

**THE 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, 2022 and 2021

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

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

DECEMBER 31, 2022 AND 2021

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE FINANCIAL STATEMENTS

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

Opinion

We have audited the statements of financial position of The Association for the Study of African American Life and History, Inc. (the Association) as of December 31, 2022 and 2021, and 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date the financial statements are available for issuance.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 Association's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern one year after the issuance date or the date the financial statements are available to be issued.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal controls related matters that we identified during the audit.

Washington, DC
August 28, 2023

SB & Company, LLC

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

Statements of Financial Position
As of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 848,135	\$ 909,953
Accounts receivable	359,382	114,299
Prepaid expenses and other assets	27,784	23,078
Total Assets	<u>\$ 1,235,301</u>	<u>\$ 1,047,330</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 120,616	\$ 32,201
Deferred revenue	63,359	29,419
Refundable advances	38,750	26,256
Total Liabilities	<u>222,725</u>	<u>87,876</u>
Net Assets		
Without donor restrictions	738,125	638,571
With donor restrictions	274,451	320,883
Total Net Assets	<u>1,012,576</u>	<u>959,454</u>
Total Liabilities and Net Assets	<u>\$ 1,235,301</u>	<u>\$ 1,047,330</u>

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

THE 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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and Other Support		
National conference	\$ 541,357	\$ 166,672
Publications	217,489	210,246
Black History Month Festival	147,375	250,942
Memberships	195,305	216,795
Private grants	354,630	238,770
Federal grants	521,944	219,511
Contributions	76,245	123,852
Federal grant - Paycheck Protection Loan forgiveness	-	62,300
Other	7,950	22,836
ASALH store	12,240	2,590
Net assets released from restrictions	<u>70,172</u>	<u>130,466</u>
Total Revenue and Other Support	<u>2,144,707</u>	<u>1,644,980</u>
Expenses		
Program services	1,708,453	1,094,672
Management and general	164,407	221,109
Fundraising	<u>172,293</u>	<u>98,156</u>
Total Expenses	<u>2,045,153</u>	<u>1,413,937</u>
Change in Net Assets Without Donor Restrictions	<u>99,554</u>	<u>231,043</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Grants	23,740	216,997
Net assets released from restrictions	<u>(70,172)</u>	<u>(130,466)</u>
Change in Net Assets With Donor Restrictions	<u>(46,432)</u>	<u>86,531</u>
Changes in total net assets	53,122	317,574
Net assets, beginning of year	<u>959,454</u>	<u>641,880</u>
Net Assets, End of Year	<u>\$ 1,012,576</u>	<u>\$ 959,454</u>

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

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

Statement of Functional Expenses
For the Year Ended December 31, 2022, with Comparative 2021 Totals

	2022						2021			
	Program Services					Supporting Services			Total Expenses	2021 Totals
	National Conference	Black History Month Festival	Member Services	Publications	Education & Enrichment	Total Program Services	Management and General	Fundraising		
Personnel costs	\$ 111,319	\$ 45,427	\$ 100,317	\$ 58,654	\$ -	\$ 315,717	\$ 113,397	\$ 91,946	\$ 521,060	\$ 481,025
Contractor fees	44,375	54,889	19,795	42,556	566,113	727,728	18,094	46,034	791,856	510,306
Hotel, lodging, and events	165,841	-	-	-	163,308	329,149	-	-	329,149	187,106
Telephone and telecommunications	19,207	12,186	10,689	6,201	5,915	54,198	9,771	9,803	73,772	77,600
Printing and copying	5,865	-	-	33,970	-	39,835	-	-	39,835	36,840
Office lease	7,868	3,277	7,286	4,227	-	22,658	6,660	6,682	36,000	35,999
Other expenses	5,614	1,529	4,876	2,033	-	14,052	4,192	5,494	23,738	21,314
Credit card processing fees	4,646	1,935	4,302	2,496	-	13,379	3,933	3,946	21,258	14,571
Postage	4,669	858	3,443	6,408	-	15,378	1,743	1,749	18,870	14,013
Office supplies	9,550	858	2,160	1,065	21,357	34,990	1,679	1,684	38,353	13,634
Insurance	1,400	583	1,297	752	-	4,032	1,185	1,189	6,406	6,364
Leases and equipment	1,857	774	1,720	998	-	5,349	1,572	1,578	8,499	6,263
Storage and archives	1,180	491	1,093	634	-	3,398	1,000	1,002	5,400	5,400
Public relations	839	350	777	451	-	2,417	711	713	3,841	2,468
Travel and training	25,939	84	187	109	98,834	125,153	171	172	125,496	1,034
Bad debt	354	148	328	190	-	1,020	299	301	1,620	-
Total Expenses	\$ 410,523	\$ 123,389	\$ 158,270	\$ 160,744	\$ 855,527	\$ 1,708,453	\$ 164,407	\$ 172,293	\$ 2,045,153	\$ 1,413,937

