THE NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS

FINANCIAL STATEMENT

December 31, 2022

with

Independent Auditors' Report

THE NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The National Alliance of Black School Educators

Opinion

We have audited the accompanying statement of financial position of The National Alliance of Black School Educators (the "Organization") (a nonprofit organization), as of December 31, 2022, and the related notes to the financial statement.

In our opinion, the statement of financial position referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statement* section of our report. We are required to be independent of the Organization 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 Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statement is available to be issued.

Auditors' Responsibility for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 control. 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 statement.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- Obtain an understanding of internal control 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 Organization's internal control. 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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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 control related matters that we identified during the audit.

HM&M Group, LLC

Dallas, Texas
December 1, 2025

THE NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

Current assets:	
Cash and cash equivalents	$ 971,951
Accounts receivable	158,148
Prepaid expenses and other	6,655
Total current assets	1,136,754
Total assets	$ 1,136,754

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	$ 594,323
Accounts payable, related parties	10,940
Accrued liabilities	59,242
Total current liabilities	664,505
Note payable, long-term	150,000
Total liabilities	814,505
Net assets:	
Without donor restrictions	322,249
Total net assets	322,249
Total liabilities and net assets	$ 1,136,754

See accompanying notes to financial statement.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The National Alliance of Black School Educators, Inc. (the "Organization") is a non-profit organization devoted to furthering the academic success for the nation's children – particularly children of African descent. The Organization boasts an outreach to a distinguished group of preeminent educators including teachers, administrators, superintendents as well as corporate and institutional members. Founded in 1970, the Organization is dedicated to improving both the educational experiences and accomplishments of African American youth through the development and use of instructional and motivational methods that increase levels of inspiration, attendance, and overall achievement. To achieve this purpose, the Organization seeks to a) promote and facilitate the education of all students, with a particular focus on African American students; b) establish a coalition of African American educators, administrators and other professionals directly and indirectly involved in the educational process; c) create a forum for the exchange of ideas and strategies to improve opportunities for African American educators and students; d) identify and develop African American professionals who will assume leadership positions in education and influence public policy concerning the education of African Americans.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis of Accounting

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases* (Topic 842), which will require leases to be recorded as an asset on the statement of activities for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for non-profit entities for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization adopted the new standard using the modified retrospective approach effective January 1, 2022, and utilized all of the available practical expedients. The adoption of ASU 2016-02 did not have a material impact on the Organization's financial statement as of December 31, 2022.

Basis of Presentation

The Organization's net assets, revenues, gains and losses, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- Net assets without donor restrictions - Net assets not subject to donor-imposed restrictions.
- Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that may or will be met by the occurrence of a specific event or the passage of time or net assets subject to donor-imposed stipulations that will never lapse, thus requiring the funds to be maintained permanently.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations. Releases of restrictions on net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions with donor-imposed restrictions are considered to be unrestricted if the restriction has been met in the same period as the funds were received.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements and notes. Accordingly, actual results could differ from those estimates and assumptions.

Fair Value of Financial Instruments

The Organization's financial instruments, none of which are held for trading purposes, include cash, accounts receivable, prepaid expenses, and accounts payable. The Organization estimates that the fair value of all financial instruments as of December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash or cash equivalents.

Accounts Receivables and Allowance for Doubtful Accounts

Accounts receivable that are expected to be collected within one year are recorded at net realizable value. Multiyear contributions receivable are recorded after being discounted to the anticipated net present value of the estimated future cash flows. The Organization provides an allowance for doubtful accounts which is based upon management's review of outstanding receivables, historical collection information, and existing economic conditions. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of December 31, 2022, management considers accounts receivable to be fully collectable.

Property and Equipment

Property and equipment are stated at cost or, if donated, fair market value at the date of donation. Depreciation and amortization are computed over the estimated useful lives of the assets using the straight-line method. The Organization capitalizes assets with useful lives greater than one year and a value in excess of $5,000. Routine repairs and maintenance are expensed as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reported in the statement of activities.

