
NATIONAL ASSOCIATION OF
HISPANIC JOURNALISTS
FINANCIAL STATEMENTS
Together with Independent Auditors' Report
DECEMBER 31, 2017 AND 2016

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, 2017, 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 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 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 auditors consider 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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 13, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Greenwald CPAs, Inc.

September 24, 2018

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>		
	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 376,465	\$ 539,460
Contributions receivable	279,593	29,872
Prepayments	<u>31,806</u>	<u>6,525</u>
<i>Total current assets</i>	687,864	575,857
INVESTMENTS	307,084	180,774
SOFTWARE AND EQUIPMENT, NET	<u>840</u>	<u>2,382</u>
<i>Total assets</i>	<u><u>\$ 995,788</u></u>	<u><u>\$ 759,013</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 42,596	\$ 7,830
Deferred revenue	<u>23,870</u>	<u>30,981</u>
<i>Total liabilities</i>	<u>66,466</u>	<u>38,811</u>
COMMITMENTS (NOTE 5)		
NET ASSETS		
Undesignated	15,943	114,563
Board designated	<u>228,145</u>	<u>183,280</u>
<i>Total unrestricted net assets</i>	244,088	297,843
Temporarily restricted	<u>685,234</u>	<u>422,359</u>
<i>Total net assets</i>	<u>929,322</u>	<u>720,202</u>
<i>Total liabilities and net assets</i>	<u><u>\$ 995,788</u></u>	<u><u>\$ 759,013</u></u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	UNDESIGNATED	BOARD DESIGNATED	TEMPORARILY RESTRICTED	2017 TOTAL	2016 TOTAL
REVENUE AND SUPPORT					
Grants	\$ 3,750	\$ -	\$ 345,250	\$ 349,000	\$ 56,250
Sponsorships	426,234	-	13,000	439,234	538,755
Donations	1,604	-	38,967	40,571	13,252
In-kind donations	48,376	-	-	48,376	140,204
Social and special events	5,541	-	570	6,111	11,055
Membership dues	59,824	-	9,851	69,675	77,210
Registration fees and tickets	125,038	-	7,366	132,404	244,071
Booth and exhibit fees	70,500	-	-	70,500	130,369
Advertising	52,275	-	-	52,275	39,295
Investment, net	-	48,473	106	48,579	14,158
Miscellaneous	7,485	-	616	8,101	2,603
Net assets released from restrictions	156,459	(3,608)	(152,851)	-	-
<i>Total revenue and support</i>	<u>957,086</u>	<u>44,865</u>	<u>262,875</u>	<u>1,264,826</u>	<u>1,267,222</u>
EXPENSES					
Program	726,937	-	-	726,937	826,797
General and administrative	284,455	-	-	284,455	324,610
Fundraising	44,314	-	-	44,314	35,550
<i>Total expenses</i>	<u>1,055,706</u>	<u>-</u>	<u>-</u>	<u>1,055,706</u>	<u>1,186,957</u>
CHANGE IN NET ASSETS	(98,620)	44,865	262,875	209,120	80,265
NET ASSETS BEGINNING OF YEAR	<u>114,563</u>	<u>183,280</u>	<u>422,359</u>	<u>720,202</u>	<u>639,937</u>
NET ASSETS, END OF YEAR	<u>\$ 15,943</u>	<u>\$ 228,145</u>	<u>\$ 685,234</u>	<u>\$ 929,322</u>	<u>\$ 720,202</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	<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>2017 Total</u>	<u>2016 Total</u>
Advertising	\$ 5,870	\$ -	\$ -	\$ -	\$ 5,870	\$ -	\$ -	\$ 5,870	\$ -
Audio visual	68,938	-	-	-	68,938	-	-	68,938	139,050
Bad debt	-	-	-	-	-	400	-	400	21,657
Computer software and equipment	1,188	37,711	-	-	38,899	5,047	2,570	46,516	2,612
Conference, meetings and workshops	-	-	1,915	-	1,915	8,362	-	10,277	4,324
Convention management fee	106,141	-	-	-	106,141	-	-	106,141	-
Depreciation	-	-	-	-	-	1,542	-	1,542	4,067
Drayage	6,023	-	-	-	6,023	-	-	6,023	22,574
Equipment and facilities rental	13,655	-	-	-	13,655	-	-	13,655	26,898
Financial service fees	-	-	114	-	114	5,661	-	5,775	21,023
Food and beverage	109,676	-	1,198	-	110,874	-	-	110,874	116,372
Insurance	100	-	-	-	100	9,337	-	9,437	7,691
Internet access and website hosting and maintenance	18	104	108	-	230	8,951	-	9,181	9,619
Membership dues and fees	-	-	25	-	25	450	-	475	953
Miscellaneous	345	176	563	1,468	2,552	1,693	27	4,272	1,093
Occupancy	-	-	-	-	-	4,659	-	4,659	7,916
Office supplies and furniture	137	-	214	-	351	778	-	1,129	954
Personnel costs	66,370	80,197	-	41,936	188,503	96,623	35,121	320,247	315,013
Postage and shipping	527	-	-	-	527	2,108	-	2,635	2,124
Printing and design	12,820	-	-	-	12,820	184	-	13,004	33,794
Professional services and fees (including \$48,376 and \$21,404 of in-kind in 2017 and 2016, respectively)	7,583	12,842	16,922	-	37,347	101,095	-	138,442	172,787
Promotional items and other event costs	-	-	-	-	-	-	-	-	17,775
Scholarships	-	39,500	12,905	-	52,405	2,000	-	54,405	72,820
Sponsorships	-	3,750	500	-	4,250	6,000	-	10,250	3,335
Telephone	-	-	-	-	-	2,074	-	2,074	3,509
Travel (including \$0 and \$100,000 of in-kind in 2017 and 2016, respectively)	68,962	3,658	2,321	457	75,398	27,491	6,596	109,485	178,997
<i>Total expenses</i>	<u>\$ 468,353</u>	<u>\$ 177,938</u>	<u>\$ 36,785</u>	<u>\$ 43,861</u>	<u>\$ 726,937</u>	<u>\$ 284,455</u>	<u>\$ 44,314</u>	<u>\$ 1,055,706</u>	<u>\$ 1,186,957</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

