

UNITY: JOURNALISTS OF COLOR, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2008



HALT BUZAS & POWELL, LTD
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

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CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
UNITY: Journalists of Color, Inc.
McLean, VA

We have audited the accompanying statement of financial position of UNITY: Journalists of Color, Inc. (UNITY) as of December 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of UNITY's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UNITY: Journalists of Color, Inc. as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Halt, Buzas & Powell, Ltd.

June 22, 2009

UNITY: JOURNALISTS OF COLOR, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2008

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,112,175
Accounts receivable	96,656
Prepaid expenses	<u>60,193</u>

Total current assets 1,269,024

Property and equipment 18,580

Total assets \$ 1,287,604

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 3,227
Accrued expenses	6,161
Accrued payroll liabilities	18,205
Deferred revenue	<u>58,080</u>

Total current liabilities 85,673

Net assets:

Unrestricted 1,201,931

Total net assets 1,201,931

Total liabilities and net assets \$ 1,287,604



See notes to financial statements

UNITY: JOURNALISTS OF COLOR, INC.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2008

Revenues:

Registration	\$ 3,305,593
Sponsorships	2,530,735
Contributions	34,946
In-kind contributions	122,920
Grants	150,000
Program and promotion	172,500
Interest income	26,680
Other income	<u>33,432</u>
Total revenues	<u>6,376,806</u>

Expenses:

Program services:

Convention	4,814,967
Policy, research and communication	<u>190,956</u>
Total program services	<u>5,005,923</u>

Support services:

General and administration	124,431
Governance	<u>71,156</u>
Total support services	<u>195,587</u>

Total expenses 5,201,510

Net increase in net assets 1,175,296

Net assets, beginning of year 26,635

Net assets, end of year \$ 1,201,931



See notes to financial statements

UNITY: JOURNALISTS OF COLOR, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2008

	Convention	Policy, research and communication	General and administration	Governance	Total expenses
Salaries	\$ 139,235	\$ 33,462	\$ 35,974	\$ 12,135	\$ 220,806
Payroll taxes	10,743	2,554	2,151	909	16,357
Employee benefits	16,916	3,675	2,174	1,819	24,584
Temporary help	20,780	-	495	1,200	22,475
Professional fees	681,606	112,728	14,003	20,645	828,982
Occupancy and rent	9,000	9,000	10,050	9,000	37,050
Telecommunications	56,405	741	620	736	58,502
Postage and shipping	57,217	184	2,824	171	60,396
Printing and duplication	100,445	12,705	210	264	113,624
Office supplies	12,876	182	886	127	14,071
Membership and training	1,236	1,119	240	550	3,145
Insurance	1,288	164	2,131	57	3,640
Subscriptions	1,351	524	476	480	2,831
Marketing and public relations	190,974	5,200	-	853	197,027
Travel	484,985	5,582	5,451	15,178	511,196
Meetings and related	581,514	898	545	5,596	588,553
Bank service charges	59,306	-	198	-	59,504
Equipment rental	547,869	954	667	848	550,338
Bad debt	6,150	-	41,650	-	47,800
Grants to coalition partners	1,832,289	-	-	-	1,832,289
Depreciation expense	2,782	1,284	695	588	5,349
Registrations, licenses and taxes	-	-	2,991	-	2,991
Total expenses	\$ 4,814,967	\$ 190,956	\$ 124,431	\$ 71,156	\$ 5,201,510

See notes to financial statements.



UNITY: JOURNALISTS OF COLOR, INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2008

Cash flows from operating activities:	
Net increase in net assets	\$ <u>1,175,296</u>
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	5,349
Decrease (increase) in assets:	
Accounts receivable	(28,303)
Prepaid expenses	(58,119)
Increase (decrease) in liabilities:	
Accounts payable	1,155
Accrued expenses	(320)
Accrued payroll liabilities	3,048
Deferred revenue	<u>(479,680)</u>
Total adjustments	<u>(556,870)</u>
Net cash provided by operating activities	<u>618,426</u>
Cash flows from investing activities:	
Purchases of fixed assets	<u>(1,423)</u>
Net cash used in investing activities	<u>(1,423)</u>
Net increase in cash	617,003
Cash, beginning of year	<u>495,172</u>
Cash, end of year	\$ <u><u>1,112,175</u></u>



