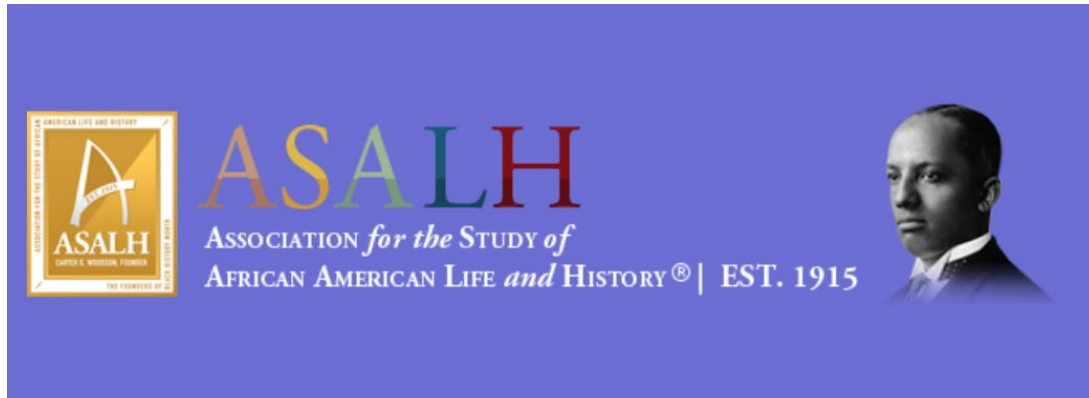


# PRESENTATION TO GOVERNANCE

## Association for the Study of African American Life and History



**DECEMBER 31, 2024**  
**AUDIT RESULTS**

# Executive Summary

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## I. Scope of Services

- Audit of December 31, 2024 financial statements
- Uniform Guidance audit of Federal grants
- Preparation of the Federal Form 990
- Recommendations and observations noted during the audit process
- Available for year-round consultation

## II. Results

- Plan to issue an unmodified opinion on financial statements and controls over financial reporting and compliance
- No material weaknesses in internal controls were identified during the audit
- No instances of fraud discovered or made aware of
- Received full cooperation from management
- No new accounting pronouncements

# Executive Summary

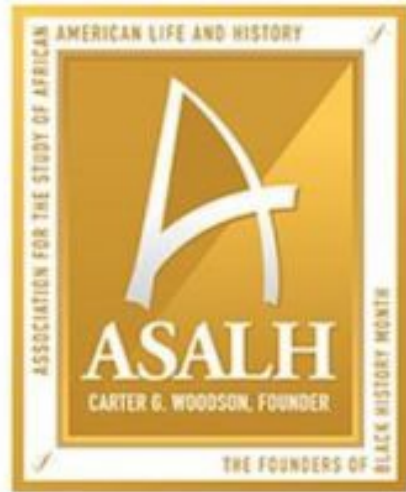
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## III. Areas of Audit Emphasis

- Treasury: bank reconciliation and investment valuation
- Accuracy and collectability of receivables
- Accuracy and completeness of liabilities
- Recognition of revenue/net asset classification
- Grant compliance
- Financial viability
  - 2-yrs of decreases in net assets without donor restrictions
  - Profitability of the conference and Black History Month Festival

# Assessment of Control Environment

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

# Evaluation of Key Processes

Treasury	Financial Reporting	Expenditures	Revenue	Compliance
<ul style="list-style-type: none"> <li>▪ Cash Management</li> <li>▪ Reconciliation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Accounting Principles and Disclosure</li> <li>▪ Closing the Books</li> <li>▪ Report Preparation</li> <li>▪ General Ledger and Journal Entry Processing</li> <li>▪ Verification and Review of Results</li> </ul>	<ul style="list-style-type: none"> <li>▪ Accounts Payable</li> <li>▪ Cash Disbursement</li> <li>▪ Cut off</li> </ul>	<ul style="list-style-type: none"> <li>▪ Billing</li> <li>▪ Cash Receipts</li> <li>▪ Revenue Recognition</li> <li>▪ Cutoff</li> </ul>	<ul style="list-style-type: none"> <li>▪ Assess Internal and External Risk</li> <li>▪ Regulatory Compliance</li> <li>▪ Monitor Compliance</li> <li>▪ Grant Compliance</li> </ul>
Effective	Effective	Effective	Effective	Effective

