



REQUEST FOR PROPOSAL

AUDITING SERVICES

November 14, 2023

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SECTION I

INTRODUCTION

This request for proposals (RFP) is for the audit of the National Black MBA Association, Inc. (NBMBA) financial operation for its fiscal years that end December 31, 2023, 2024 and 2025. The Chief Financial Officer will coordinate and disseminate all information regarding all aspects of this request and the audit. The sole contact is the:

Chief Financial Officer
National Black MBA Association, Inc.
400 West Peachtree Street NW, Suite 203
Atlanta, Georgia 30308

All inquiries are to be directed electronically to the Chief Financial Officer, at cfo@nbmbaa.org. Only emailed responses to such inquiries will be binding. Failure to observe this protocol may result in the disqualification of the proposer.

INVITATION TO SUBMIT PROPOSALS

The National Black MBA Association, Inc. is seeking proposals from qualified firms to conduct the audit of the NBMBA's financial operations as described in this request. The contract firm(s) must be certified public accountants.

PROPOSAL TITLE

Audit Proposal: National Black MBA Association, Inc. for each of the fiscal years ending December 31, 2023, 2024 and 2025.

TYPE OF CONTRACT

The contract for audit services will be awarded at an all-inclusive maximum price, not to exceed basis (i.e., proposers will not be paid for any costs not negotiated in the contract). The contract will be a three-year contract with options to renew. Negotiations will be undertaken with the firm(s) whose proposal, including audit plan, methodology, level of effort, experience, background, qualifications, cost, and number of hours, indicates them to be the most responsible and capable of performing the audit tasks in the required time. Selection of the most responsive proposal shall not be construed as acceptance of all contents, some of which shall be subject to negotiation before the contract is approved and executed.

SECTION II

GENERAL INFORMATION

HISTORY

The National Black MBA Association, Inc. (NBMBA) is a professional membership organization, founded in 1970 by a group of MBA students at the University of Chicago. The association was incorporated as a non-profit organization in the state of New York in 1972.

MISSION STATEMENT

The National Black MBA Association, Inc. is a professional membership organization that leads in the creation of economic and intellectual wealth for the Black community. The organization delivers on the mission through programmatic efforts focused on leadership and management development of its key constituent groups.

MAJOR PROGRAMS AND SERVICES

- Annual Conference and Exposition
- Leaders of Tomorrow Summit
- Undergraduate and Graduate Case Competition
- Scale-Up Pitch Competition
- Online Webinars
- HBCU Cohort Scholars

The NBMBAA generates revenue primarily through the Annual Conference & Career Exposition, which represents approximately 75% of the association's revenue. Additional revenue is generated through membership dues, scholarship funding from grants and foundations, and corporate giving.

MEMBERSHIP

The NBMBAA membership is made up of approximately 12,000 + members comprising of business professionals, MBA students, seasoned executives, and entrepreneurs, and has 43 chapters and 33 collegiate partnerships nationwide. Our membership are leaders in the communities and businesses that strive to make a difference in their areas of influence.

BUDGETARY MATTERS

The NBMBAA is required to submit each year its projected operating budget to the Finance Committee. The Committee is required to review and make recommendations regarding the budget. The Executive Committee and The Board of Directors are required to approve the budget as submitted or subject it to itemized reductions. The Act provides that the budget governs the current expenses of the NBMBAA during the year and no such expenses may be incurred in excess of those shown in the budget without prior approval from the Finance Committee.

FINANCIAL STATEMENTS

See Attachments for audited financial reports of the Association as of December 31, 2022, and December 31, 2021.

SECTION III

PURPOSE

This request for audit proposals is intended to provide prospective bidders with sufficient information to enable them to prepare and submit proposals to the Chief Financial Officer to satisfy the needs of the National Black MBA Association. Specifically, the need is to acquire the services of an independent auditing firm, having significant auditing experience to perform annual financial and compliance audits of the NBMBA's financial operations for the fiscal year ending December 31, 2023, 2024, 2025.

