

**ASSOCIATION FOR THE STUDY  
OF AFRICAN AMERICAN LIFE AND HISTORY, INC.**

**Financial Statements Together with  
Report of Independent Public Accountants**

**For the Years Ended December 31, 2019 and 2018**



**S B & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

**DECEMBER 31, 2019 AND 2018**

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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

To the Board of Directors  
Association for the Study of African American Life and History, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Association for the Study of African American Life and History, Inc. (the Association), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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 controls 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 controls. 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.



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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2019 and 2018, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Washington, DC  
June 15, 2020

*SB & Company, LLC*

ASSOCIATION FOR THE STUDY OF AFRICAN AMERICAN LIFE AND HISTORY, INC.

Statements of Financial Position  
As of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 275,739	\$ 243,954
Accounts receivable	98,332	53,837
Prepaid expenses and other assets	21,023	21,100
<b>Total Assets</b>	<b><u>\$ 395,094</u></b>	<b><u>\$ 318,891</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 15,614	\$ 61,655
Accrued expenses	8,915	7,129
Deferred revenue	87,235	91,098
<b>Total Liabilities</b>	<b><u>111,764</u></b>	<b><u>159,882</u></b>
<b>Net Assets</b>		
Without donor restrictions	283,330	159,009
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 395,094</u></b>	<b><u>\$ 318,891</u></b>

The accompanying notes are an integral part of these financial statements.

**ASSOCIATION FOR THE STUDY OF AFRICAN AMERICAN LIFE AND HISTORY, INC.**

**Statements of Activities and Change in Net Assets  
For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>Revenue and Other Support</b>		
National conference	\$ 481,114	\$ 314,428
Publications	196,098	202,585
Black History Month luncheon	179,513	180,219
Memberships	203,685	167,705
Federal grant	406,315	133,157
Contributions	73,491	75,216
Other	7,266	4,580
ASALH store	3,666	794
<b>Total Revenue and Other Support</b>	<u>1,551,148</u>	<u>1,078,684</u>
<b>Expenses</b>		
Program services	1,275,045	977,691
Management and general	105,055	76,378
Fundraising	46,727	27,987
<b>Total Expenses</b>	<u>1,426,827</u>	<u>1,082,056</u>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>124,321</b>	<b>(3,372)</b>
Net Assets, Beginning of Year	<u>159,009</u>	<u>162,381</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 283,330</u></u>	<u><u>\$ 159,009</u></u>

The accompanying notes are an integral part of these financial statements.

**ASSOCIATION FOR THE STUDY OF AFRICAN AMERICAN LIFE AND HISTORY, INC.**

**Statement of Functional Expenses  
For the Year Ended December 31, 2019, with Comparative Totals for 2018**

	2019						Supporting Services		Total Expenses	2018 Totals	
	Program Services						Management and General	Fundraising			
	National Conference	Black History Month Luncheon	Member Services	Publications	NTF Grant	Other Events and Grants	Total Program Services				
Hotel, lodging, and events	\$ 223,947	\$ 69,683	\$ -	\$ -	\$ 168,587	\$ 20,026	\$ 482,243	\$ -	\$ -	\$ 482,243	\$ 298,175
Personnel costs	65,427	37,358	101,009	40,451	-	10,775	255,020	60,750	22,776	338,546	324,647
Contractor fees	52,244	35,568	25,010	32,478	12,990	178,422	336,712	15,934	13,311	365,957	234,403
Printing and copying	8,027	940	370	26,021	-	-	35,358	-	-	35,358	46,035
Office lease	7,058	4,821	10,546	4,197	-	375	26,997	6,718	2,285	36,000	34,500
Credit card processing fees	4,705	3,213	7,029	2,797	-	250	17,994	4,478	1,523	23,995	21,907
Office supplies	16,903	2,876	7,256	1,108	-	90	28,233	2,273	547	31,053	13,875
Postage	771	509	3,090	5,373	-	40	9,783	710	241	10,734	13,591
Telephone and telecommunications	7,764	5,302	11,599	4,617	-	413	29,695	7,390	2,513	39,598	34,477
Bad debt	240	164	359	143	-	13	919	229	78	1,226	3,929
Leases and equipment	2,304	1,573	3,441	1,370	-	122	8,810	2,193	746	11,749	8,879
Travel and training	25,996	707	1,547	615	-	55	28,920	985	335	30,240	25,327
Storage and archives	1,059	723	1,582	630	-	56	4,050	1,008	343	5,401	4,950
Insurance	1,320	902	1,973	785	-	70	5,050	1,257	427	6,734	6,552
Other expenses	542	373	1,528	323	-	30	2,796	516	1,393	4,705	8,397
Public relations	645	440	963	383	-	34	2,465	614	209	3,288	2,412
<b>Total Expenses</b>	<b>\$ 418,952</b>	<b>\$ 165,152</b>	<b>\$ 177,302</b>	<b>\$ 121,291</b>	<b>\$ 181,577</b>	<b>\$ 210,771</b>	<b>\$ 1,275,045</b>	<b>\$ 105,055</b>	<b>\$ 46,727</b>	<b>\$ 1,426,827</b>	<b>\$ 1,082,056</b>

