
NATIONAL ASSOCIATION OF
HISPANIC JOURNALISTS
FINANCIAL STATEMENTS
Together with Independent Auditors' Report
DECEMBER 31, 2020 AND 2019



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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Greenwald CPAs, Inc.

October 26, 2021

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 600,317	\$ 489,851
Contributions receivable, short-term	324,051	394,982
Prepayments	44,116	11,336
	<u>968,484</u>	<u>896,169</u>
<i>Total current assets</i>	968,484	896,169
INVESTMENTS	855,674	511,498
LONG-TERM PORTION OF CONTRIBUTIONS RECEIVABLE	47,400	63,600
SOFTWARE AND EQUIPMENT, NET	6,697	280
	<u>6,697</u>	<u>280</u>
<i>Total assets</i>	<u>\$ 1,878,255</u>	<u>\$ 1,471,547</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 14,759	\$ 43,211
Accrued expenses	6,068	-
Deferred revenue	57,796	25,664
Refundable advance of PPP funds (Note 4)	60,719	-
	<u>139,342</u>	<u>68,875</u>
<i>Total liabilities</i>	139,342	68,875
COMMITMENTS (NOTE 7)		
NET ASSETS		
Net assets without donor restrictions		
Undesignated	687,328	237,626
Board designated	386,927	299,667
	<u>1,074,255</u>	<u>537,293</u>
<i>Total net assets without donor restrictions</i>	1,074,255	537,293
Net assets with donor restrictions	664,658	865,379
	<u>664,658</u>	<u>865,379</u>
<i>Total net assets</i>	<u>1,738,913</u>	<u>1,402,672</u>
<i>Total liabilities and net assets</i>	<u>\$ 1,878,255</u>	<u>\$ 1,471,547</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>2020 TOTAL</u>	<u>2019 TOTAL</u>
REVENUE AND SUPPORT				
Grants	\$ 389,132	\$ 470,368	\$ 859,500	\$ 778,900
Sponsorships	345,109	2,500	347,609	521,706
Donations	26,552	14,601	41,153	19,143
In-kind donations	29,583	-	29,583	21,369
Social and special events	-	777	777	4,052
Membership dues	57,278	14,965	72,243	54,489
Registration fees and tickets	80,620	760	81,380	233,258
Booth and exhibit fees	239,071	-	239,071	72,033
Advertising	91,756	-	91,756	79,326
Investment, net	92,709	9,134	101,843	91,796
Miscellaneous	117	-	117	1,200
Net assets released from restrictions	713,826	(713,826)	-	-
	<u>2,065,753</u>	<u>(200,721)</u>	<u>1,865,032</u>	<u>1,877,272</u>
<i>Total revenue and support</i>				
EXPENSES				
Program	1,156,811	-	1,156,811	1,022,702
General and administrative	324,029	-	324,029	369,324
Fundraising	47,951	-	47,951	62,990
	<u>1,528,791</u>	<u>-</u>	<u>1,528,791</u>	<u>1,455,016</u>
<i>Total expenses</i>				
INCREASE (DECREASE) IN NET ASSETS	536,962	(200,721)	336,241	422,256
NET ASSETS, BEGINNING OF YEAR	<u>537,293</u>	<u>865,379</u>	<u>1,402,672</u>	<u>980,416</u>
NET ASSETS, END OF YEAR	<u>\$ 1,074,255</u>	<u>\$ 664,658</u>	<u>\$ 1,738,913</u>	<u>\$ 1,402,672</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM					GENERAL AND ADMINISTRATIVE	FUNDRAISING	2020 TOTAL	2019 TOTAL
	CONVENTION	EDUCATION PROGRAMS	CHAPTER ACTIVITIES	MEMBERSHIP	TOTAL PROGRAM				
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ 500	\$ 207
Audio visual	2,801	-	-	-	2,801	-	-	2,801	120,490
Computer software and equipment	-	5,555	19	8,796	14,370	4,832	-	19,202	12,350
Conference, meetings and workshops	-	-	-	-	-	325	-	325	3,185
Convention management fee	161,738	-	-	-	161,738	-	-	161,738	153,896
Depreciation	-	-	-	-	-	1,164	-	1,164	280
Drayage	-	-	-	-	-	-	-	-	33,047
Equipment and facilities rental	-	-	450	-	450	-	-	450	83
Financial service fees	-	-	104	-	104	9,821	-	9,925	5,715
