

Independent Auditor's Report

Members of the General Board
National Alliance of Black School Educators Inc. (NABSE)

We have audited the accompanying financial statements of the National Alliance of Black School Educators Inc. (NABSE) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 ("U.S. GAAP"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility


Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 control 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 control. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Alliance of Black School Educators, Inc. (NABSE), as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. GAAP.


October 28, 2022
Dallas, Texas

NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS, INC

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021

ASSETS

Current Assets:		
Cash and Cash Equivalents	\$	148,361
Accounts Receivable, net		43,327
Other Current Assets		<u>21,986</u>
Total Current Assets		213,674
Total Assets	\$	<u>213,674</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable and accrued liabilities	\$	<u>686,863</u>
Total Current Liabilities		686,863
Long-Term Liabilities:		
EIDL Loan		<u>149,900</u>
Total Long Term Liabilities		149,900
Total Liabilities		836,763
Net Assets:		
Unrestricted		<u>(623,089)</u>
Total Liabilities and net assets	\$	213,674

See accompanying notes to the financial statements

NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS, INC

STATEMENTS OF ACTIVITIES

DECEMBER 31, 2021

Revenue

Conference Revenue	
Registration	\$ 453,930
Other Conference Activities	<u>249,227</u>
Total Conference Revenue	703,157
Grants	25
Membership	120,386
Corporate Sponsorship/Contribution	2,478
Rental Income	9,658
Other Income	10,093
Gain from sale of building	<u>920,728</u>
Total Revenue	<u>1,766,525</u>

Expenses

Program Services

Credit Card Fees	6,458
Conference Expense	<u>329,291</u>
Total Program Services	<u>335,749</u>

Supporting Services

Management & General	<u>773,464</u>
Total Expenses	1,109,213

Change in Net Assets	657,312
Net Assets Beginning	(1,280,401)
Net Assets at the End of the Year	<u>\$ (623,089)</u>

See accompanying notes to the financial statements

NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
December 31, 2021

	Program Services		Supporting Services		Total
	Conference	Building Expenses	Management & General		
Expenses					
Property Insurance	\$ -	\$ 17,278	\$ -		\$ 17,278
Interest Payments	-	186,399			186,399
Property Taxes	-	29,678	-		29,678
Accounting Fees	-	-	60,300		60,300
Bad Debts	-		94,336		94,336
Building Repairs		36,000			36,000
Conferences	329,291	-	-		329,291
Lodging/Meals		-	3,300		3,300
Consulting	-		149,966		149,966
Equipment Rental	-	-	6,878		6,878
IT Services	-	-	89,156		89,156
Legal Counsel	-	-	21,038		21,038
Others	6,458	11,215	55,487		73,160
Supplies	-	-	12,433		12,433
Total Operating Expenses	\$ 335,749	\$ 280,570	\$ 492,894		\$ 1,109,213

See accompanying notes to the financial statements

NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	\$	657,312
Change in Net Assets		
Adjustments to reconcile change in net assets to		
Decrease (increase in operating assets:		
Accounts Receivable		120,624
Other Current Assets		
Increase (decrease) in liabilities:		
Accounts Payable and Accrued Liabilities		(130,983)
Net Cash provided by operating activities	<u>\$</u>	<u>646,953</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage Loan Payoff, net		(587,419)
Net Cash provided by financing activities	<u>\$</u>	<u>(587,419)</u>
 Net Increase (decrease) in cash and cash equivalents		59,534
Cash and cash equivalents at beginning of the year		88,827
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$</u>	<u>148,361</u>
 SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$</u>	<u>89,157</u>

See accompanying notes to the financial statements

NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 ORGANIZATION

The National Alliance of Black School Educators, Inc. (NABSE) is a non-profit organization which was established to promote and facilitate the education of all students (black students in particular); to establish a coalition of black educators and others directly or indirectly involved in educational opportunities; to identify and develop black professionals who will assume leadership positions in education; and to influence public policy concerning the education of black people. To achieve this purpose, NABSE publishes and distributes reports, conducts research, and sponsors seminars, conferences and panel discussions with experts in the field of education.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements presented follow the recommendation of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 958-205, Not for Profit Entities - Presentation (FASB ASC 958-205). In accordance with FASB 958-205, NABSE is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Fixed Assets - Fixed assets are stated at cost. Fixed assets are depreciated or amortized on a straight-line basis, over their estimated useful lives of thirty years for the building; ten years for the building improvements, five years for furniture and three years for equipment. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation is a non-cash item. Value of assets does not reflect the fair market value of NABSE property.