# Financial Results

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# Financial Statement Highlights

## Statements of Financial Position

As of December 31, 2024, 2023, and 2022

	2024	2023	2022
<b>ASSETS</b>			
Cash and cash equivalents	\$ 560,083	\$ 734,466	\$ 848,135
Accounts receivable	275,132	274,988	359,382
Prepaid expenses and other assets	32,145	36,656	27,784
<b>Total Assets</b>	<b>\$ 867,360</b>	<b>\$ 1,046,110</b>	<b>\$ 1,235,301</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 44,659	\$ 108,560	\$ 120,616
Deferred revenue	42,436	52,278	84,945
Refundable advances	30,669	5,846	17,164
<b>Total Liabilities</b>	<b>117,764</b>	<b>166,684</b>	<b>222,725</b>
<b>Net Assets</b>			
Without donor restrictions	497,907	605,663	738,125
With donor restrictions	251,689	273,763	274,451
<b>Total Net Assets</b>	<b>749,596</b>	<b>879,426</b>	<b>1,012,576</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 867,360</b>	<b>\$ 1,046,110</b>	<b>\$ 1,235,301</b>

# Financial Statement Highlights (con't)

## Statement of Activities and Change in Net Assets For the Years Ended December 31, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>			
<b>Revenue and Other Support</b>			
Federal grants	\$ 1,212,591	\$ 816,249	\$ 521,944
National conference	550,321	628,728	541,357
Private grants	243,664	425,000	354,630
Publications	236,078	239,632	217,489
Memberships	200,770	209,620	195,305
Black History Month Festival	176,775	125,753	147,375
Contributions	49,663	92,868	76,245
Non-financial contribution	-	20,000	-
Other	15,725	14,955	7,950
ASALH store	20,147	28,530	12,240
Net assets released from restrictions	39,593	6,380	70,172
<b>Total Revenue and Other Support</b>	<u>2,745,327</u>	<u>2,607,715</u>	<u>2,144,707</u>
<b>Expenses</b>			
Program services	2,366,990	2,184,620	1,708,453
Management and general	308,238	363,797	164,407
Fundraising	177,855	191,760	172,293
<b>Total Expenses</b>	<u>2,853,083</u>	<u>2,740,177</u>	<u>2,045,153</u>
<b>Change in Net Assets Without Donor Restrictions</b>	<u>(107,756)</u>	<u>(132,462)</u>	<u>99,554</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>			
Grants	17,519	5,692	23,740
Net assets released from restrictions	(39,593)	(6,380)	(70,172)
<b>Change in Net Assets With Donor Restrictions</b>	<u>(22,074)</u>	<u>(688)</u>	<u>(46,432)</u>
Changes in net assets	(129,830)	(133,150)	53,122
Net assets, beginning of year	879,426	1,012,576	959,454
<b>Net Assets, End of Year</b>	<u>\$ 749,596</u>	<u>\$ 879,426</u>	<u>\$ 1,012,576</u>

# Status of Prior Year Recommendations

Observation	Recommendation	Status
<p><b>During the audit procedures, SBC noted that some organizational documents of ASALH have not been updated in many years.</b></p> <p>For example:</p> <ul style="list-style-type: none"><li>➤ Organizational chart</li><li>➤ Whistleblower policy</li><li>➤ Constitution and bylaws</li><li>➤ Policies &amp; Procedures Manual</li></ul>	<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 ASALH 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 Process</p>

# Single Audit Results

## Financial Statements

Type of independent public accountants' report issued on whether the financial statements were prepared in accordance with GAAP	Unmodified
Internal controls over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to the financial statements noted?	No

## Federal Awards

Type of independent public accountants report issued on compliance for major Federal program	Unmodified
Internal controls over major Federal program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

## Identification of Major Federal Program:

Major Federal Program	Federal Assistance Listing	Expenditures
<b>U.S. Department of the Interior</b>		
Cooperative Research and Training Program	15.945	\$ 951,697
Threshold for distinguishing between Type A and B programs		\$ 750,000
Did the Association qualify as a low risk auditee?		Yes