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

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

Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services					Supporting Services			Total Expenses
	National Conference	Black History Month Festival	Member Services	Publications	Education & Enrichment	Total Program Services	Management and General	Fundraising	
Personnel costs	\$ 61,303	\$ 46,005	\$ 102,099	\$ 61,348	\$ -	\$ 270,755	\$ 150,260	\$ 60,010	\$ 481,025
Contractor fees	29,124	32,205	20,009	35,996	350,265	467,599	28,134	14,573	510,306
Hotel, lodging, and events	24,885	12,928	-	-	149,293	187,106	-	-	187,106
Telephone and telecommunications	17,276	11,792	10,180	5,918	12,245	57,411	14,314	5,875	77,600
Printing and copying	1,705	-	2,292	21,644	8,083	33,724	-	3,116	36,840
Office lease	4,989	3,370	7,754	4,508	-	20,621	10,903	4,475	35,999
Other expenses	5,323	1,824	2,709	1,294	2,830	13,980	3,127	4,207	21,314
Credit card processing fees	2,019	1,364	3,139	1,825	-	8,347	4,413	1,811	14,571
Postage	924	624	2,492	7,124	-	11,164	2,020	829	14,013
Office supplies	757	695	1,627	684	7,538	11,301	1,654	679	13,634
Insurance	882	596	1,371	797	-	3,646	1,927	791	6,364
Leases and equipment	868	586	1,349	784	-	3,587	1,897	779	6,263
Storage and archives	748	505	1,163	677	-	3,093	1,635	672	5,400
Public relations	342	231	532	309	-	1,414	747	307	2,468
Travel and training	36	24	55	32	777	924	78	32	1,034
Total Expenses	\$ 151,181	\$ 112,749	\$ 156,771	\$ 142,940	\$ 531,031	\$ 1,094,672	\$ 221,109	\$ 98,156	\$ 1,413,937

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

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

Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 53,122	\$ 317,574
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Forgiveness - Paycheck Protection Loan	-	(62,300)
Effects of changes in non-cash operating assets and liabilities		
Accounts receivable	(245,083)	(88,752)
Prepaid expenses and other assets	(4,706)	(9,428)
Accounts payable and accrued expenses	88,415	15,831
Deferred revenue	33,940	(42,398)
Refundable advances	12,494	9,092
Net Cash from Operating Activities	<u>(61,818)</u>	<u>139,619</u>
Net change in cash and cash equivalents	(61,818)	139,619
Cash and cash equivalents, beginning of year	909,953	770,334
Cash and Cash Equivalents, End of Year	<u>\$ 848,135</u>	<u>\$ 909,953</u>

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

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

Notes to the Financial Statements December 31, 2022 and 2021

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 accompanying financial statements of the Association are presented 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue, support, and expenses during the reporting period. 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, 2022 and 2021, consisted of money market funds.

The Association maintains its cash in a bank deposit account which, at times, may exceed Federally insured limits. The Federal Deposit Insurance Corporation (FDIC) guarantee accounts for up to \$250,000 per depositor per institution. As of December 31, 2022 and 2021, the Association has \$345,738 and \$426,605 respectively, in excess of FDIC insured limits. The Association has not experienced any losses in their bank deposit accounts.

Accounts Receivable

Accounts receivable represent contributions, grants, and publication royalties that have not been collected as of year-end. The Association estimate of an allowance for bad debt is based on historical collection experience and review of the current status of specific accounts. The Foundation records an allowance for doubtful accounts equal to estimated losses that will be incurred in the collection of receivables.

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

**Notes to the Financial Statements
December 31, 2022 and 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable (continued)

There was no allowance for doubtful accounts recorded as of December 31, 2022 and 2021, as management deemed all accounts receivable fully collectible.

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 limited 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.

Revenue and Support

The Association recognizes grants and contributions when an unconditional promise to give is received. Conditional promises to give, with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

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

Membership dues, publications and event related revenue are considered exchange transactions; therefore, revenue is recognized when a performance obligation is satisfied. Members receive benefits such as first preference for speakers and discounts on event registrations and ads, as well as access to publications and member-only content. Publication revenue is recognized in the period the publication is printed and distributed. National Conference and Black History Month Festival 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.

Notes to the Financial Statements
December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Support (continued)

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 changes in net assets as net assets released from restrictions.

As of December 31, 2022 and 2021, the Association had several Federal grants from the National Park Service which are deemed conditional upon incurring agreed upon expenses. Revenue from such grants are 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 accounts receivable and cash receipts obtained prior to expenses being incurred are reflected as refundable advances 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 accompanying statements of activities and changes in net assets and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program, management and general, and fundraising 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.

Income Taxes

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

The provisions included in accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe 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 as of December 31, 2022 and 2021, 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.

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

**Notes to the Financial Statements
December 31, 2022 and 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

As of December 31, 2022, the statute of limitations for fiscal years 2019 through 2022 remain 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 statements of activities and changes in net assets.

Liquidity and Availability of Resources

The following reflects the Association's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use within one year because of donor-imposed restrictions.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 848,135	\$ 909,953
Accounts receivable	359,382	114,299
	<u>1,207,517</u>	<u>1,024,252</u>
Less: net assets with donor restrictions	274,451	320,883
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 933,066</u>	<u>\$ 703,369</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 of \$294,327 to meet the short-term operating needs of the Association if general assets are unavailable.

Subsequent Events

The Association's management evaluated the accompanying financial statements for subsequent events and transactions through August 28, 2023, 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.

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

**Notes to the Financial Statements
December 31, 2022 and 2021**

3. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Family Reunion/Oral History Project	\$ 8,970	\$ 9,131
CAWO Historical Youth Scholars Project	48,484	94,755
400 Years of African American History Commission NTF	216,997	216,997
Total	<u>\$ 274,451</u>	<u>\$ 320,883</u>

4. 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. Upon expiration of the agreement, the lease term is on a month-to-month basis. Total rent expense for each of the years ended December 31, 2022 and 2021, was \$36,000.

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, 2022 and 2021, respectively.

5. 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, 2022 and 2021, was \$4,199 and \$4,228, respectively.