Cash and Cash Equivalent - NABSE considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Income Tax Status - NABSE is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A), and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization adopted the provisions of ASC 740-10-05 on January 1, 2009. ASC 740-10-05 prescribes a comprehensive model for how companies should recognize, measure, present, and disclose in their financial statements uncertain tax positions taken or expected to be taken on a tax return. Under ASC 740-10-05, tax positions must initially be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax

NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

authorities. Such tax positions must initially and subsequently be measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. The Organization did not have any unrecognized tax benefits and there was no effect on our financial condition or results of operations as a result of adopting ASC 740-10-05.

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The tax years from 2012 through 2014, are subject to examination by the Internal Revenue Service. The Organization is currently not under any federal or state audits.

Interest and penalties are zero and the Organization's policy is to expense interest and penalties, if any, to income tax expense as incurred. The Organization does not expect any material changes in unrecognized tax benefits in the next twelve months. The Organization has no unrecognized tax benefits as of December 31, 2020.

The net assets are reported in two self-balancing groups as follows:

Unrestricted net assets – include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of NABSE and include both internally designated and undesignated resources.

Temporarily restricted net assets - include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of NABSE and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Contributions and Grants - Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Accounts Receivable Allowance - NASE reports accounts receivable for member, dues pledges and contribution at net realizable amounts from third-party payers, members and others. The Organization provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions and trends.

Functional allocation of expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 3 CONCENTRATION OF CREDIT RISK

NABSE's cash balances in financial institutions at times may exceed the federally insured limit of \$250,000. At December 31, 2021, NABSE cash balances at financial institutions did not exceed the federally insured limit.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of December 31, 2020:

Corporate Contributions	43,327
Total	43,327

NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS, INC.
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DECEMBER 31, 2021

NOTE 5 PROPERTY AND EQUIPMENT

The property and equipment was sold during 2021 creating a net gain from the sale of the building in the amount of

NOTE 6 LEASE RENTAL INCOME

During 2020 NABSE leased its office building to 2 commercial tenants. The building was sold in 2021. Total rental income for 2019 was \$9,658.

NOTE 7 GOING CONCERN - NET DEFICIENCY

During the 2021-year end, NABSE showed a positive trend from operating activities and has begun paying down long outstanding payables and reducing the net asset deficiency. NABSE has now sold the primary asset for the organization, the building in Washington DC, contributing to an overall positive cash flow and debt reduction during 2021. The positive trajectory has continued and with new leadership the organization appears headed in the right direction. NABSE has employed a Consulting Executive Director in order to continue to secure funding and sponsorships to enhance the financial stability.

NABSE has also re-launched the organization structure coupled with the strategic financial plan that has resulted in several added partnerships that will serve as increased revenue generators as well as, additional revenue streams for years to come. Partnerships are also helping to reduce cost and generate exposure with other national organizations as we continue to upgrade our leadership development programs. Through these partnerships and a strategic social media campaign, NABSE has increased our membership database from 2,100 to the current total of over 5,000 educators from across the nation. The 2020 membership report should show a significant increase in revenue generated from membership fees.

The positive financial management and resulting trend indicates that NABSE is able to operate over the next 12 months with projected revenues from increased membership, sponsorship and the capital campaign expected to continue to exceed the organizational expenses.

NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS, INC.
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DECEMBER 31, 2021

NOTE 8 LEGAL SETTLEMENT

NABSE currently involved in a lawsuit related to the prior tenants. Attorney representation has been contracted with no potential loss to recognize as of the release date of the financial statements, October 28, 2022.

NOTE 9 RELATED PARTY TRANSACTIONS

There are no related party transactions as of December 31, 2021.

NOTE 10 SUBSEQUENT EVENTS

In preparing these financial statements, Management evaluated events and transactions for potential recognition through October 28, 2022, the date the financial statements were available to be issued.