
NATIONAL ASSOCIATION OF
HISPANIC JOURNALISTS
FINANCIAL STATEMENTS
Together with Independent Auditors' Report
DECEMBER 31, 2021 AND 2020



INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAHJ as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NAHJ and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NAHJ's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involved collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of NAHJ's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NAHJ's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited NAHJ's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Greenwald CPAs, Inc.

September 22, 2022

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 940,701	\$ 600,317
Contributions receivable, short-term	712,600	324,051
Prepayments	19,661	44,116
	<u>1,672,962</u>	<u>968,484</u>
<i>Total current assets</i>	1,672,962	968,484
INVESTMENTS	951,823	855,674
LONG-TERM PORTION OF CONTRIBUTIONS RECEIVABLE	22,400	47,400
SOFTWARE AND EQUIPMENT, NET	6,810	6,697
	<u>6,810</u>	<u>6,697</u>
<i>Total assets</i>	<u>\$ 2,653,995</u>	<u>\$ 1,878,255</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 60,366	\$ 14,759
Accrued expenses	-	6,068
Deferred revenue	92,994	57,796
Refundable advance of PPP funds (Note 4)	-	60,719
	<u>153,360</u>	<u>139,342</u>
<i>Total liabilities</i>	153,360	139,342
COMMITMENTS (NOTE 7)		
NET ASSETS		
Net assets without donor restrictions		
Undesignated	915,338	687,328
Board designated	465,616	386,927
	<u>1,380,954</u>	<u>1,074,255</u>
<i>Total net assets without donor restrictions</i>	1,380,954	1,074,255
Net assets with donor restrictions	1,119,681	664,658
	<u>1,119,681</u>	<u>664,658</u>
<i>Total net assets</i>	<u>2,500,635</u>	<u>1,738,913</u>
<i>Total liabilities and net assets</i>	<u>\$ 2,653,995</u>	<u>\$ 1,878,255</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>2021 TOTAL</u>	<u>2020 TOTAL</u>
REVENUE AND SUPPORT				
Grants	\$ 532,000	\$ 332,500	\$ 864,500	\$ 859,500
Sponsorships	724,550	4,250	728,800	347,609
Donations and contributions	9,569	15,191	24,760	41,153
In-kind contributions	16,722	-	16,722	29,583
Social and special events	4,850	-	4,850	777
Membership dues	90,905	6,670	97,575	72,243
Registration fees and tickets	60,145	-	60,145	81,380
Booth and exhibit fees	75,600	-	75,600	239,071
Advertising	200,670	-	200,670	91,756
Investment, net	78,513	(2,258)	76,255	96,218
Miscellaneous	67,319	-	67,319	117
Net assets released from restrictions	236,356	(236,356)	-	-
	<u>2,097,199</u>	<u>119,997</u>	<u>2,217,196</u>	<u>1,859,407</u>
<i>Total revenue and support</i>				
EXPENSES				
Program	1,026,709	-	1,026,709	1,156,811
General and administrative	396,558	-	396,558	318,404
Fundraising	32,207	-	32,207	47,951
	<u>1,455,474</u>	<u>-</u>	<u>1,455,474</u>	<u>1,523,166</u>
<i>Total expenses</i>				
INCREASE (DECREASE) IN NET ASSETS	641,725	119,997	761,722	336,241
NET ASSET RECLASSIFICATION (NOTE 5)	(335,026)	335,026	-	-
NET ASSETS, BEGINNING OF YEAR	<u>1,074,255</u>	<u>664,658</u>	<u>1,738,913</u>	<u>1,402,672</u>
NET ASSETS, END OF YEAR	<u>\$ 1,380,954</u>	<u>\$ 1,119,681</u>	<u>\$ 2,500,635</u>	<u>\$ 1,738,913</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020

