
NATIONAL ASSOCIATION OF
HISPANIC JOURNALISTS
FINANCIAL STATEMENTS
Together with Independent Auditors' Report
DECEMBER 31, 2016 AND 2015

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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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 24, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Greenwald CPAs, Inc.

September 13, 2017

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 539,460	\$ 464,204
Contributions receivable	29,872	63,599
Prepayments	<u>6,525</u>	<u>24,221</u>
<i>Total current assets</i>	575,857	552,024
INVESTMENTS	180,774	167,675
SOFTWARE AND EQUIPMENT, NET	<u>2,382</u>	<u>5,049</u>
<i>Total assets</i>	<u><u>\$ 759,013</u></u>	<u><u>\$ 724,748</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 7,830	\$ 28,220
Deferred revenue	<u>30,981</u>	<u>56,591</u>
<i>Total liabilities</i>	<u>38,811</u>	<u>84,811</u>
COMMITMENTS (NOTE 5)		
NET ASSETS		
Undesignated	114,563	(32,379)
Board designated	<u>183,280</u>	<u>172,276</u>
<i>Total unrestricted net assets</i>	297,843	139,897
Temporarily restricted	<u>422,359</u>	<u>500,040</u>
<i>Total net assets</i>	<u>720,202</u>	<u>639,937</u>
<i>Total liabilities and net assets</i>	<u><u>\$ 759,013</u></u>	<u><u>\$ 724,748</u></u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>UNDESIGNATED</u>	<u>BOARD DESIGNATED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2016 TOTAL</u>	<u>2015 TOTAL</u>
REVENUE AND SUPPORT					
Grants	\$ 28,750	\$ -	\$ 27,500	\$ 56,250	\$ 20,000
Registration fees and tickets	240,864	-	3,207	244,071	118,483
Advertising	39,295	-	-	39,295	73,175
Social and special events	2,800	-	1,870	4,670	6,709
Investment	-	14,139	19	14,158	17,409
Membership dues	67,609	-	9,601	77,210	88,652
Donations	6,634	-	13,003	19,637	16,277
In-kind donations	140,204	-	-	140,204	137,560
Sponsorships	532,755	-	6,000	538,755	333,208
Booth and exhibit fees	130,369	-	-	130,369	71,042
Miscellaneous	1,986	-	617	2,603	949
Net assets released from restrictions	142,633	(3,135)	(139,498)	-	-
	<u>1,333,899</u>	<u>11,004</u>	<u>(77,681)</u>	<u>1,267,222</u>	<u>883,464</u>
<i>Total revenue and support</i>					
EXPENSES					
Program	826,797	-	-	826,797	638,282
General and administrative	324,610	-	-	324,610	285,892
Fundraising	35,550	-	-	35,550	28,080
	<u>1,186,957</u>	<u>-</u>	<u>-</u>	<u>1,186,957</u>	<u>952,254</u>
<i>Total expenses</i>					
CHANGE IN NET ASSETS	146,942	11,004	(77,681)	80,265	(68,790)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>(32,379)</u>	<u>172,276</u>	<u>500,040</u>	<u>639,937</u>	<u>708,727</u>
NET ASSETS, END OF YEAR	<u>\$ 114,563</u>	<u>\$ 183,280</u>	<u>\$ 422,359</u>	<u>\$ 720,202</u>	<u>\$ 639,937</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015

	<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>2016 Total</u>	<u>2015 Total</u>
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 587
Audio visual	138,550	-	-	-	138,550	500	-	139,050	49,851
Bad debt	-	-	-	-	-	21,657	-	21,657	19,111
Computer software and equipment	-	-	19	1,459	1,478	1,134	-	2,612	128
Conference, meetings and workshops	-	-	775	-	775	3,549	-	4,324	(34)
Convention management fee	-	-	-	-	-	-	-	-	62,349
Depreciation	-	-	-	-	-	4,067	-	4,067	3,787
Drayage	22,502	-	72	-	22,574	-	-	22,574	22
Equipment and facilities rental	10,584	-	-	3,115	13,699	13,199	-	26,898	14,985
Financial service fees	-	150	92	-	242	20,781	-	21,023	11,179
Food and beverage	101,222	-	11,318	2,156	114,696	1,676	-	116,372	68,736
Insurance	-	-	-	-	-	7,691	-	7,691	7,525
Internet access and website hosting and maintenance	84	-	20	6,675	6,779	2,840	-	9,619	17,825
Membership dues and fees	-	-	-	503	503	450	-	953	1,531
Miscellaneous	220	-	1,000	10	1,230	(137)	-	1,093	4,522
Occupancy	-	-	-	-	-	7,916	-	7,916	12,691
Office supplies and furniture	831	-	-	8	839	115	-	954	1,077
Personnel costs	70,166	81,161	-	28,266	179,593	99,877	35,543	315,013	272,654
Postage and shipping	44	137	-	-	181	1,936	7	2,124	2,871
Printing	25,884	-	1,484	939	28,307	5,487	-	33,794	8,948
Professional services and fees (including \$21,404 and \$50,667 of in-kind in 2016 and 2015, respectively)	101,902	7,410	8,335	5,900	123,547	49,240	-	172,787	178,165
Promotional items and other event costs	14,277	-	1,364	-	15,641	2,134	-	17,775	6,028
Scholarships	2,850	60,000	7,970	-	70,820	2,000	-	72,820	62,800
Service fees	-	-	-	-	-	-	-	-	933
Sponsorships	-	500	335	-	835	2,500	-	3,335	6,800
Telephone	-	-	-	-	-	3,509	-	3,509	4,176
Travel (including \$100,000 of in-kind in 2016 and 2015)	104,415	-	508	1,585	106,508	72,489	-	178,997	133,007
<i>Total expenses</i>	<u>\$ 593,531</u>	<u>\$ 149,358</u>	<u>\$ 33,292</u>	<u>\$ 50,616</u>	<u>\$ 826,797</u>	<u>\$ 324,610</u>	<u>\$ 35,550</u>	<u>\$ 1,186,957</u>	<u>\$ 952,254</u>