# Single Audit Results

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## Results

### **Report on internal controls over financial reporting and compliance**

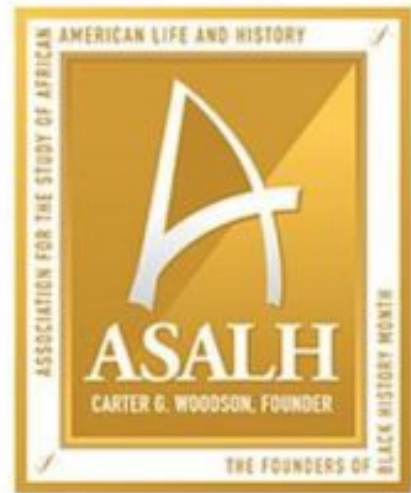
Unmodified opinion, with no reportable findings

### **Report on compliance with requirements for major programs in accordance with the Uniform Guidance**

Unmodified opinion, with no reportable findings

# Required Communications

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# Required Communications

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## 1. Auditor's Responsibilities Under Generally Accepted Auditing Standards (GAAS)

The financial statements are the responsibility of management. Our audit was designed in accordance with auditing standards generally accepted in the United States of America, and provide for reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

## 2. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.

*The significant accounting policies used by management are described in the notes to the financial statements.*

## 3. Auditor's Judgments About the Quality of Accounting Principles

We discuss our judgments about the quality, not just the acceptability, of accounting principles selected by management, the consistency of their application, and the clarity and completeness of the financial statements, which include related disclosures.

*We have reviewed the significant accounting policies adopted by Association for the Study of African American Life and History (ASALH) and have determined that these policies are acceptable accounting policies.*

# Required Communications (cont.)

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## 4. Audit Adjustments

We are required to inform ASALH's oversight body about adjustments arising from the audit (whether recorded or not) that could, in our judgment, either individually or in the aggregate, have a significant effect on ASALH's financial reporting process.

We are also required to inform ASALH's oversight body about unadjusted audit differences that were determined by management to be individually and in the aggregate, immaterial.

*There were no passed adjustments identified during the audit process.*

## 5. Fraud and Illegal Acts

We are required to report to the ASALH's oversight body any fraud or illegal acts involving senior management and fraud or illegal acts (whether caused by senior management or other employees) that cause a material misstatement of the financial statements.

*During our discussions with management, we were not aware of suspected or alleged fraud that occurred.*

# Required Communications (cont.)

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## **6. Material Weaknesses in Internal Control**

We are required to communicate all significant deficiencies in ASALH's systems of internal controls, whether or not they are material weaknesses.

*There were no material weaknesses noted during the audit.*

## **7. Other Information in Documents Containing Audited Financial Statements**

*None.*

## **8. Disagreements with Management on Financial Accounting and Reporting Matters**

*None.*

## **9. Serious Difficulties Encountered in Performing the Audit**

*None.*

## **10. Major Issues Discussed with Management Prior to Acceptance**

*None.*

# Required Communications (cont.)

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## 11. Consultation with Other Accountants

*To our knowledge, there were no consultations with other accountants since our appointment as ASALH's independent public accountants.*

## 12. Independence

*As part of our client acceptance process, we go through a process to ensure we are independent of ASALH. We are independent of ASALH.*

## 13. Non-Attest Services

We perform non-attest services for ASALH. They include filing of the Form 990, financial statement compilation assistance.

*Management has designated an individual who possesses suitable skill, knowledge, and/or experience to oversee this service, and have taken responsibility for the service performed. We are independent of ASALH.*

# Required Communications (cont.)

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## 14. Subsequent Events

We were not made aware of any material subsequent events that have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

## 15. 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 GAAS AU-C 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.