The accompanying notes are an integral part of this financial statement.

ASSOCIATION FOR THE STUDY OF AFRICAN AMERICAN LIFE AND HISTORY, INC.

Statement of Functional Expenses  
For the Year Ended December 31, 2018

	Program Services						Supporting Services		Total Expenses	
	National Conference	Black History Month Luncheon	Member Services	Publications	NTF Grant	Other Events and Grants	Total Program Services	Management and General		Fundraising
Hotel, lodging, and events	\$ 134,601	\$ 75,798	\$ -	\$ -	\$ 87,776	\$ -	\$ 298,175	\$ -	\$ -	\$ 298,175
Personnel costs	53,951	35,968	92,135	80,360	5,037	-	267,451	42,376	14,820	324,647
Contractor fees	45,037	27,226	22,750	78,204	28,575	12,992	214,784	12,713	6,906	234,403
Printing and copying	415	5,127	343	40,150	-	-	46,035	-	-	46,035
Office lease	5,658	3,772	9,674	8,435	-	-	27,539	5,406	1,555	34,500
Credit card processing fees	3,593	2,395	6,143	5,356	-	-	17,487	3,433	987	21,907
Office supplies	8,011	858	2,116	1,583	-	-	12,568	1,015	292	13,875
Postage	2,583	500	1,219	8,280	-	-	12,582	681	328	13,591
Telephone and telecommunications	5,655	3,770	9,668	8,429	-	-	27,522	5,402	1,553	34,477
Bad debt	644	430	1,102	960	-	-	3,136	616	177	3,929
Leases and equipment	1,457	970	2,490	2,171	-	-	7,088	1,391	400	8,879
Travel and training	21,496	501	1,285	1,120	-	-	24,402	718	207	25,327
Storage and archives	812	541	1,388	1,210	-	-	3,951	776	223	4,950
Insurance	1,075	716	1,837	1,602	-	-	5,230	1,027	295	6,552
Other expenses	1,620	1,852	1,720	2,548	-	-	7,740	505	152	8,397
Public relations	333	222	949	497	-	-	2,001	319	92	2,412
<b>Total Expenses</b>	<b>\$ 286,941</b>	<b>\$ 160,646</b>	<b>\$ 154,819</b>	<b>\$ 240,905</b>	<b>\$ 121,388</b>	<b>\$ 12,992</b>	<b>\$ 977,691</b>	<b>\$ 76,378</b>	<b>\$ 27,987</b>	<b>\$ 1,082,056</b>

The accompanying notes are an integral part of this financial statement.



ASSOCIATION FOR THE STUDY OF AFRICAN AMERICAN LIFE AND HISTORY, INC.

