
NATIONAL ASSOCIATION OF
HISPANIC JOURNALISTS
FINANCIAL STATEMENTS
Together with Independent Auditors' Report
DECEMBER 31, 2018 AND 2017

GREENWALT^{CPAs}
We Deliver Peace of Mind



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, 2018, 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, 2018, 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 NAHJ's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 24, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Greenwald CPAs, Inc.

August 29, 2019

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 175,838	\$ 376,465
Contributions receivable	93,584	279,593
Prepayments	39,185	31,806
	<hr/>	<hr/>
<i>Total current assets</i>	308,607	687,864
INVESTMENTS	776,109	307,084
SOFTWARE AND EQUIPMENT, NET	560	840
	<hr/>	<hr/>
<i>Total assets</i>	<u>\$ 1,085,276</u>	<u>\$ 995,788</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 68,552	\$ 42,596
Accrued expenses	5,115	-
Deferred revenue	31,193	23,870
	<hr/>	<hr/>
<i>Total liabilities</i>	104,860	66,466
COMMITMENTS (NOTE 6)		
NET ASSETS		
Net assets without donor restrictions		
Undesignated	204,789	15,943
Board designated	231,020	228,145
	<hr/>	<hr/>
<i>Total net assets without donor restrictions</i>	435,809	244,088
Net assets with donor restrictions	544,607	685,234
	<hr/>	<hr/>
<i>Total net assets</i>	980,416	929,322
	<hr/>	<hr/>
<i>Total liabilities and net assets</i>	<u>\$ 1,085,276</u>	<u>\$ 995,788</u>

NATIONAL ASSOCIATION OF HISPANIC

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2018 TOTAL	2017 TOTAL
REVENUE AND SUPPORT				
Grants	\$ 200,000	\$ 23,750	\$ 223,750	\$ 349,000
Sponsorships	772,500	18,700	791,200	439,234
Donations	1,842	14,877	16,719	40,571
In-kind donations	116,703	-	116,703	48,376
Social and special events	3,580	-	3,580	6,111
Membership dues	52,778	9,266	62,044	69,675
Registration fees and tickets	233,187	3,019	236,206	132,404
Booth and exhibit fees	206,226	-	206,226	70,500
Advertising	56,547	-	56,547	52,275
Investment, net	7,445	(1,156)	6,289	48,579
Miscellaneous	1,535	180	1,715	8,101
Net assets released from restrictions	209,263	(209,263)	-	-
<i>Total revenue and support</i>	<u>1,861,606</u>	<u>(140,627)</u>	<u>1,720,979</u>	<u>1,264,826</u>
EXPENSES				
Program	1,194,504	-	1,194,504	726,937
General and administrative	411,533	-	411,533	284,455
Fundraising	63,848	-	63,848	44,314
<i>Total expenses</i>	<u>1,669,885</u>	<u>-</u>	<u>1,669,885</u>	<u>1,055,706</u>
CHANGE IN NET ASSETS	191,721	(140,627)	51,094	209,120
NET ASSETS, BEGINNING OF YEAR	<u>244,088</u>	<u>685,234</u>	<u>929,322</u>	<u>720,202</u>
NET ASSETS, END OF YEAR	<u>\$ 435,809</u>	<u>\$ 544,607</u>	<u>\$ 980,416</u>	<u>\$ 929,322</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Program					General and Administrative	Fundraising	2018 Total	2017 Total
	Convention	Education Programs	Chapter Activities	Membership	Total Program				
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,856	\$ -	\$ 10,856	\$ 5,870
Audio visual	196,041	-	-	-	196,041	-	-	196,041	68,938
Bad debt	-	-	-	-	-	-	-	-	400
Computer software and equipment	4,025	-	19	3,492	7,536	7,207	-	14,743	46,516
Conference, meetings and workshops	-	-	2,680	2,350	5,030	-	-	5,030	10,277
Convention management fee	205,821	-	-	-	205,821	-	-	205,821	106,141
Depreciation	-	-	-	-	-	280	-	280	1,542
Drayage	48,404	-	150	-	48,554	-	-	48,554	6,023
Equipment and facilities rental	12,250	-	-	-	12,250	-	-	12,250	13,655
Financial service fees	-	-	157	-	157	23,129	-	23,286	5,775
Food and beverage	137,331	-	2,845	-	140,176	584	-	140,760	110,874
Insurance	3,401	-	-	-	3,401	9,969	-	13,370	9,437
Internet access and website hosting and maintenance	-	24	55	-	79	5,440	17	5,536	9,181
Membership dues and fees	-	-	2,035	-	2,035	1,115	400	3,550	475
Miscellaneous	5,144	-	118	-	5,262	648	-	5,910	4,272
Occupancy	-	-	-	-	-	9,885	-	9,885	4,659
Office supplies and furniture	8,245	10	-	-	8,255	681	-	8,936	1,129
Personnel costs	79,579	93,698	-	32,633	205,910	120,991	41,033	367,934	320,247
Postage and shipping	2,017	-	-	-	2,017	1,165	-	3,182	2,635
Printing and design	44,637	-	43	-	44,680	300	-	44,980	13,004
Professional services and fees (including \$114,203 and \$48,376 of in-kind in 2018 and 2017, respectively)	10,567	32,240	5,469	5,905	54,181	171,835	-	226,016	138,442
Promotional items and other event costs	2,680	-	-	-	2,680	1,300	-	3,980	-
Scholarships	-	105,000	7,595	-	112,595	-	-	112,595	54,405
Sponsorships	1,000	1,750	1,120	-	3,870	3,500	-	7,370	10,250
Telephone	-	-	-	-	-	2,237	-	2,237	2,074
Travel (including \$2,500 of in-kind in 2018)	119,591	9,739	968	3,676	133,974	40,411	22,398	196,783	109,485
<i>Total expenses</i>	<u>\$ 880,733</u>	<u>\$ 242,461</u>	<u>\$ 23,254</u>	<u>\$ 48,056</u>	<u>\$ 1,194,504</u>	<u>\$ 411,533</u>	<u>\$ 63,848</u>	<u>\$ 1,669,885</u>	<u>\$ 1,055,706</u>

