



Knowledge · Quality · Client Service

2020 AUDIT RESULTS

June 17, 2021



Association For The Study of African American Life and History (ASALH)
Presentation to Governance



EXECUTIVE SUMMARY



Association For The Study of African American Life and History (ASALH)
Presentation to the Finance Committee



SCOPE OF SERVICES

- Audit of December 31, 2020 financial statements
- Preparation of 2020 Federal Form 990 tax return
- Recommendations and observations noted during the audit process
- Available for year-round consultation



SUMMARY OF THE RESULTS



Unmodified Opinion on Financial Statements



No Material Weaknesses Identified



No Instances of Fraud Discovered or Made Aware



Full Cooperation Received



SIGNIFICANT RISK AREAS

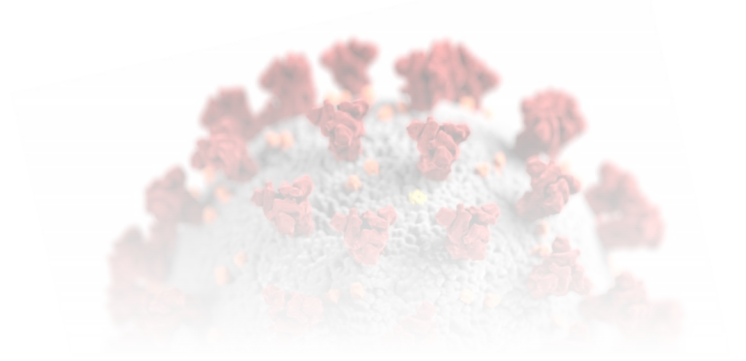
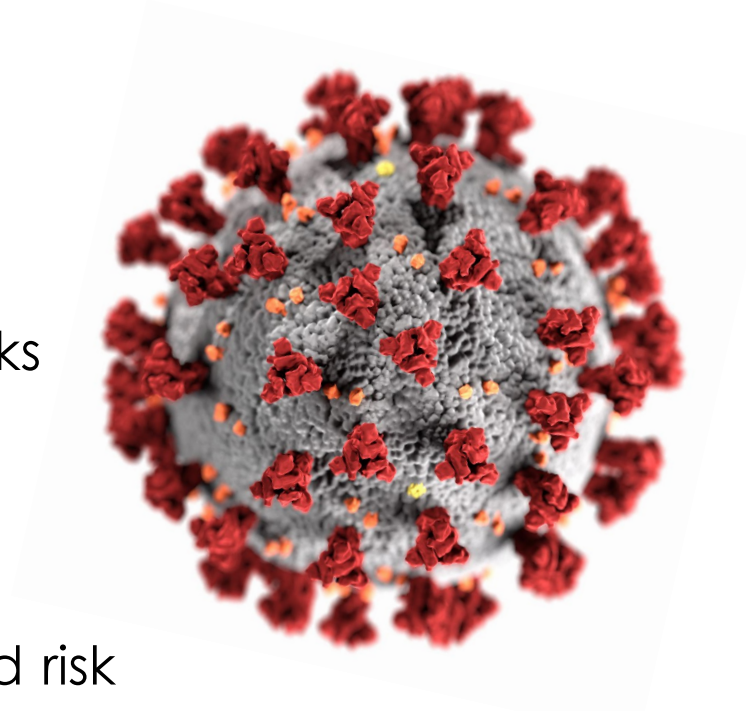
Risks Identified

- ✓ Cash reconciliations
- ✓ Collectability of receivables
- ✓ Completeness of liabilities
- ✓ Deferred Revenue
- ✓ Net assets classification
- ✓ Impact of COVID-19 pandemic



IMPACT OF COVID-19

- Impact on financial results
- Consideration of going concern risks
- Availability of information/audit evidence/personnel
- Review of changes in contacts and risk related to remote work period





AUDIT RESULTS



Association For The Study of African American Life and History (ASALH)
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ASSESSMENT OF CONTROL ENVIRONMENT



- CONTROL ENVIRONMENT
- RISK ASSESSMENT
- CONTROL ACTIVITIES
- INFORMATION AND COMMUNICATION
- MONITORING



EVALUATION OF KEY PROCESSES

Process	Function	A	B	C	D	Our Assessment
Treasury	<ul style="list-style-type: none"> Cash Management Investment Accounting Investment Monitoring Investment Valuation Investment Policy Reconciliation 	✓	✓	✓		Green
Estimation	<ul style="list-style-type: none"> Methodology Information Calculation 	✓	✓	✓		Green
Financial Reporting	<ul style="list-style-type: none"> Accounting Principles and Disclosures Closing the Books Report Preparation General Ledger and Journal Entry Processing Verification and Review of Results 	✓	✓	✓		Green

A	Understand the Process
B	Walk-Through

C	What Can Go Wrong
D	Test of Controls

<i>SBC Assessment</i>	
No Issues Found	Green
Suggested Improvement	Yellow
Ineffective	Red



EVALUATION OF KEY PROCESSES (CONTINUED)

Process	Function	A	B	C	D	Our Assessment
Expenditures	<ul style="list-style-type: none"> ▪ Vendor File Maintenance ▪ Purchasing ▪ Receiving ▪ Accounts Payable and Cash Disbursement 	✓	✓	✓	✓	
Payroll	<ul style="list-style-type: none"> ▪ Hiring ▪ Attendance reporting ▪ Payroll accounting and processing ▪ Payroll disbursements ▪ Separation of duties 	✓	✓	✓		
Revenue	<ul style="list-style-type: none"> ▪ Billing ▪ Cash Receipts ▪ Revenue Recognition ▪ Cutoff 	✓	✓	✓	✓	

