

THE NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS
FINANCIAL STATEMENTS
Year Ended December 31, 2023
with
Independent Auditors' Report

THE NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



HM&M Group, LLC

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of The National Alliance of Black School Educators (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statement.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 Statements* 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 audit. 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 GAAP, and for 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.

In preparing the financial statements, 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 statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are 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 statements.

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.

A handwritten signature in black ink that reads "HME Group, LLC". The signature is fluid and cursive, with "HME" on the first line and "Group, LLC" on the second line.

Dallas, Texas
December 1, 2025

THE NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS
STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,795,959
Accounts receivable, net	242,926
	<hr/>
Total current assets	2,038,885
	<hr/>
Total assets	<u><u>\$ 2,038,885</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 481,560
Accrued liabilities	9,414
	<hr/>
Total current liabilities	502,259
	<hr/>
Note payable, long-term	150,000
	<hr/>
Total liabilities	<u><u>652,259</u></u>

Net assets:

Without donor restrictions	<hr/>
	1,386,626
Total net assets	<hr/>
	1,386,626
Total liabilities and net assets	<u><u>\$ 2,038,885</u></u>

See accompanying notes to financial statements.

THE NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Earned income:			
Program	\$ 1,637,502	\$ -	\$ 1,637,502
Membership fees	169,793	-	169,793
Contributions			
Sponsorships	423,386	-	423,386
Donations and grants	224	-	224
Other	<u>35</u>	<u>-</u>	<u>35</u>
Total support and revenue	<u>2,230,940</u>	<u>-</u>	<u>2,230,940</u>
Expenses:			
Program services	886,407	-	886,407
Management and general	181,542	-	181,542
Fundraising	<u>98,614</u>	<u>-</u>	<u>98,614</u>
Total expenses	<u>1,166,563</u>	<u>-</u>	<u>1,166,563</u>
Change in net assets	1,064,377	-	1,064,377
Net assets, beginning of year	<u>322,249</u>	<u>-</u>	<u>322,249</u>
Net assets, end of year	<u>\$ 1,386,626</u>	<u>\$ -</u>	<u>\$ 1,386,626</u>

See accompanying notes to financial statements.

THE NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Conferences	\$ 762,482	\$ -	\$ -	\$ 762,482
Contract services	75,361	73,144	73,144	221,649
Legal and professional	15,927	57,561	-	73,488
Merchant fees	9,594	9,313	9,313	28,220
Lodging/meals	9,736	-	9,736	19,472
Bad debt	-	10,638	-	10,638
Dues and subscriptions	-	8,984	-	8,984
Miscellaneous	2,423	2,291	2,396	7,110
Supplies	2,344	2,275	2,275	6,894
Programming	6,790	-	-	6,790
Storage	-	5,651	-	5,651
Credit card and bank charges	-	4,924	-	4,924
Bill payment services	-	4,002	-	4,002
Website development	1,750	-	1,750	3,500
Interest	-	2,759	-	2,759
Total	\$ 886,407	\$ 181,542	\$ 98,614	\$ 1,166,563

See accompanying notes to financial statements.

THE NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS
STATEMENT OF CASH FLOWS
Year Ended December 31, 2023

Cash flows from operating activities:

Change in net assets	\$ 1,064,377
Adjustments to reconcile change in net assets to	
net cash provided by operating activities:	
Bad debt expense	10,638
(Increase) decrease in operating assets:	
Accounts receivable	(95,416)
Prepaid expenses and other	6,655
(Decrease) increase in operating liabilities:	
Accounts payable	(112,763)
Accounts payable - related parties	345
Accrued liabilities	<u>(49,828)</u>
Net cash provided by operating activities	<u>824,008</u>
Net increase in cash and cash equivalents	824,008
Cash and cash equivalents, beginning of year	<u>971,951</u>
Cash and cash equivalents, end of year	<u>\$ 1,795,959</u>

See accompanying notes to financial statements.

THE NATIONAL ALLIANCE OF BLACK SCHOOL EDUCATORS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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”).