The proposed audit will cover the entire operations of the NBMBA for each fiscal year. The audit is intended to result in the expression of an opinion of the NBMBA's general purpose including the accompanying notes to the financial statements, prepared in accordance with Generally Accepted Accounting Principles (GAAP).

- Report on Internal Control Structure-Related Matters based solely on an assessment of control risk made as part of the audit of the Financial Statements.
- Report on Compliance with Laws and Regulations that may have a material effect on financial statements.

CURRENT ENVIRONMENT

Financial Management Information System –Dynamics 365 Business Central.

The Chief Financial Officer is mandated by status with the responsibility for:

- Designing and installing uniform accounting systems for the NBMBA
- Maintaining the NBMBA's general ledger
- Produce and manage the NBMBA's budget
- Manage the Association's Payroll
- Establishing controls over financial record-keeping
- Ensuring compliance with accounting policy and practice; and
- Producing the NBMBA's annual financial report.

To carry out these activities, the Chief Financial Officer operates and controls the NBMBA's accounting and reporting system for all departments with an annual operating budget of approximately \$12 million.

The NBMBA implemented a new accounting system, during fiscal year 2023. The financial management information system (Dynamics 365 Business Central) is an integrated, real-time system, which includes the following functional modules: General Ledger, Accounts Payable, Budget, Accounts Receivable, Financial Reporting, and Fixed Assets.

FINANCIAL STATEMENTS

The financial statements for each fiscal year to be audited and are generally understood to be:

- Statement of Financial Position
- Statement of Activity
- Statement of Cash Flow
- Notes to the Financial Statements

INTERNAL CONTROL REVIEW

In addition to expressing an opinion on the Financial Statements, the auditors are expected to report on their study and evaluation of the NMBBAA's system of controls, including internal accounting, internal administrative and electronic data processing control.

Please note: the firm must conduct a review and evaluation of IT controls not a full systems audit. As part of this report of the study and evaluation of the NMBBAA's internal control system, the auditor must identify the significant internal account, IT and administrative controls, those controls designed to provide reasonable assurance that programs are being managed in compliance with applicable Federal laws and regulations, the controls that were evaluated, the controls that were not evaluated, the condition and function of such controls and the material weaknesses identified as a result of the evaluation.

MANAGEMENT CONSULTATION AND OTHER SERVICES

As part of the audit, the firm will be called upon to offer management consultation and professional advice to the Chief Financial Officer on special focus areas. These special focus areas are financial management issues affecting the NMBBAA's overall fiscal health.

The Chief Financial Officer and the selected firm will negotiate the special focus areas for each year of the audit, prior to the audit work commencing, including data collection and reporting efforts.

SECTION IV

TIME SCHEDULE

The following schedule is provided as a guideline. The NMBBAA reserves the right to modify or alter the schedule as needed.

Event	Date & Time
Issue RFP	November 14, 2023
Questions Due	November 20, 2023, by 5:00 p.m. EST
Deadline for submittal of RFP	December 1, 2023, by 12:00 p.m. EST
Selection of respondent (s) to interview	December 6, 2023
Interviews	December 11-22, 2023
Award selection	December 29, 2023

SECTION V

AUDIT REQUIREMENTS

Each audit shall be made annually and encompass the entirety of the financial operations of the NMBBAA for the fiscal year ending December 31, 2023, 2024 and 2025.

The audit report shall be conducted in accordance with Generally Accepted Auditing Standards (GAAS).

DELIVERABLES AND DEADLINES FOR REPORTS

1. Comprehensive Financial Report for the fiscal year ended December 31, 20XX
2. Reports on Compliance and Internal Control for the fiscal year ended December 31, 20XX.

OTHER REPORTS

All illegal acts or indications of such acts including all related questioned costs that the auditors become aware of should be reported immediately to the Chief Financial Officer, President and Chief Executive Officer and Audit Committee, as well as be covered in a separate written report to the CFO, CEO, and the Audit Committee.