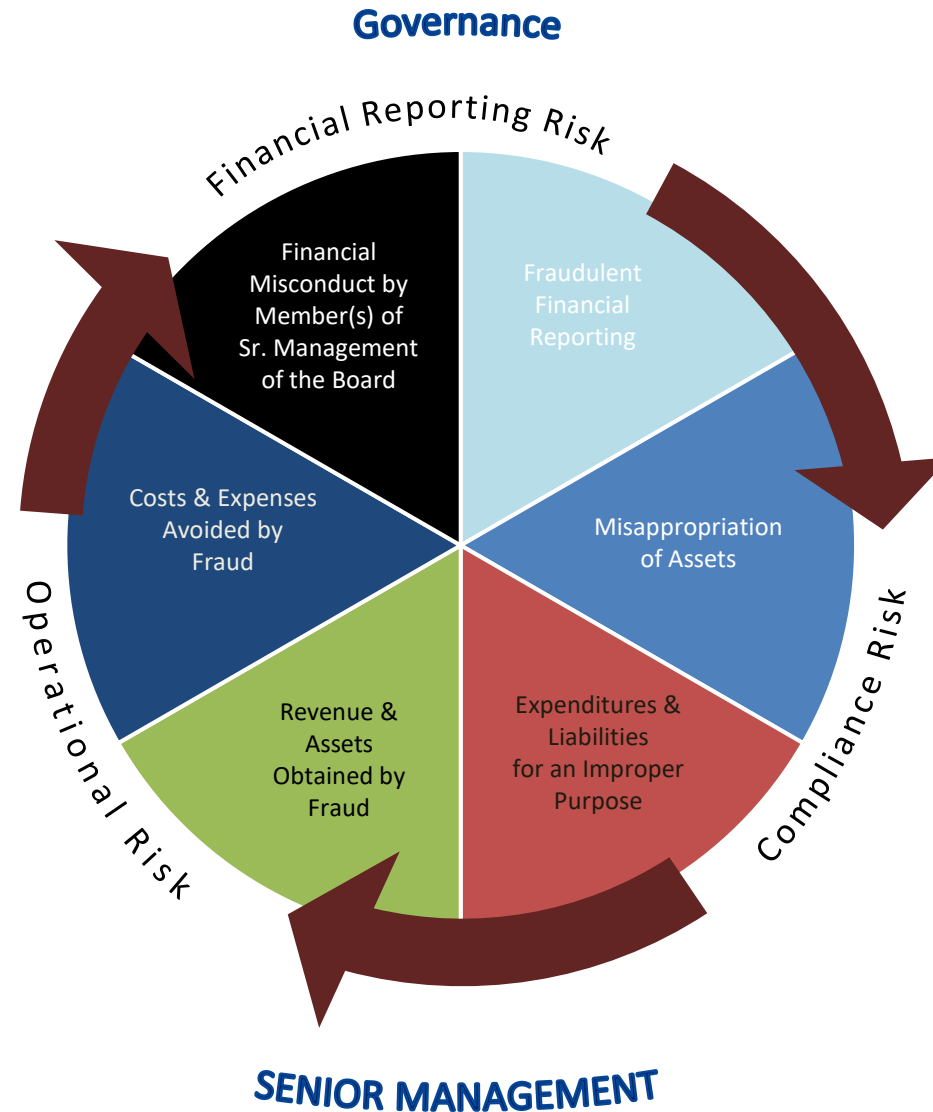
## 16. Examples of Procedures Performed

- Discuss thoughts and ideas in areas where the financial statements might be susceptible to material misstatement due to fraud;
- Understand pressures on the financial statement results;
- Understand the tone and culture of the organization;
- Look for unusual or unexpected transactions, relationships, or procedures;
- Discussions with individuals outside of finance;
- Evaluate key processes and controls; and
- Consider information gathered throughout the audit.

# Responsibility for Mitigating Fraud

## External Auditor:

- Evaluate management programs and controls to deter and detect fraud for identified risks
- Reasonable assurance that financial statements are free of material misstatement due to fraudulent financial reporting or misappropriation of assets
- Compliance with fraud standard (SAS 99)
  - Conversations with finance and operations personnel
  - Disaggregated analytics
  - Surprise audit procedures
  - Journal entry testing



## Management:

- CFO/Controller: controls to deter and detect fraud
- General Counsel/Compliance: monitoring

## Governance:

- Evaluate management identification of fraud risk
- Evaluate implementation of fraud controls
- Reinforce “tone at the top”
- Conduct special investigations

# Engagement Team

## *Contact Information*



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