A	Understand the Process
B	Walk-Through

C	What Can Go Wrong
D	Test of Controls

<i>SBC Assessment</i>	
No Issues Found	
Suggested Improvement	
Ineffective	



FINANCIAL STATEMENT HIGHLIGHTS

ASSOCIATION FOR THE STUDY OF AFRICAN AMERICAN LIFE AND HISTORY STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2020, 2019, AND 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Cash and cash equivalents	\$ 770,334	\$ 275,739	\$ 243,954
Accounts receivable	25,547	98,332	53,837
Prepaid expenses and other assets	13,650	21,023	21,100
Total Assets	\$ 809,531	\$ 395,094	\$ 318,891
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 15,457	\$ 15,614	\$ 61,655
Accrued expenses	20,913	8,915	7,129
Deferred revenue	303,333	87,235	91,098
Loan payable	62,300	-	-
Total Liabilities	402,003	111,764	159,882
Net Assets			
Without donor restrictions	407,528	283,330	159,009
Total Liabilities and Net Assets	\$ 809,531	\$ 395,094	\$ 318,891



FINANCIAL STATEMENT HIGHLIGHTS (CONTINUED)

ASSOCIATION FOR THE STUDY OF AFRICAN AMERICAN LIFE AND HISTORY
 STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
 FOR THE YEARS ENDED DECEMBER 31, 2020, 2019, AND 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS			
Revenue and Other Support			
National Conference	\$ 90,365	\$ 481,114	\$ 314,428
Publications	211,927	196,098	202,585
Black History Month Luncheon	224,202	179,513	180,219
Memberships	180,120	203,685	167,705
Private grants	45,413	-	-
Federal Grants	224,985	406,315	133,157
Contributions	246,194	73,491	75,216
Other	9,950	7,266	4,580
ASALH Store	2,570	3,666	794
Total Revenue and Other Support	<u>1,235,726</u>	<u>1,551,148</u>	<u>1,078,684</u>
Expenses			
Program services	787,617	1,275,045	977,691
Management and general	234,059	105,055	76,378
Fundraising	89,852	46,727	27,987
Total Expenses	<u>1,111,528</u>	<u>1,426,827</u>	<u>1,082,056</u>
Change in Net Assets Without Donor Restrictions	<u>124,198</u>	<u>124,321</u>	<u>(3,372)</u>
NET ASSETS WITH DONOR RESTRICTIONS			
Private grants	<u>234,352</u>	<u>-</u>	<u>-</u>
Changes in Net Assets	358,550	124,321	(3,372)
Net Assets, Beginning of Year	<u>283,330</u>	<u>159,009</u>	<u>162,381</u>
Net Assets, End of Year	<u>\$ 641,880</u>	<u>\$ 283,330</u>	<u>\$ 159,009</u>



CURRENT YEAR RECOMMENDATIONS

Observation	Recommendation
Revenue	During our audit testing, we noted revenue was not properly recorded based on new accounting standards regarding earned revenue (Rev Rec 606) and the new clarifying standard for contributions (ASU 2018-08). We recommend that a detailed review be performed of all revenue sources to ensure that revenue is properly recognized as either earned revenue or a grant/contribution.



THE STATUS OF PRIOR YEAR RECOMMENDATION

Observation	Recommendation	Status
<p>During the audit procedures, SBC noted that some organizational documents of the Association have not been updated in many years. For example:</p> <ul style="list-style-type: none">➤ Organizational chart➤ Whistle Blower Policy➤ Constitution and bylaws	<p>SBC recommends that management and those charged with governance revisit these documents, document any changes, and have the approval of the updated documents memorialized via the minutes. Updated documents should include language as it relates to managing liquidity and the functional expense allocation methodology, as disclosed in the notes to the financial statements. Implementation of this recommendation will allow the Association to have policies and procedures that are consistent with the current operations and provide a platform to monitor that the policies and procedures are being applied consistently.</p>	<p>In progress</p>



TOP CHALLENGES FACING NON PROFITS

- Accounting for and Obtaining Stimulus Money
- Funding Volatility – Liquidity and Financial Sustainability
- New Accounting Standards – Revenue, Leases and Gifts in Kind
- Cybersecurity and Breaches
- Diversity, Equity and Inclusion
- Succession Planning
- Remote Management and Leadership





REQUIRED COMMUNICATIONS



Association For The Study of African American Life and History (ASALH)
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REQUIRED COMMUNICATIONS

1. Auditor's Responsibilities Under Generally Accepted Auditing Standards (GAAS)
2. Significant Accounting Policies
3. Auditor's Judgments About the Quality of Accounting Principles
4. Audit Adjustments (*none were identified*)
5. Fraud and Illegal Acts (*none were identified*)
6. Material Weaknesses in Internal Control (*none were identified*)
7. Other Information in Documents Containing Audited Financial Statements
8. Disagreements with Management on Financial Accounting and Reporting Matters (*none were identified*)
9. Serious Difficulties Encountered in Performing the Audit (*none were identified*)



REQUIRED COMMUNICATIONS (CONTINUED)

10. Major Issues Discussed with Management Prior to Acceptance
11. Management Representations
12. Consultation with Other Accountants
13. Independence
14. Nonattest Services
15. Subsequent Events





REQUIRED COMMUNICATIONS (CONTINUED)



16. Our Responsibility Related to Fraud

- Plan and perform the audit to obtain reasonable assurance that there is no material misstatement caused by error or fraud;
- Comply with AU-C Section 240: Consideration of Fraud in a Financial Statement Audit
- Approach all audits with an understanding that fraud could occur in any entity, at any time, by anyone; and
- Perform mandatory procedures required by GAAS and our firm policies.



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