

**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, 2020 and 2019



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

DECEMBER 31, 2020 AND 2019

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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, 2020 and 2019, the related statements of activities and changes 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, 2020 and 2019, and the changes 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 xx, 2021

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

Statements of Financial Position
As of December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 770,334 | \$ 275,739 |
| Accounts receivable | 25,547 | 98,332 |
| Prepaid expenses and other assets | 13,650 | 21,023 |
| Total Assets | \$ 809,531 | \$ 395,094 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 15,457 | \$ 15,614 |
| Accrued expenses | 913 | 8,915 |
| Deferred revenue | 71,817 | 87,235 |
| Refundable advance | 17,164 | - |
| Loan payable | 62,300 | - |
| Total Liabilities | 167,651 | 111,764 |
| Net Assets | | |
| Without donor restrictions | 407,528 | 283,330 |
| With donor restrictions | 234,352 | - |
| Total Net Assets | 641,880 | 395,094 |
| Total Liabilities and Net Assets | \$ 809,531 | \$ 506,858 |

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 Changes in Net Assets
For the Years Ended December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| NET ASSETS WITHOUT DONOR RESTRICTIONS | | |
| Revenue and Other Support | | |
| National Conference | \$ 90,365 | \$ 481,114 |
| Publications | 211,927 | 196,098 |
| Black History Month Luncheon | 224,202 | 179,513 |
| Memberships | 180,120 | 203,685 |
| Private grants | 45,413 | - |
| Federal Grants | 224,985 | 406,315 |
| Contributions | 246,194 | 73,491 |
| Other | 9,950 | 7,266 |
| ASALH Store | 2,570 | 3,666 |
| Total Revenue and Other Support | <u>1,235,726</u> | <u>1,551,148</u> |
| Expenses | | |
| Program services | 787,617 | 1,275,045 |
| Management and general | 234,059 | 105,055 |
| Fundraising | 89,852 | 46,727 |
| Total Expenses | <u>1,111,528</u> | <u>1,426,827</u> |
| Change in Net Assets Without Donor Restrictions | <u>124,198</u> | <u>124,321</u> |
| NET ASSETS WITH DONOR RESTRICTIONS | | |
| Private grants | <u>234,352</u> | <u>-</u> |
| Changes in Net Assets | 358,550 | 124,321 |
| Net Assets, Beginning of Year | <u>283,330</u> | <u>159,009</u> |
| Net Assets, End of Year | <u>\$ 641,880</u> | <u>\$ 283,330</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, 2020, with Comparative Totals for 2019

| | 2020 | | | | | | | 2019 | | | |
|----------------------------------|------------------------|------------------------------------|--------------------|-------------------|---------------------|-------------------------------|------------------------------|---------------------------|------------------|---------------------|---------------------|
| | Program Services | | | | Supporting Services | | | 2019 | | | |
| | National Conference | Black History Month Luncheon | Member Services | Publications | NTF Grant | Other Events and Grants | Total Program Services | Management and General | Fundraising | Total Expenses | 2019 Totals |
| Hotel, lodging, and events | \$ 8,435 | \$ 84,623 | \$ - | \$ - | \$ 121,643 | \$ 1,139 | \$ 215,841 | \$ - | \$ - | \$ 215,841 | \$ 482,243 |
| Personnel costs | 46,596 | 51,364 | 95,553 | 63,130 | - | - | 256,644 | 188,379 | 46,972 | 491,995 | 338,546 |
| Contractor fees | 20,239 | 24,089 | 2,110 | 52,489 | 13,000 | 107,027 | 218,953 | 4,237 | 21,178 | 244,368 | 365,957 |
| Printing and copying | 44 | 2,254 | - | 17,154 | - | - | 19,451 | - | 5,282 | 24,733 | 35,358 |
| Office lease | 94 | 138 | 201 | 134 | - | - | 567 | 404 | 98 | 1,068 | 36,000 |
| Credit card processing fees | 230 | 337 | 491 | 326 | - | - | 1,384 | 986 | 238 | 2,609 | 23,995 |
| Office supplies | 543 | 795 | 1,159 | 770 | - | - | 3,267 | 2,327 | 563 | 6,157 | 31,053 |
| Postage | 116 | 170 | 248 | 165 | - | - | 700 | 498 | 121 | 1,318 | 10,734 |
| Telephone and telecommunications | 2,401 | 3,147 | 4,586 | 3,045 | - | - | 13,179 | 9,207 | 5,294 | 27,680 | 39,598 |
| Bad debt | 24 | 35 | 423 | 94 | - | - | 575 | 101 | 1,525 | 2,201 | 1,226 |
| Leases and equipment | 242 | 355 | 517 | 343 | - | - | 1,457 | 1,038 | 251 | 2,745 | 11,749 |
| Travel and training | 1,124 | 3,772 | 2,716 | 1,594 | - | 750 | 9,956 | 4,820 | 1,166 | 15,942 | 30,240 |
| Storage and archives | 118 | 172 | 251 | 167 | - | - | 708 | 504 | 1,950 | 3,162 | 5,401 |
| Insurance | 716 | 1,050 | 1,530 | 1,016 | - | - | 4,311 | 3,071 | 743 | 8,125 | 6,734 |
| Other expenses | 13,553 | 5,332 | 7,771 | 5,160 | - | - | 31,817 | 15,602 | 3,774 | 51,192 | 4,705 |
| Public relations | 673 | 986 | 2,962 | 4,187 | - | - | 8,808 | 2,885 | 698 | 12,391 | 3,288 |
| Total Expenses | \$ 95,149 | \$ 178,619 | \$ 120,517 | \$ 149,773 | \$ 134,643 | \$ 108,916 | \$ 787,617 | \$ 234,059 | \$ 89,852 | \$ 1,111,528 | \$ 1,426,827 |