	PROGRAM					GENERAL AND ADMINISTRATIVE	FUNDRAISING	2021 TOTAL	2020 TOTAL
	CONVENTION	EDUCATION PROGRAMS	CHAPTER ACTIVITIES	MEMBERSHIP	TOTAL PROGRAM				
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Audio visual	71,084	-	-	-	71,084	-	-	71,084	2,801
Bad debt	11,429	1,500	500	-	13,429	1,124	-	14,553	-
Computer software and equipment	-	6,052	19	11,751	17,822	5,850	-	23,672	19,202
Conference, meetings and workshops	-	-	-	-	-	-	-	-	325
Convention management fee	206,650	-	-	-	206,650	-	-	206,650	161,738
Depreciation	-	-	-	-	-	1,517	-	1,517	1,164
Equipment and facilities rental	-	-	-	-	-	-	-	-	450
Financial and other service fees	-	40,017	34	1	40,052	13,348	-	53,400	9,925
Food and beverage	3,571	10,550	690	-	14,811	-	-	14,811	27,788
Insurance	-	355	-	-	355	6,040	-	6,395	4,394
Internet access and website hosting and maintenance	-	634	538	-	1,172	5,398	-	6,570	8,376
Meals - entertainment	-	-	2,293	-	2,293	-	-	2,293	7,277
Membership dues and fees	-	-	-	-	-	659	68	727	1,150
Miscellaneous	-	-	4,208	-	4,208	566	-	4,774	1,369
Occupancy	-	-	-	-	-	7,349	-	7,349	6,563
Office supplies and furniture	29,282	-	291	260	29,833	173	-	30,006	5,408
Personnel costs	60,733	73,387	-	25,559	159,679	160,562	32,139	352,380	417,738
Postage and shipping	-	38	16	-	54	1,673	-	1,727	1,435
Printing and design	73,498	1,001	63	-	74,562	-	-	74,562	27,226
Professional services and fees (including \$16,722 and \$29,583 of in-kind in 2021 and 2020, respectively)	74,777	174,852	3,000	-	252,629	180,127	-	432,756	305,057
Promotional items and other event costs	-	-	785	-	785	-	-	785	1,016
Scholarships	-	119,000	8,000	-	127,000	-	-	127,000	134,200
Sponsorships	-	2,500	514	450	3,464	6,500	-	9,964	327,513
Telephone	-	-	-	-	-	2,478	-	2,478	2,402
Travel	4,042	1,754	1,015	16	6,827	3,194	-	10,021	48,149
<i>Total expenses</i>	<u>\$ 535,066</u>	<u>\$ 431,640</u>	<u>\$ 21,966</u>	<u>\$ 38,037</u>	<u>\$ 1,026,709</u>	<u>\$ 396,558</u>	<u>\$ 32,207</u>	<u>\$ 1,455,474</u>	<u>\$ 1,523,166</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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INCREASE IN CASH AND CASH EQUIVALENTS

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, sponsorships, and fees	\$ 1,727,500	\$ 1,907,963
Cash paid to suppliers and employees	(1,365,592)	(1,541,958)
Investment income (loss), net	(1,044)	1,236
	<u>360,864</u>	<u>367,241</u>
<i>Net cash and cash equivalents provided by operating activities</i>	<u>360,864</u>	<u>367,241</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of software and equipment	(1,630)	(7,581)
Purchases of investments	(323,879)	(318,703)
Sales of investments	305,029	69,509
	<u>(20,480)</u>	<u>(256,775)</u>
<i>Net cash and cash equivalents used in investing activities</i>	<u>(20,480)</u>	<u>(256,775)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	340,384	110,466
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>600,317</u>	<u>489,851</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 940,701</u>	<u>\$ 600,317</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	<u>2021</u>	<u>2020</u>
INCREASE IN NET ASSETS	\$ 761,722	\$ 336,241
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES		
Depreciation	1,517	1,164
Unrealized gain on investments	(39,774)	(71,210)
Realized gain on investments	(37,525)	(23,772)
<i>(Increase) decrease in operating assets</i>		
Contributions receivable	(363,549)	87,131
Prepayments	24,455	(32,780)
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable	45,607	(28,452)
Accrued expenses	(6,068)	6,068
Deferred revenue	35,198	32,132
Refundable advance of PPP funds	(60,719)	60,719
<i>Total adjustments</i>	<u>(400,858)</u>	<u>31,000</u>
NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES	<u>\$ 360,864</u>	<u>\$ 367,241</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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, 2020, 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, 2021 and 2020, NAHJ had cash equivalents of \$186,520 and \$206,413, respectively. At December 31, 2021 and 2020, NAHJ maintained cash balances in excess of federally insured limits by approximately \$502,000 and \$159,000, respectively.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 \$722,600 and \$324,051 are due within one year as of December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, contributions are due in the years ending:

	<u>2021</u>	<u>2020</u>
2022	\$ -	\$ 25,000
2023	11,200	11,200
2024	<u>11,200</u>	<u>11,200</u>
	<u>\$ 22,400</u>	<u>\$ 47,400</u>

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, 2021 and 2020.