CHANGE IN CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, sponsorships, and fees	\$ 911,039	\$ 1,120,977
Cash paid to suppliers and employees	(996,303)	(1,045,380)
Investment income	3,505	2,307
	<u> </u>	<u> </u>
<i>Net cash and cash equivalents provided by (used in) operating activities</i>	<u>(81,759)</u>	<u>77,904</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of software and equipment	-	(1,400)
Purchase of investments	(114,289)	(25,554)
Sale of investments	33,053	24,306
	<u> </u>	<u> </u>
<i>Net cash and cash equivalents used in investing activities</i>	<u>(81,236)</u>	<u>(2,648)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(162,995)	75,256
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>539,460</u>	<u>464,204</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 376,465</u></u>	<u><u>\$ 539,460</u></u>

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

	<u>2017</u>	<u>2016</u>
CHANGE IN NET ASSETS	\$ 209,120	\$ 80,265
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Depreciation expense	1,542	4,067
Unrealized gain on investments	(31,867)	(4,449)
Realized gain on investments	(13,207)	(7,402)
<i>(Increase) decrease in operating assets:</i>		
Contributions receivable	(249,721)	33,727
Prepayments	(25,281)	17,696
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	34,766	(20,390)
Deferred revenue	(7,111)	(25,610)
<i>Total adjustments</i>	<u>(290,879)</u>	<u>(2,361)</u>
NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (81,759)</u>	<u>\$ 77,904</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

National Association of Hispanic Journalists (NAHJ) was incorporated in 1984 in California, and reincorporated in Washington DC in 2017, 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 grants, 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 (GAAP) 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 GAAP. Accordingly, such information should be read in conjunction with NAHJ's financial statements for the year ended December 31, 2016, 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, 2017 and 2016, NAHJ had cash equivalents of \$150,735 and \$182,226, respectively. At December 31, 2017, NAHJ maintained cash balances in excess of federally insured limits (\$250,000) of \$10,200.