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, 2019**

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

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, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Changes in net assets | \$ 358,550 | \$ 124,321 |
| Effects of changes in non-cash operating assets and liabilities | | |
| Accounts receivable | 72,785 | (44,495) |
| Prepaid expenses and other assets | 7,373 | 77 |
| Accounts payable | (157) | (46,041) |
| Accrued expenses | (8,002) | 1,786 |
| Refundable advance | 17,164 | - |
| Deferred revenue | (15,418) | (3,863) |
| Net Cash from Operating Activities | <u>432,295</u> | <u>31,785</u> |
| Cash Flows from Financing Activities | | |
| Proceeds from loan payable | <u>62,300</u> | <u>-</u> |
| Net change in cash and cash equivalents | 494,595 | 31,785 |
| Cash and cash equivalents, beginning of year | <u>275,739</u> | <u>243,954</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 770,334</u> | <u>\$ 275,739</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, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, as management deemed all accounts receivable fully collectible.

Notes to the Financial Statements
December 31, 2020 and 2019

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, there were no net assets with donor restrictions. Net assets with donor restrictions as of December 31, 2020 was \$234,352.

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.

Membership dues are deemed to be contributions to the Association and are recognized when a commitment is made. Revenue and the related costs of the annual conference and other programs are recognized in the year in which the conference or programs are held.

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.

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

**Notes to the Financial Statements
December 31, 2020 and 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and Revenue (continued)

As of December 31, 2020 and 2019, 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.

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, 2020 and 2019, for general expenditures were as follows:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Cash and cash equivalents | \$ 770,334 | \$ 275,739 |
| Accounts receivable | 25,547 | 98,332 |
| | <u>795,881</u> | <u>374,071</u> |
| Less: net assets with donor restrictions | 234,352 | - |
| Financial assets available to meet cash needs for general expenses within one year | <u>\$ 561,529</u> | <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.

Notes to the Financial Statements
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2020 and 2019, 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, 2020, the statute of limitations for fiscal years 2017 through 2020, 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 FASB issued 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. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases and Leases (Topic 842): Targeted Improvements*, which provide further clarity and transition options for adoption of FASB ASU No. 2016-02. These standards will be effective for periods beginning after December 15, 2021. Management is evaluating the effects of this pronouncement on the financial statements and will implement this pronouncement by its effective date.

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, 2020.

Management is evaluating the effects of these pronouncements on the financial statements and will implement these pronouncements by their effective dates.

**Notes to the Financial Statements
December 31, 2020 and 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The Association’s management evaluated subsequent events and transactions through June xx, 2021, the date these financial statements were available for issue, and has determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. LOAN PAYABLE

During the year ended December 30, 2020, the Association received a Paycheck Protection Program (PPP) loan in the amount of \$62,300. The terms of the loan require the proceeds to be spent on eligible expenses, which are primarily payroll related costs. Part or all of the loan may be forgiven based on meeting certain conditions as set forth in the loan agreement. Any portion of the PPP loan that is not forgiven must be repaid over two years after a six-month deferral period at an interest rate of 1%.

The PPP loan was received from the U.S. Federal government under the Coronavirus Aid, Relief and Economic Security (CARES) Act passed by Congress. The Association believes it has met the conditions to have the entire loan forgiven and was waiting for the forgiveness application to be processed by the lender. As of December 31, 2020, the Association has recorded the loan as a liability.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of December 31, 2020:

| | |
|--|--------------------------|
| Family Reunion/Oral History | \$ 88,500 |
| CAWO Historical Youth Scholars | 125,852 |
| 400 Years of African American History Commission | 20,000 |
| Total | <u>\$ 234,352</u> |

5. 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, 2022. Total rent expense for the years ended December 31, 2020 and 2019, was \$36,000.

Notes to the Financial Statements
December 31, 2020 and 2019

5. COMMITMENTS AND CONTINGENCIES (continued)

The future minimum lease payment as of December 31, 2020, under the operating leases is \$39,000.

| <u>For the Years Ending December 31,</u> | <u>Total</u> |
|--|-------------------------|
| 2021 | \$ 36,000 |
| 2022 | 3,000 |
| Total | <u>\$ 39,000</u> |

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, 2020 and 2019, respectively.

6. 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, 2020 and 2019, was \$3,220 and \$3,630, respectively.