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>2021</u>	<u>2020</u>
Computer software	\$ 11,360	\$ 11,360
Computer equipment	10,611	8,981
Accumulated depreciation	<u>(15,161)</u>	<u>(13,644)</u>
	<u>\$ 6,810</u>	<u>\$ 6,697</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, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 \$465,616 and \$386,927 at December 31, 2021 and 2020, 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.

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

	<u>2021</u>	<u>2020</u>
Over time	\$ 97,575	\$ 72,243
Point in time	<u>341,265</u>	<u>412,207</u>
Total	<u>\$ 438,840</u>	<u>\$ 484,450</u>

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.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

RECOGNITION OF REVENUE AND SUPPORT, CONTINUED

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.

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.

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>2021</u>	<u>Fair Value</u>						
Equities	\$	451,613	\$	451,613	\$	-	\$	-
Fixed income		<u>500,210</u>		<u>500,210</u>		-		-
Total	\$	<u>951,823</u>	\$	<u>951,823</u>	\$	-	\$	-

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS AND INVESTMENTS, CONTINUED

	<u>2020</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Equities	\$	374,009	\$ 374,009	\$ -	\$ -
Fixed income		<u>481,665</u>	<u>481,665</u>	<u>-</u>	<u>-</u>
Total	\$	<u>855,674</u>	<u>\$ 855,674</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 September 22, 2022, which is the date the financial statements were available to be issued.

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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>2021</u>	<u>2020</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 940,701	\$ 600,317
Contributions receivable	735,000	371,451
Investments	951,823	855,674
Total financial assets	<u>2,627,524</u>	<u>1,827,442</u>
Less amounts not available to be used within one year		
Contributions receivable not collectible in the next year	(22,400)	(47,400)
Board designated net assets	(465,616)	(386,927)
Net assets with donor restrictions	<u>(1,119,681)</u>	<u>(664,658)</u>
Total financial assets not available to be used within one year	<u>(1,607,697)</u>	<u>(1,098,985)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,019,827</u>	<u>\$ 728,457</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 \$716,166 and \$662,609 at December 31, 2021 and 2020, respectively.

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

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 6,605	\$ 6,861
Unrealized gain	39,774	71,210
Realized gain	37,525	23,772
Investment fees	<u>(7,649)</u>	<u>(5,625)</u>
	<u>\$ 76,255</u>	<u>\$ 96,218</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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 could 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 was 1%, the loan term was 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 could apply for loan forgiveness. Since the loan was expected to be forgiven, NAHJ elected to account for the loan as a conditional grant in 2020 in accordance with FASB ASC 958-605. The loan was presented as a refundable advance in the statement of financial position at December 31, 2020. In October 2021, NAHJ met the conditions of forgiveness and, thus, the loan was recognized as other income on the statement of activities for the year ended December 31, 2021.

5. NET ASSETS WITH DONOR RESTRICTIONS

In 2021, \$335,026 of net assets restricted for scholarships were reclassified from net assets without donor restrictions to net assets with donor restrictions. The reconciliation completed in 2021 identified restricted scholarship funds were not properly allocated from operations prior to being awarded. Total change in net assets remains unchanged as a result of this reclassification. Net assets are correct as of December 31, 2021 and management will continue monthly assessments to ensure the correct classification of net assets with and without donor restrictions going forward.

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

	<u>2021</u>	<u>2020</u>
Chapter activities	\$ 141,693	\$ 119,809
Climate matters	-	24,000
Local leadership training	39,500	143,638
Convention sponsorships	151,500	3,700
Scholarships	<u>786,988</u>	<u>373,511</u>
	<u>\$ 1,119,681</u>	<u>\$ 664,658</u>

NATIONAL ASSOCIATION OF HISPANIC JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

6. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions during 2021 and 2020 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donor:

	<u>2021</u>	<u>2020</u>
Chapter activities	\$ 21,888	\$ 18,783
Climate matters	24,000	-
Local leadership training	71,073	3,756
Convention sponsorship	-	225,000
Scholarships	119,395	466,287
	<u>\$ 236,356</u>	<u>\$ 713,826</u>

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 2021 and 2020 was \$7,349 and \$6,563, 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 2023 convention. The agreement requires a food and beverage minimum of \$100,000 over the dates of the event. NAHJ also entered into a contract with a hotel for the 2024 convention. The agreement requires respective food and beverage minimums of \$175,000 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 2021 and 2020, NAHJ received the following in in-kind donations:

	<u>2021</u>	<u>2020</u>
Legal fees	\$ 16,722	\$ 29,583

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 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 35.7% 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.