Food and beverage	27,196	297	200	13	27,706	82	-	27,788	89,870
Insurance	-	-	-	-	-	4,394	-	4,394	5,361
Internet access and website hosting and maintenance	-	672	345	-	1,017	7,359	-	8,376	5,141
Meals - entertainment	-	104	1,641	-	1,745	5,532	-	7,277	-
Membership dues and fees	-	-	-	-	-	1,150	-	1,150	1,301
Miscellaneous	21	500	-	-	521	848	-	1,369	4,512
Occupancy	-	-	-	-	-	6,563	-	6,563	7,426
Office supplies and furniture	3,734	-	-	228	3,962	1,446	-	5,408	16,737
Personnel costs	87,451	104,815	-	36,504	228,770	143,067	45,901	417,738	370,906
Postage and shipping	-	217	8	20	245	1,190	-	1,435	1,955
Printing and design	26,953	-	-	273	27,226	-	-	27,226	6,857
Professional services and fees (including \$29,583 and \$21,369 of in-kind in 2020 and 2019, respectively)	79,046	123,751	6,625	-	209,422	101,260	-	310,682	162,619
Promotional items and other event costs	-	-	1,016	-	1,016	-	-	1,016	3,600
Stipends and scholarships	-	444,240	14,000	-	458,240	3,473	-	461,713	146,382
Telephone	-	-	-	-	-	2,402	-	2,402	2,799
Travel	1,214	13,826	-	2,438	17,478	28,621	2,050	48,149	300,297
<i>Total expenses</i>	<u>\$ 390,154</u>	<u>\$ 693,977</u>	<u>\$ 24,408</u>	<u>\$ 48,272</u>	<u>\$ 1,156,811</u>	<u>\$ 324,029</u>	<u>\$ 47,951</u>	<u>\$ 1,528,791</u>	<u>\$ 1,455,016</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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INCREASE IN CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, sponsorships, and fees	\$ 1,913,588	\$ 1,393,580
Cash paid to suppliers and employees	(1,547,583)	(1,431,084)
Investment income, net	1,236	9,396
	<u>367,241</u>	<u>(28,108)</u>
<i>Net cash and cash equivalents provided by (used in) operating activities</i>		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of software and equipment	(7,581)	-
Purchases of investments	(318,703)	(64,669)
Sales of investments	69,509	406,790
	<u>(256,775)</u>	<u>342,121</u>
<i>Net cash and cash equivalents provided by (used in) investing activities</i>		
INCREASE IN CASH AND CASH EQUIVALENTS	110,466	314,013
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>489,851</u>	<u>175,838</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 600,317</u>	<u>\$ 489,851</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	<u>2020</u>	<u>2019</u>
INCREASE IN NET ASSETS	<u>\$ 336,241</u>	<u>\$ 422,256</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Depreciation	1,164	280
Unrealized gain on investments	(71,210)	(58,930)
Realized gain on investments	(23,772)	(18,580)
<i>(Increase) decrease in operating assets</i>		
Contributions receivable	87,131	(364,998)
Prepayments	(32,780)	27,849
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable	(28,452)	(25,341)
Accrued expenses	6,068	(5,115)
Deferred revenue	32,132	(5,529)
Refundable advance of PPP funds	60,719	-
<i>Total adjustments</i>	<u>31,000</u>	<u>(450,364)</u>
NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u><u>\$ 367,241</u></u>	<u><u>\$ (28,108)</u></u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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, 2019, 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, 2020 and 2019, NAHJ had cash equivalents of \$206,413 and \$204,371, respectively. At December 31, 2020 and 2019, NAHJ maintained cash balances in excess of federally insured limits by approximately \$159,000 and \$247,000, respectively.

