

**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
July 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	<u>\$ 809,531</u>	<u>\$ 395,094</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 15,457	\$ 15,614
Accrued expenses	913	8,915
Deferred revenue	71,817	87,235
Refundable advances	17,164	-
Loan payable	62,300	-
Total Liabilities	<u>167,651</u>	<u>111,764</u>
Net Assets		
Without donor restrictions	407,528	283,330
With donor restrictions	234,352	-
Total Net Assets	<u>641,880</u>	<u>283,330</u>
Total Liabilities and Net Assets	<u>\$ 809,531</u>	<u>\$ 395,094</u>

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	234,056	105,055
Fundraising	89,855	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><u>\$ 641,880</u></u>	<u><u>\$ 283,330</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, 2020, with Comparative Totals for 2019

	2020						2019				
	Program Services						Supporting Services				
	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	\$ 215,840	\$ -	\$ -	\$ 215,840	\$ 482,243
Personnel costs	36,809	37,024	74,657	49,254	-	-	197,744	146,426	36,824	380,994	338,546
Contractor fees	27,001	33,996	16,547	62,076	13,000	107,027	259,647	33,222	28,189	321,058	365,957
Printing and copying	44	2,254	-	17,154	-	-	19,452	-	5,282	24,734	35,358
Office lease	3,175	4,651	6,777	4,500	-	-	19,103	13,606	3,291	36,000	36,000
Credit card processing fees	1,431	2,096	3,055	2,029	-	-	8,611	6,133	1,484	16,228	23,995
Office supplies	562	2,947	1,514	796	-	750	6,569	2,407	582	9,558	31,053
Postage	673	986	2,962	4,187	-	-	8,808	2,885	698	12,391	10,734
Telephone and telecommunications	13,723	5,580	8,131	5,400	-	-	32,834	16,325	4,028	53,187	39,598
Bad debt	-	-	-	-	-	-	-	-	-	-	1,226
Leases and equipment	709	1,039	1,514	1,006	-	-	4,268	3,040	735	8,043	11,749
Travel and training	94	138	201	134	-	-	567	404	98	1,069	30,240
Storage and archives	475	698	1,017	675	-	-	2,865	2,041	494	5,400	5,401
Insurance	563	825	1,202	798	-	-	3,388	2,412	584	6,384	6,734
Other expenses	766	1,123	2,009	1,146	-	-	5,044	3,285	7,114	15,443	4,705
Public relations	689	639	931	618	-	-	2,877	1,870	452	5,199	3,288
Total Expenses	\$ 95,149	\$ 178,619	\$ 120,517	\$ 149,773	\$ 134,643	\$ 108,916	\$ 787,617	\$ 234,056	\$ 89,855	\$ 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 advances	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	275,739	243,954
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 Financial Accounting Standards Board (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.

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, 2021.

In July 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* which presents contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. This standard is effective retrospectively for annual reporting periods beginning after June 15, 2021, and interim periods with annual reporting periods beginning after June 15, 2022.

Notes to the Financial Statements
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

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

Subsequent Events

The Association's management evaluated subsequent events and transactions through **July 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, other than the forgiveness of the SBA loan. See Note 3.

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 is 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. Subsequent to year end, the loan was fully forgiven.

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

Notes to the Financial Statements
December 31, 2020 and 2019

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.

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.