standards for the Presentation of Financial Statements of Not-For-Profit Organizations. These standards require NAHJ to report information regarding its net assets, revenue, and other changes in net assets according to class. NAHJ utilizes the following classes of net assets:

Unrestricted

These include revenue and expenses from the regular operations of NAHJ, which are at the discretion of management and the Board of Directors. The Board has designated a portion of its unrestricted net assets of \$172,276 and \$157,781 at December 31, 2015 and 2014, respectively. The purpose of these funds is to finance general operation of NAHJ, as needed.

Temporarily Restricted

These include donations and grant revenues used to meet expenses of current operations in accordance with restrictions specified by the donors or grantors. When a donor restriction expires, that is, when a 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. Temporarily restricted revenue received and spent in the same period is considered unrestricted. See Note 3.

REVENUE AND SUPPORT

NAHJ reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the purpose or time of use of the donated assets.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the condition on which they depend are substantially met. All outstanding unconditional promises to give are deemed collectible at December 31, 2015 and 2014.

IN-KIND CONTRIBUTIONS

Contributed services are reported in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets, or (2) require specialized skills provided by donation that would otherwise need to be purchased.

Donated materials are recorded at their fair value at the date of the gift. In the absence of donor imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

EXPENSE ALLOCATION

Expenses have been classified as program, general and administrative, and fundraising based on the actual direct expenditures and cost allocation based on estimates of time usage by NAHJ personnel and programs.

FAIR VALUE MEASUREMENTS AND INVESTMENTS

Accounting Standards for Fair Value Measurement define fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Those standards also establish a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Investments of \$167,675 and \$134,844 at December 31, 2015 and 2014, respectively, consisted of equity securities. All investments at December 31, 2015 and 2014 were level 1.

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. This methodology has not changed since the prior year. See Note 2.

TAX STATUS

NAHJ is a not-for-profit organization, exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code, and is not considered to be a private foundation as defined by Section 509(a) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. All tax periods prior to 2012 are no longer subject to examination.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through August 24, 2016, which is the date the financial statements were available to be issued.

2. INVESTMENTS

Consistent with Accounting Standards for Investments Held by Not-for-Profits, investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Unrealized gains and losses are reported in the statement of activities.

The cost of the investments was \$106,344 and \$83,712 at December 31, 2015 and 2014, respectively.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2015 AND 2014

2. INVESTMENTS, CONTINUED

Investment income consisted of the following for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 2,075	\$ 1,715
Unrealized gain (loss)	10,137	(11,481)
Realized gain	5,197	25,309
	<u>\$ 17,409</u>	<u>\$ 15,543</u>

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2015</u>	<u>2014</u>
Chapter activities	\$ 56,751	\$ 44,903
Annual convention	-	10,833
Education programs and scholarships	443,289	528,256
	<u>\$ 500,040</u>	<u>\$ 583,992</u>

4. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2015 and 2014 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donor:

	<u>2015</u>	<u>2014</u>
Chapter activities	\$ 19,663	\$ 17,200
Annual convention	10,833	155,000
Education programs and scholarships	101,984	77,944
	<u>\$ 132,480</u>	<u>\$ 250,144</u>

5. COMMITMENTS

NAHJ has an office space lease that expires in August 2016 with monthly payments of \$198. NAHJ also has a storage unit lease that expires in November 2016 with an annual rate of \$3,134. Total rental expense for 2015 and 2014 was \$12,691 and \$6,303, respectively.

The future minimum lease payments for 2016 total \$4,456.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

6. IN-KIND CONTRIBUTIONS

During 2015 and 2014, NAHJ received in-kind contributions of legal fees of \$43,167 and \$35,886, respectively, and airfare in the amount of \$100,000 in each year for convention related travel. There was an additional amount of \$7,500 donated in 2015 for concert related services. These transactions have been treated as non-cash for the purpose of the statements of cash flows.

7. RECLASSIFICATIONS

Certain items in the 2014 financial statements have been retroactively reclassified to conform to the 2015 presentation. These reclassifications had no effect on net assets at December 31, 2014.