See notes to financial statements

UNITY: JOURNALISTS OF COLOR, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

1. Organization

UNITY: Journalists of Color, Inc. (UNITY) is a not-for-profit organization located in McLean, Virginia. UNITY is a strategic alliance advocating fair and accurate news coverage about people of color, and aggressively challenging the industry to staff its organizations at all levels to reflect the nation's diversity. UNITY, providing an outreach to more than 10,000 journalists of color, is comprised of four national associations: Asian American Journalists Association, National Association of Black Journalists, National Association of Hispanic Journalists and the Native American Journalists Association. In addition to conducting the largest gathering of journalists in the nation every four years, UNITY develops programs and institutional relationships that promote its mission.

2. Summary of significant accounting policies

Basis of accounting

The financial statements are prepared on the accrual basis of accounting. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred.

Cash and cash equivalents

All highly liquid debt instruments with a maturity of three months or less, including money market accounts, are considered cash equivalents.

Credit risk

At times throughout the year, UNITY has deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits. At December 31, 2008, UNITY had bank deposits in excess of FDIC limits of \$885,387.



UNITY: JOURNALISTS OF COLOR, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

Accounts receivable

Accounts are charged to bad debt expense as they are deemed uncollectible based on a periodic review of accounts. At December 31, 2008, no allowance for uncollectible accounts receivables was considered necessary.

Property and equipment

Property and equipment are reflected in the financial statements at cost or donated value, net of accumulated depreciation and amortization. Depreciation is computed using an accelerated method over seven years for furniture and fixtures, five years for computer equipment and fifteen years for leasehold improvements. Major additions and improvements are capitalized. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

Net assets

In accordance with generally accepted accounting principles, net assets are classified into two categories: unrestricted and temporarily restricted. Unrestricted net assets are available for the general operations of UNITY. Temporarily restricted net assets arise from contributions, foundation and government grants of cash, or pledges to give cash in the future which are subject to donor-imposed stipulations as to their use for a specific program conducted by UNITY. At December 31, 2008, there were no temporarily restricted net assets.

Allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Salaries are allocated between program, fundraising and management and general classifications based on employee time. The remaining costs are specifically identified to their appropriate classification whenever practical or are allocated based on employee time.



UNITY: JOURNALISTS OF COLOR, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

Income taxes

UNITY is exempt from Federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on any net income derived from activities related to exempt purpose. UNITY is taxed on net income from unrelated business activities. For the years ended December 31, 2008, UNITY did not generate any net income from unrelated business activities.

Accounting for uncertain tax positions

In June 2006, the FASB issued Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*. FIN 48 provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. FIN 48 requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Accordingly, UNITY has not applied FIN 48 because SFAS No. 109 is not applicable since UNITY is exempt from federal and state income taxes and no provision for federal or state taxes is reflected in the financial statements.



UNITY: JOURNALISTS OF COLOR, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

3. Property and equipment

The following is a summary of property and equipment held as of December 31:

	<u>2008</u>
Furniture and equipment	\$ 39,797
Leasehold improvements	<u>15,448</u>
Subtotal	55,245
Accumulated depreciation and amortization	<u>(36,665)</u>
Total	<u>\$ 18,580</u>

Depreciation and amortization of property and equipment for the year ended December 31, 2008 was \$5,349.

4. Retirement plan

UNITY sponsors a money purchase, defined contribution retirement plan. All employees who have attained age 21 are eligible to participate after completing 90 days of service. The plan year is January 1 to December 31 and the employer may match up to \$4,500 annually to each eligible employee. UNITY's matching contribution expense for the year ended December 31, 2008 was \$7,000.

5. In-kind contributions

UNITY receives donated office space, including use of a parking facility and internet services. The annual estimated market value of this in-kind contribution for the year ended December 31, 2008 was \$40,800. Additionally, certain sponsors pledged in-kind goods and services in conjunction with the UNITY convention. The value of such goods and services was \$82,120 for the year ended December 31, 2008.