**Statements of Cash Flows**  
**For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 124,321	\$ (3,372)
Effects of changes in non-cash operating assets and liabilities		
Accounts receivable	(44,495)	(24,165)
Prepaid expenses and other assets	77	31,806
Accounts payable	(46,041)	51,946
Accrued expenses	1,786	(29,484)
Deferred revenue	(3,863)	(144,562)
<b>Net Cash from Operating Activities</b>	<u>31,785</u>	<u>(117,831)</u>
Cash and cash equivalents, beginning of year	<u>243,954</u>	<u>361,785</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 275,739</u>	<u>\$ 243,954</u>

The accompanying notes are an integral part of these financial statements.

# **ASSOCIATION FOR THE STUDY OF AFRICAN AMERICAN LIFE AND HISTORY, INC.**

## **Notes to the Financial Statements December 31, 2019 and 2018**

### **1. BACKGROUND OF THE ASSOCIATION**

The Association for the Study of African American Life and History, Inc. (the Association) is a 501(c)(3) nonprofit organization founded in 1915 and incorporated in March 1973 under the laws of the District of Columbia. The Association provides reconstruction of thought based on historical truths about the African heritage of black people, ancient history and worthwhile contributions to the founding and continuance of the United States of America.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

The Association prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and assumptions.

#### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and highly liquid investment funds, which have an original maturity of 90 days or less. Cash equivalents as of December 31, 2019 and 2018, consisted of money market funds.

#### **Accounts Receivable**

Accounts receivable represent contributions, grants, and publication royalties that have not been collected as of year-end. The Association establishes an allowance for doubtful accounts based on a review of its outstanding accounts receivable. The allowance for doubtful accounts reflects the Association's estimate of credit exposure, determined principally on the basis of its collection experience, aging of its receivables and significant individual account credit risks. No allowance for doubtful accounts was recorded as of December 31, 2019 and 2018, as management deemed all accounts receivable fully collectible.

# ASSOCIATION FOR THE STUDY OF AFRICAN AMERICAN LIFE AND HISTORY, INC.

## Notes to the Financial Statements December 31, 2019 and 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Deferred Revenue

Membership dues are recognized as revenue in the membership period to which the dues relate. Publication revenue is recognized in the period the publication is printed and distributed. National conference and luncheon revenue is recognized in the period the event occurs. Accordingly, dues paid by members in advance of the membership period, publications paid in advance of the delivery date, and payments for events that have not occurred are reported as deferred revenue in the accompanying statements of financial position.

#### Net Assets

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired.

Net assets with donor restrictions are those whose use by the Association has been restricted by donors primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as net assets without donor restrictions. As of December 31, 2019 and 2018, there were no net assets with donor restrictions.

#### Support and Revenue

Grants and contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor imposed restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions.

Gifts of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities and change in net assets as net assets released from restrictions.

As of December 31, 2019 and 2018, the Association had several Federal grants from the National Park Service. Revenue from such grants is recognized only to the extent of actual expenses incurred in compliance with those grants. For Federal grants, expenses incurred in excess of funds collected are reflected as grants receivable and cash receipts obtained prior to expenses being incurred are reflected as deferred revenue in the accompanying statements of financial position.

**ASSOCIATION FOR THE STUDY OF AFRICAN AMERICAN LIFE AND HISTORY, INC.**

**Notes to the Financial Statements  
December 31, 2019 and 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Functional Allocation of Expenses**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that benefit from those costs. Management and general expenses include those expenses that are not directly identified with any other specific function but provide for the overall support and direction of the Association. All direct costs are charged to the specific program or event. Indirect costs are allocated based upon the related salary allocation to each category.

**Liquidity and Availability of Resources**

Financial assets available within one year of December 31, 2019, for general expenditures were as follows:

	<u>Amount</u>
Cash and cash equivalents	\$ 275,739
Accounts receivable	<u>98,332</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 374,071</u>

The Association manages its liquidity following two guiding principles: operating within a prudent range of financial soundness and stability and monitoring and maintaining adequate liquid assets to fund near-term operating needs. The Association maintains a board restricted cash reserve to meet the short-term operating needs of the Association if general assets are unavailable.

**Income Taxes**

The Association is a not-for-profit organization exempt from Federal income tax, other than net unrelated business income tax, under Section 501(c)(3) of the Internal Revenue Code and is recognized as such by the Internal Revenue Service.