Leases

The Organization recognizes right-of use assets and lease liabilities for leases with terms greater than 12 months or leases that contain a purchase option that is reasonably certain to be exercised. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease.

Long-term leases (leases with terms greater than 12 months) are recorded as liabilities at the present value of the minimum lease payments not yet paid. The Organization will use the risk-free rate to determine the present value of the lease when the rate implicit in the lease is not readily determinable. Short-term leases (leases with an initial term of 12 months or less) are not capitalized but are expensed on a straight-line basis over the lease term.

Function of Board of Directors

The Board of Directors (the "Board") has governing responsibilities over all activities of the Organization. The Board is responsible for the oversight of all funding received and for ensuring compliance with the reporting and other requirements established by each funding source. Board members have decision-making authority, power to designate management, responsibility to significantly influence operations, and primary accountability for fiscal matters. Membership on the Board is voluntary and subject to approval by current Board members.

2. INCOME TAXES

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activity. For the year ended December 31, 2022, the Organization has no unrelated business income. Accordingly, no provision for income taxes is made in the accompanying financial statements.

The Organization's management has evaluated its tax positions and has not identified any material uncertain tax positions that would not be sustained in a federal or state income tax examination. Accordingly, no provision for uncertainties in income taxes has been made in the accompanying financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	$	971,951
Accounts receivable		158,148
Total	$	1,130,099

The Organization's Board of Directors meets periodically during the year to review the Organization's financial well-being and assess whether the organization needs to access any additional capital to meet general expenditures due within one year.

4. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable by major classification and the related allowance for doubtful accounts as of December 31, 2022:

Program receivables	$	140,608
Contributions receivables		17,540
Less: allowance for doubtful accounts		-
Total	$	158,148

5. NOTE PAYABLE

In July 2020, the Organization received an Economic Injury Disaster Loan ("EIDL") from the U.S. Small Business Administration ("SBA") in the original principal amount of $150,000. The loan bears interest at 2.75 percent per annum and is payable in monthly installments of $641, including principal and interest, over a term of 30 years, with a maturity date of July 21, 2050. Repayment is deferred for the first 12 months from the loan origination date. The EIDL is secured by all of the assets of the Organization. The proceeds are to be used for working capital to alleviate economic injury caused by the COVID-19 pandemic. On March 16, 2021, the SBA extended the deferment period an additional 12 months to 24 months for the loan origination date. On March 15, 2022, the SBA extended the deferment period an additional six months to 30 months for the loan origination date. As of December 31, 2022, the outstanding balance on the EIDL is $150,000. Accrued interest totals $6,742 as of December 31, 2022.

The Organization is required to comply with all covenants and reporting requirements as stipulated by the SBA.

6. RELATED PARTY TRANSACTIONS

The Organization engages in transactions with the NABSE Foundation, a related party. The NABSE Foundation consists of nine life members whose mission is to support the Organization. Under the terms of the arrangement, the Organization pays the NABSE Foundation $5 for each individual attending the Organization's annual conference. As of December 31, 2022, amounts due to the NABSE Foundation total $10,940.

7. COMMITMENTS AND CONTINGENCIES

Litigation Settlement

As of December 31, 2022, the Organization was involved in ongoing litigation with a restaurant and was in the process of negotiating a settlement. Management estimates the settlement amount to be $52,500, which has been accrued in the accompanying financial statements as of year-end.

8. CONCENTRATION OF CREDIT RISK

The Organization's cash accounts are held in a major national bank in the North Texas area. As of December 31, 2022, cash accounts exceeded federally insured limits by approximately $721,246. Management monitors the crediting of the banking institution where the deposits are held and believes that any credit risk exposure is mitigated by the financial strength of the banking institution. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 1, 2025, the date the financial statement was available to be issued.

The Organization finalized the settlement of litigation with a restaurant. The settlement amount of $52,500 was paid on March 16, 2023.

On November 14, 2024, the Organization paid the full principal balance of $150,000 on its SBA EIDL. On October 23, 2025, the Organization paid the total accrued interest balance of $11,912.