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

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Page 1 of 2

	<u>2018</u>	<u>2017</u>
<u>DECREASE IN CASH AND CASH EQUIVALENTS</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, sponsorships, and fees	\$ 1,791,319	\$ 911,039
Cash paid to suppliers and employees	(1,529,210)	(996,303)
Investment income	11,699	3,505
	<u>273,808</u>	<u>(81,759)</u>
<i>Net cash and cash equivalents provided by (used in) operating activities</i>		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(510,392)	(114,289)
Sale of investments	35,957	33,053
	<u>(474,435)</u>	<u>(81,236)</u>
<i>Net cash and cash equivalents used in investing activities</i>		
DECREASE IN CASH AND CASH EQUIVALENTS	(200,627)	(162,995)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>376,465</u>	<u>539,460</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 175,838</u>	<u>\$ 376,465</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Page 2 of 2

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

	<u>2018</u>	<u>2017</u>
CHANGE IN NET ASSETS	\$ 51,094	\$ 209,120
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Depreciation	280	1,542
Unrealized (gain) loss on investments	20,251	(31,867)
Realized gain on investments	(14,841)	(13,207)
<i>(Increase) decrease in operating assets:</i>		
Contributions receivable	186,009	(249,721)
Prepayments	(7,379)	(25,281)
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	25,956	34,766
Accrued expenses	5,115	-
Deferred revenue	7,323	(7,111)
 <i>Total adjustments</i>	 <u>222,714</u>	 <u>(290,879)</u>
 NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES	 <u>\$ 273,808</u>	 <u>\$ (81,759)</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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 as of and for the year ended December 31, 2017, 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, 2018 and 2017, NAHJ had cash equivalents of \$2,853 and \$150,735, respectively.

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>2018</u>	<u>2017</u>
Computer software	\$ 11,360	\$ 11,360
Computer equipment	1,400	1,400
Accumulated depreciation	<u>(12,200)</u>	<u>(11,920)</u>
	<u>\$ 560</u>	<u>\$ 840</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, 2018 AND 2017

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

NAHJ maintains the following classifications of net assets:

WITHOUT DONOR RESTRICTIONS

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 net assets without donor restrictions of \$231,020 and \$228,145 at December 31, 2018 and 2017, respectively. The purpose of these funds is to finance the general operations of NAHJ, as needed.