CONTRIBUTIONS AND PLEDGES

Contributions are recognized when the donor makes an unconditional promise to give to NAHJ and are recorded at their fair values as revenues and assets in that same period. Donor-restricted contributions are reported as increases in net assets with donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions receivable of \$324,051 are due within one year as of December 31, 2020. At December 31, 2020, contributions of \$36,200 and \$11,200 are due in the years ending 2022 and 2023, respectively. Contributions receivable of \$394,982 were due within one year as of December 31, 2019. At December 31, 2019, contributions of \$41,200, \$11,200, and \$11,200 were due in the years ending 2021, 2022, and 2023, respectively.

NAHJ annually reviews contributions receivable and writes off the amount of individual contributions, if any, it determines to be uncollectible. There is no allowance as of December 31, 2020 and 2019.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 the assets of 3-5 years. NAHJ capitalizes all acquisitions of software and equipment in excess of \$500.

	<u>2020</u>	<u>2019</u>
Computer software	\$ 11,360	\$ 11,360
Computer equipment	8,981	1,400
Accumulated depreciation	<u>(13,644)</u>	<u>(12,480)</u>
	<u>\$ 6,697</u>	<u>\$ 280</u>

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

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 \$386,927 and \$299,667 at December 31, 2020 and 2019, respectively. The purpose of these funds is to support 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 5.

RECOGNITION OF REVENUE AND SUPPORT

NAHJ's revenues consist primarily of convention registration fees and tickets, booth and exhibit fees, advertising income, membership dues, grants and sponsorships, and donations. Earned revenue is recognized as follows:

The membership dues cycle operates on an anniversary date basis. These membership dues are recognized as services are provided to members. Membership dues collected prior to being earned are reported as deferred revenue.

Convention registration fees and tickets, booth and exhibit fees, and advertising income are earned upon the completion of the convention or program.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

RECOGNITION OF REVENUE AND SUPPORT, CONTINUED

The following table disaggregates NAHJ's earned revenue based on the timing of satisfaction of performance obligations for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Over time	\$ 72,243	\$ 54,489
Point in time	<u>412,984</u>	<u>388,669</u>
Total	<u>\$ 485,227</u>	<u>\$ 443,158</u>

NAHJ reports grants, donations, or other 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. Donations restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the donations are recognized. 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, including grants, sponsorships, and donations, are recognized when the conditions on which they depend are substantially met.

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 8.

ADVERTISING EXPENSE

NAHJ expenses the cost of advertising as incurred. Advertising expense for the years ended December 31, 2020 and 2019 was \$500 and \$207, 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).

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS AND INVESTMENTS, CONTINUED

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.

Fair values measured on a recurring basis at December 31 are as follows:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>2020</u>	<u>Fair Value</u>			
Equities	\$ 374,009	\$ 374,009	\$ -	\$ -
Fixed income	481,665	481,665	-	-
Total	<u>\$ 855,674</u>	<u>\$ 855,674</u>	<u>\$ -</u>	<u>\$ -</u>

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>2019</u>	<u>Fair Value</u>			
Equities	\$ 286,653	\$ 286,653	\$ -	\$ -
Fixed income	224,845	224,845	-	-
Total	<u>\$ 511,498</u>	<u>\$ 511,498</u>	<u>\$ -</u>	<u>\$ -</u>

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 October 26, 2021, which is the date the financial statements were available to be issued.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

2. AVAILABLE RESOURCES AND LIQUIDITY

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, 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. However, board restrictions could be lifted with board approval.

	<u>2020</u>	<u>2019</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 600,317	\$ 489,851
Contributions receivable	371,451	458,582
Investments	855,674	511,498
Total financial assets	1,827,442	1,459,931
Less amounts not available to be used within one year		
Contributions receivable not collectible in the next year	(47,400)	(63,600)
Board designated net assets	(386,927)	(299,667)
Net assets with donor restrictions	(664,658)	(865,379)
Total financial assets not available to be used within one year	(1,098,985)	(1,228,646)
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 728,457</u>	<u>\$ 231,285</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 \$662,609 and \$373,300 at December 31, 2020 and 2019, respectively.

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

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 12,486	\$ 19,176
Unrealized gain	71,210	58,930
Realized gain	23,772	18,580
Investment fees	(5,625)	(4,890)
	<u>\$ 101,843</u>	<u>\$ 91,796</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

4. REFUNDABLE ADVANCE OF PPP FUNDS

In response to the COVID-19 pandemic, the United States federal government adopted the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") which includes a Small Business Paycheck Protection Program ("PPP") under the auspices of the federal Small Business Administration ("SBA"). These funds can be used for costs related to payroll, employee health care, rent, and utilities. In May 2020, NAHJ obtained \$60,719 from a financial institution under the PPP. The interest rate is 1%, the loan term is five years which begins after the lender makes a determination on forgiveness or 10 months after the 24-week expenditure period; however, to the extent the funds are used for qualifying expenses under the program, NAHJ may apply for loan forgiveness for which NAHJ expects to receive 100% forgiveness. Since the loan is expected to be forgiven, NAHJ has elected to account for the loan as a conditional grant in accordance with FASB ASC 958-605. As such the loan is presented as a refundable advance in the statement of financial position. In October 2021, NAHJ met the conditions of forgiveness and, thus, the loan will be recognized as grant income in 2021.

5. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Chapter activities	\$ 119,809	\$ 108,131
Climate matters	24,000	24,000
Local leadership training	143,638	38,260
Convention sponsorship	3,700	228,700
Education programs and scholarships	373,511	466,288
	<u>\$ 664,658</u>	<u>\$ 865,379</u>

6. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions during 2020 and 2019 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donor:

	<u>2020</u>	<u>2019</u>
Chapter activities	\$ 18,783	\$ 29,012
Local leadership training	3,756	10,000
Convention sponsorship	225,000	-
Education programs and scholarships	466,287	157,138
	<u>\$ 713,826</u>	<u>\$ 196,150</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

7. COMMITMENTS

NAHJ has a storage unit lease that expired in February 2020, with an annual rate of \$4,297 that became month-to-month upon expiration. Total rental expense for 2020 and 2019 was \$6,563 and \$7,426, respectively.

NAHJ entered into a contract with a hotel for the 2022 convention. The agreement requires a food and beverage minimum of \$400,000 over the dates of the event. NAHJ also entered into a contract with a hotel for the 2025 convention. The agreement requires a food and beverage minimum of \$100,000 over the dates of the event. NAHJ also entered into contracts with two hotels for the 2026 convention. The agreements require respective food and beverage minimums of \$300,000 and \$70,000 over the dates of the event. In addition, these agreements have cancellation clauses that in the event of a cancellation, NAHJ will owe a percentage of the total room revenue estimated to the hotel, depending on the date that the cancellations occur.

8. IN-KIND DONATIONS

During 2020 and 2019, NAHJ received the following in in-kind donations:

	<u>2020</u>	<u>2019</u>
Legal fees	\$ <u>29,583</u>	\$ <u>21,369</u>

9. RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared a worldwide pandemic due to the outbreak of a novel strain of coronavirus, called COVID-19. The COVID-19 outbreak resulted in a state-wide stay at home order. As a result, NAHJ closed its facility from March 31 until June 1. The Organization did not charge membership dues or program service revenue during the closure. The extent of the impact of COVID-19 on NAHJ's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on NAHJ's participating membership, employees and vendors all of which are uncertain and cannot be predicted. As NAHJ's investments are 45.6% of its total assets this results in a risk of a decline in investment value by way of unforeseen market activity. At the date of this report, the extent to which COVID-19 may impact NAHJ's financial condition or results of operations is uncertain.



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

We have audited the financial statements of National Association of Hispanic Journalists (NAHJ) as of and for the year ended December 31, 2020, and have issued our report thereon dated October 26, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 9, 2020. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT MATTERS

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by NAHJ are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by NAHJ during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- *Cost allocation:* Management makes estimates for functional cost allocation of indirect expenses between program, general and administrative, and fundraising expenses. Management performs calculations to allocate expenses using a reasonable method that consistently reflects the benefit received by each function.
- *Depreciation:* Management depreciates software and equipment using the straight-line method over the estimated useful lives of the assets.
- *In-kind donations:* Management estimates the value of donated goods and services received with assistance from the donor and records their value as in-kind contributions.

We evaluated the key factors and assumptions used to develop the estimates noted above and determined that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures include new disclosures related to the refundable advance of PPP funds (Note 4) and risks and uncertainties (Note 9).

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. A corrected misstatement identified as a result of audit procedures has been attached herein. There were no uncorrected misstatements.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated October 26, 2021.

CONSULTATION WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to NAHJ's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as NAHJ's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We are pleased to serve NAHJ as your independent auditors for the year ended December 31, 2020 and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities and would be pleased to discuss this letter or any other matters further, should you desire. This information is intended solely for the use of the Board of Directors, management, and others within NAHJ and is not intended to be, and should not be, used by anyone other than these specified parties.

Greenwalt CPAs, Inc.

October 26, 2021

CORRECTED MISSTATEMENT

Adjustment #1: To adjust 2020 revenue and defer lifetime memberships over a 10-year period in compliance with FASB ASC 606.

4840	Membership Dues:4840 Dues – Lifetime Members	\$	9,458		
2700	Deferred Membership Revenue			\$	9,458
Total		\$	9,458	\$	9,458