Recent Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments – Credit Losses (Topic 326). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. ASU 2016-13 is effective for non-profit entities for fiscal years beginning after December 15, 2022. The Organization adopted the new standard effective January 1, 2023 using the modified retrospective method. The adoption of ASU 2016-13 did not have a material impact on the financial statements.

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 financial statements and accompanying notes. Accordingly, actual results may differ from those estimates.

Fair Value of Financial Instruments

The Organization's financial instruments, none of which are held for trading purposes, include cash, accounts receivable, accounts payable, and accrued liabilities. The Organization estimates that the fair value of all financial instruments as of December 31, 2023, 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 cash and other highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include all demand deposits and amounts held in online payment processing accounts (such as WePay) that are readily available for withdrawal and use by the Organization.

Accounts Receivables and Allowance for Credit Losses

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. As previously mentioned, the Organization adopted ASU 2016-13. Before adoption, the allowance for doubtful accounts was based upon management's review of the current status of individual accounts and existing economic conditions. After adoption, the allowance for doubtful accounts is referred to as the allowance for credit losses. The allowance for credit losses is also based on the credit losses expected to arise over the life of the accounts receivable while also giving consideration to current conditions and reasonable and supportable forecasts. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

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.

Revenue Recognition

Program revenue includes registration fees for both the annual conference and other events, as well as income from advertising. Program revenue is reported as accrued income until the date of the event, at which time it is recognized as revenue.

Membership fees are recognized as revenue ratably over the membership period as the related benefits are provided. Fees received in advance of the membership period are recorded as deferred revenue. The Organization also offers lifetime memberships for a one-time fee. Revenue from lifetime membership fees is recognized immediately upon receipt, as the performance obligation is considered satisfied when membership is granted and ongoing services are nominal relative to the initial transaction.

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor. In-kind support arising from donated services and facilities is recorded as both revenues and expenses based on the fair market value of the services rendered and donated facilities.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Function of Board of Directors

The Board of Directors (the “Board”) has governing responsibilities over all activities of the Organization. The Board oversees funding received from all the sources and is responsible for compliance with the reporting and other requirements of these funding source entities. 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 taxes 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, 2023, 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	\$ 1,795,959
Accounts receivable	242,926
Total	\$ 2,038,885

The Organization’s Board 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, 2023:

Program receivables	\$ 213,916
Contributions receivables	39,648
Less: allowance for credit losses	(10,638)
 Total	 <u><u>\$ 242,926</u></u>

Bad debt expense for the year ended December 31, 2023, totals \$10,638. Changes in the allowance for credit losses during the year ended December 31, 2023, were as follows:

Balance, beginning of year	\$ -
Bad debt expense	(10,638)
 Balance, end of year	 <u><u>\$ (10,638)</u></u>

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, 2023, the outstanding balance on the EIDL is \$150,000. Accrued interest totals \$9,501 as of December 31, 2023. Interest expense for the year ended December 31, 2023, totals \$2,759.

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, 2023, amounts due to the NABSE foundation totals \$11,285. Contributions to NABSE for the year ended December 31, 2023, total \$25,830.

7. COMMITMENTS AND CONTINGENCIES

Litigation Settlement

The Organization resolved litigation with a restaurant, making a settlement payment of \$52,500 on March 16, 2023. The financial impact of this settlement was recognized in the prior year’s financial statements.

8. CONCENTRATION OF CREDIT RISK

The Organization’s cash accounts are held in a major national bank and with a third party payment processor (WePay). As of December 31, 2023, cash accounts exceeded federally insured limits by approximately \$1,542,746. 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. ANALYSIS OF FUNCTIONAL EXPENSES

The statement of functional expenses present a natural classification of expenses by program and supporting service function. To the extent these expenses are not directly attributable to a specific functional area, they are allocated across program and supporting services. Management determines such expense allocations by reviewing the Organization's business areas for the proportional benefit to program and supporting services. These allocations are based on management's estimates of time and effort.

10. SUBSEQUENT EVENTS

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

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.