See accompanying notes to financial statements.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

CHANGE IN CASH AND CASH EQUIVALENTS

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, sponsorships, and fees	\$ 1,120,977	\$ 735,664
Cash paid to suppliers and employees	(1,045,380)	(812,257)
Investment income	2,307	2,075
	<u>77,904</u>	<u>(74,518)</u>
<i>Net cash and cash equivalents provided by (used in) operating activities</i>		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of software and equipment	(1,400)	-
Purchase of investments	(25,554)	(43,209)
Sale of investments	24,306	25,712
	<u>(2,648)</u>	<u>(17,497)</u>
<i>Net cash and cash equivalents used in investing activities</i>		
NET CHANGE IN CASH AND CASH EQUIVALENTS	75,256	(92,015)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>464,204</u>	<u>556,219</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 539,460</u>	<u>\$ 464,204</u>

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

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

	<u>2016</u>	<u>2015</u>
CHANGE IN NET ASSETS	<u>\$ 80,265</u>	<u>\$ (68,790)</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Depreciation expense	4,067	3,787
Unrealized gain on investments	(4,449)	(10,137)
Realized gain on investments	(7,402)	(5,197)
<i>(Increase) decrease in operating assets:</i>		
Contributions receivable	33,727	2,721
Prepayments	17,696	(15,305)
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	(20,390)	13,955
Deferred revenue	<u>(25,610)</u>	<u>4,448</u>
 <i>Total adjustments</i>	 <u>(2,361)</u>	 <u>(5,728)</u>
 NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES	 <u><u>\$ 77,904</u></u>	 <u><u>\$ (74,518)</u></u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

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 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, 2015, 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, 2016 and 2015, NAHJ had cash equivalents of \$182,226 and \$184,453, respectively. At December 31, 2016, 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 of 3-5 years. NAHJ capitalizes all acquisitions of software and equipment in excess of \$500.

	<u>2016</u>	<u>2015</u>
Computer software	\$ 11,360	\$ 11,360
Computer equipment	1,400	-
Accumulated depreciation	<u>(10,378)</u>	<u>(6,311)</u>
	<u>\$ 2,382</u>	<u>\$ 5,049</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, 2016 AND 2015

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. 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 \$183,280 and \$172,276 at December 31, 2016 and 2015, 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, 2016 and 2015.

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. See Note 6.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

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 \$180,774 and \$167,675 at December 31, 2016 and 2015, respectively, consisted of equity securities. All investments at December 31, 2016 and 2015 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.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through September 13, 2017, 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 \$114,902 and \$106,344 at December 31, 2016 and 2015, respectively.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

2. INVESTMENTS, CONTINUED

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

	<u>2016</u>	<u>2015</u>
Interest and dividend income	\$ 2,307	\$ 2,075
Unrealized gain	4,449	10,137
Realized gain	7,402	5,197
	<u>\$ 14,158</u>	<u>\$ 17,409</u>

3. TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2016</u>	<u>2015</u>
Chapter activities	\$ 78,090	\$ 56,751
Education programs and scholarships	344,269	443,289
	<u>\$ 422,359</u>	<u>\$ 500,040</u>

4. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2016 and 2015 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donor:

	<u>2016</u>	<u>2015</u>
Chapter activities	\$ 20,157	\$ 19,663
Annual convention	-	10,833
Education programs and scholarships	119,341	101,984
	<u>\$ 139,498</u>	<u>\$ 132,480</u>

5. COMMITMENTS

NAHJ has an office space lease that expires in August 2017 with monthly payments of \$275. NAHJ also has a storage unit lease that expires in November 2017 with an annual rate of \$4,618. Total rental expense for 2016 and 2015 was \$7,916 and \$12,691, respectively.

The future minimum lease payments for 2017 total \$4,456.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

6. IN-KIND CONTRIBUTIONS

During 2016 and 2015, NAHJ received the following in in-kind contributions:

	<u>2016</u>	<u>2015</u>
Legal fees	\$ 21,404	\$ 43,167
Airfare	100,000	100,000
Board travel	13,800	-
Certificates for annual gala	5,000	-
Concert services	-	7,500
	<u>\$ 140,204</u>	<u>\$ 150,667</u>

\$13,107 of airfare was used in 2015 for 2016 air travel and was considered deferred revenue at December 31, 2015.

7. RECLASSIFICATIONS

Certain items in the 2015 financial statements have been retroactively reclassified to conform to the 2016 presentation. These reclassifications had no effect on net assets at December 31, 2015