WITH DONOR RESTRICTIONS

Net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. See Note 4 for further information.

REVENUE AND SUPPORT

NAHJ reports gifts of cash and donated 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, 2018 and 2017 and are due within 1 year.

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 revenue without donor restrictions. See Note 7.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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, 2018 and 2017 was \$10,856 and \$5,870, 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 \$222,401 and \$224,384 at December 31, 2018 and 2017, respectively, consisted of equity securities. There was \$553,708 and \$82,700 in fixed income mutual funds at December 31, 2018 and 2017, respectively. All investments at December 31, 2018 and 2017 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 3.

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 August 29, 2019, which is the date the financial statements were available to be issued.

NEW ACCOUNTING PRONOUNCEMENT

NAHJ has adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. The update addressed the complexity and understandability of net asset classification by reducing the three categories of unrestricted, temporarily restricted, and permanently restricted to two, net assets with and without donor restrictions. In addition, the update requires a new disclosure regarding availability of resources and liquidity, the presentation of expenses

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NEW ACCOUNTING PRONOUNCEMENT, CONTINUED

by natural classifications and function, and netting of investment expenses with revenue. NAHJ has adjusted the presentation of these statements accordingly. With the exception of Note 2, the update has been applied retrospectively to all periods presented, but had no impact on total net assets as of December 31, 2017.

2. AVAILABLE RESOURCES AND LIQUIDITY

NAHJ strives to maintain sufficient operating cash to cover annual expenditures. Due to the irregular nature of cash flow as a result of operations, cash reserves can vary significantly throughout the year.

The following table reflects NAHJ's financial assets as of December 31, 2018, reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial Position date because of donor restrictions or board designations.

Financial assets at year-end:		
Cash and cash equivalents	\$	175,838
Contributions receivable		93,584
Investments		<u>776,109</u>
Total financial assets:		1,045,531
Less amounts not available to be used within one year:		
Board designated net assets		(231,020)
Net assets with donor restrictions		<u>(544,607)</u>
Total financial assets not available to be used within one year:		<u>(775,627)</u>
Total financial assets available to meet cash needs for general expenditures within one year	\$	<u>269,904</u>

3. 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 \$700,413 and \$209,345 at December 31, 2018 and 2017, respectively.

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

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

3. INVESTMENTS, CONTINUED

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 11,699	\$ 3,505
Unrealized gain (loss)	(20,251)	31,867
Realized gain	19,392	16,965
Investment fees	(4,551)	(3,758)
	<u>\$ 6,289</u>	<u>\$ 48,579</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2018</u>	<u>2017</u>
Chapter activities	\$ 111,007	\$ 101,029
Climate matters	12,000	-
Local leadership training	10,000	-
Convention sponsorship	18,700	-
Education programs and scholarships	392,900	584,205
	<u>\$ 544,607</u>	<u>\$ 685,234</u>

5. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions during 2018 and 2017 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donor:

	<u>2018</u>	<u>2017</u>
Chapter activities	\$ 19,018	\$ 28,177
Education programs and scholarships	190,245	124,674
	<u>\$ 209,263</u>	<u>\$ 152,851</u>

6. 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 \$6,348. Total rental expense for 2018 and 2017 was \$9,885 and \$4,659, respectively.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

6. COMMITMENTS, CONTINUED

The future minimum lease payments are as follows for the years ending December 31:

2019	\$	6,609
2020		<u>716</u>
	\$	<u>7,325</u>

NAHJ has a contract with a hotel for the 2019 convention. The agreement requires a food and beverage minimum of \$75,000 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.

7. IN-KIND DONATIONS

During 2018 and 2017, NAHJ received the following in in-kind donations:

	<u>2018</u>	<u>2017</u>
Legal fees	\$ 114,203	\$ 48,376
Hotel vouchers	<u>2,500</u>	<u>-</u>
	<u>\$ 116,703</u>	<u>\$ 48,376</u>