SOFTWARE AND EQUIPMENT

Expenditures for software and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost, if purchased, or fair market value if donated. Depreciation is recorded by using the straight-line method over the estimated useful lives of 3-5 years. NAHJ capitalizes all acquisitions of software and equipment in excess of \$500.

	<u>2017</u>	<u>2016</u>
Computer software	\$ 11,360	\$ 11,360
Computer equipment	1,400	1,400
Accumulated depreciation	<u>(11,920)</u>	<u>(10,378)</u>
	<u>\$ 840</u>	<u>\$ 2,382</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, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

DEFERRED REVENUE

Membership dues are billed based on member anniversary. Membership revenue is recognized ratably over the membership period. Booth fees and exhibit revenue are recognized in the month when the conference is held. 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 net asset 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 \$228,145 and \$183,280 at December 31, 2017 and 2016, respectively. The purpose of these funds is to finance the general operations of NAHJ, as needed.

Temporarily Restricted

These include donations and grant revenues that have 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 promised 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 were deemed collectible at December 31, 2017 and 2016.

IN-KIND DONATIONS

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. See Note 6.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ADVERTISING EXPENSE

NAHJ expenses the cost of advertising as incurred. Advertising expense for the years ended December 31, 2017 and 2016 was \$5,870 and \$0, respectively.

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 \$224,384 and \$180,774 at December 31, 2017 and 2016, respectively, consisted of equity securities. There was \$82,700 in fixed income mutual funds at December 31, 2017. All investments at December 31, 2017 and 2016 were considered 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.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through September 24, 2018, which is the date the financial statements were available to be issued.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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 \$209,345 and \$114,902 at December 31, 2017 and 2016, respectively.

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

	<u>2017</u>	<u>2016</u>
Interest and dividend income	\$ 3,505	\$ 2,307
Unrealized gain	31,867	4,449
Realized gain	16,965	10,537
Investment fees	(3,758)	(3,135)
	<u>\$ 48,579</u>	<u>\$ 14,158</u>

3. TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Chapter activities	\$ 101,029	\$ 78,090
Education programs and scholarships	584,205	344,269
	<u>\$ 685,234</u>	<u>\$ 422,359</u>

4. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2017 and 2016 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donor:

	<u>2017</u>	<u>2016</u>
Chapter activities	\$ 28,177	\$ 20,157
Education programs and scholarships	124,674	119,341
	<u>\$ 152,851</u>	<u>\$ 139,498</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

5. COMMITMENTS

NAHJ has an office space lease that expires in August 2019 with monthly payments of \$289. NAHJ also has a storage unit lease that expires in February 2020 with an annual rate of \$1,680. Total rental expense for 2017 and 2016 was \$4,659 and \$7,916, respectively.

The future minimum lease payments for 2018 and 2019 total \$3,212 and \$2,312, respectively.

NAHJ has a contract with a hotel for the 2018 convention. The agreement requires a food and beverage minimum of \$90,000 over the dates of the event. In addition, the hotel has a cancellation clause that NAHJ will owe a percentage of the total room revenue estimated to the hotel, depending on the date that the cancellation occurs.

6. IN-KIND DONATIONS

During 2017 and 2016, NAHJ received the following in in-kind donations:

	<u>2017</u>	<u>2016</u>
Legal fees	\$ 48,376	\$ 21,404
Airfare	-	100,000
Board travel	-	13,800
Certificates for annual gala	-	5,000
	<u>\$ 48,376</u>	<u>\$ 140,204</u>

7. RECLASSIFICATIONS

Certain items in the 2016 financial statements have been retroactively reclassified to conform to the 2017 presentation. These reclassifications had no effect on net assets at December 31, 2016.