**Notes to the Financial Statements**  
**December 31, 2019 and 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Income Taxes** (continued)

The Association accounts for uncertainty in income taxes recognized in its financial statements using a threshold of “more likely than not” for recognition of tax positions taken or expected to be taken in a tax return. The Association performed an evaluation of uncertain tax positions for the years ended December 31, 2019 and 2018, and determined that there were no matters that would require recognition in the accompanying financial statements or which may have any effect on its tax-exempt status. As of December 31, 2019, the statute of limitations for fiscal years 2016 through 2019, remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which the Association files tax returns. It is the Association’s policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense in the statement of activities and change in net assets.

**Recent Accounting Pronouncements.**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-02, *Leases*, which creates a singular reporting model for leases. This standard will require the Association to record changes to its statement of financial position to reflect balances for current leases that are not shown in the statement of financial position. This standard will be effective for periods beginning after December 15, 2020.

In September 2017, the FASB issued ASU No. 2017-13, *Revenue Recognition (Topic 605), and Revenue from Contracts with Customers (Topic 606)*. The recognition of revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or service. This standard will be effective for periods beginning after December 15, 2019.

Due to the COVID-19 pandemic (see Subsequent Events Note herein), the FASB has deferred the implementation date of the above ASU’s.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which improves the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. This standard is effective for periods beginning after December 15, 2019.

Management is evaluating the effects of these pronouncements on the financial statements and will implement these pronouncements by their effective dates. Management does not believe the adoption of these pronouncements will have a material effect on the financial statements.

**Notes to the Financial Statements  
December 31, 2019 and 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Subsequent Events**

The Association's management evaluated subsequent events and transactions through June 15, 2020, the date these financial statements were available for issue, and has determined that other than the paragraph below regarding the COVID-19 pandemic, no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

In February 2020, an outbreak of a new coronavirus, COVID-19, emerged in the United States. In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. As a result, widespread shutdowns of states, cities, schools, and businesses began to take place, impacting the United States, and specifically District of Columbia, as the number of people infected grows at an unprecedented rate. The COVID-19 outbreak is still evolving, and its financial impact remains unknown. There is significant uncertainty around the impact on the global economy, duration of business disruptions, and financial and operating viability of entities in District of Columbia and the United States related to COVID-19.

Therefore, the Association is currently unable to determine the extent of the impact to its future financial condition and operating results.

**3. COMMITMENTS AND CONTINGENCIES**

**Leases**

The Association entered into an office space lease on December 19, 2017. The lease expired on November 30, 2019 and was extended through January 31, 2021. Total rent expense for the years ended December 31, 2019 and 2018, was \$36,000 and \$34,500, respectively.

The future minimum lease payment as of December 31, 2019, under the operating leases is \$36,000.

In July 2014, the Association entered into a non-cancelable operating lease agreement for a copier which expired in 2019. The Association did not renew the operating lease agreement. Total lease expense for the years ended December 31, 2019 and 2018, totaled \$5,119 and \$5,730, respectively.

**ASSOCIATION FOR THE STUDY OF AFRICAN AMERICAN LIFE AND HISTORY, INC.**

**Notes to the Financial Statements  
December 31, 2019 and 2018**

**3. COMMITMENTS AND CONTINGENCIES (continued)**

**Grants**

The Association receives grant support that is subject to audit or review by grantor agencies. Management believes that the Association has complied with all aspects of the grant and contract provisions and that disallowed costs, if any, would be immaterial to the financial position of the Association as of December 31, 2019 and 2018, respectively.

**4. DEFINED CONTRIBUTION PLAN**

The Association provides benefits to eligible employees under a 401(k) defined contribution plan. Employees 21 years old or older may contribute up to the limits permitted by the Internal Revenue Code as a pre-tax deferral. The Association makes matching contributions of 3% of the employee's gross salary for the year after two years of service, provided the employee contributes at least 1% of their gross salary. The Association's contribution for the years ended December 31, 2019 and 2018, was \$3,630 and \$4,218, respectively.