CORRECTIVE ACTION PLAN

The auditor must provide specific recommendations for corrective action for all findings of material weaknesses in internal controls and noncompliance with Federal laws and regulations. In addition, each finding must specify the relevant condition, criteria, cause, and effect. The recommendations for corrective action must include the NMBBAA's comments on action planned or taken or an explanation describing the reason corrective action is not taken. The auditor must also report on the status of corrective action taken on prior findings.

WORKING PAPERS AND REPORTS

Audit papers shall be prepared with due professional care. Audit working papers and reports will be retained for a minimum of three years from the date of the audit report or a period of one year from the date of resolution of audit findings, unless notified in writing to extend the retention period. Audit working papers shall be made available without charge for review within ten days of a request by the Office of the Chief Financial Officer or Board Audit Committee.

AUDIT PRE-PLANNING MEETINGS

Prior to beginning each fiscal year's audit, the firm and the Chief Financial Officer will meet to jointly negotiate and finalize an audit work plan. This work plan shall specify major audit tasks responsible persons, timeliness, and milestones.

In addition to routine engagement entrance and exit conferences, the auditors are expected to schedule bi-weekly briefings with the Chief Financial Officer to discuss the audit's status and progress in relation to the established audit work plan and milestones. At these meetings, the firm must present and discuss written status reports detailing items such as potential findings. As

deadlines approach, more frequent meetings may be required. One such meeting should be scheduled to discuss and explain the draft report deliverables. After the completion of the audit and receipt and acceptance of all deliverables, a briefing will be conducted with the President and Chief Executive Officer and the Chief Financial Officer, this briefing should cover all aspects of the audit discussing recommendations to strengthen any internal controls weakness or findings deemed appropriate. A final briefing will be conducted with the Board Audit Committee.

SECTION VI

PROPOSAL REQUIREMENTS

General Information

Proposers are required to submit the Proposal electronically.

Title Page

The proposal title page should show the proposal title, the name of the firm, firm telephone number, name and title of the contact person authorized to represent the group, and the date.

Transmittal Letter

The transmittal letter should be on the letterhead of the audit firm. The letter should state that it is signed by the individual authorized to bind the proposer contractually. It should be no more than three pages in length and briefly state the proposer's understanding of the request, and the work to be performed, and provide an overview summary of the proposers' qualifications and experience to perform the work requested. It should make a positive commitment to perform the work required as specified and on schedule and should state that the proposal will remain in effect for a period of 90 days from the submission deadline and thereafter until the proposer withdraws it, or a contract is made and approved or the procurement is cancelled, whichever occurs first.

Profile of the Proposer

This section gives the proposer the opportunity to:

- State whether the firm is local, national, or international.
- Provide us with the total number of professional employees.
- State the location of the office from which the work is to be managed and the number of partners, managers, supervisors, seniors, and other professional staff employed at the office.
- Describe the type of work performed by the office and the percentage of effort devoted to each type, the local office capability to audit non-profit organizations, both national and international, and computerized systems.
- Indicate the total number of staff available for this contract. Identify by title and name the individual who will represent the firm for the day-to-day supervision of the audits and the percentage of time and total hours that person will devote to the audits.

Experience of the Proposer

Identify specific experience of the firm's partners, managers, and on-site supervisors in performing relevant audit experience namely:

- Audit of GAAP basis financial statements and/or budgetary basis financial statements.
- Audit of non-profit organizations.
- Audit of membership associations.

It is possible that the firm might have different degrees of experience associated with different levels of personnel. The proposal should indicate, by name, the specific experience of partners, managers, and on-site supervisors in the above categories.

QUALIFICATIONS OF PROPOSED PERSONNEL

The proposer shall outline the overall qualifications and experience relevant to the performance of the single audit. The Proposer may list specific projects and contracts previously performed. References may also be included for each of the projects performed. The proposers may discuss how the performance of prior similar projects will enhance performance of the single audit.

Key Personnel Qualifications

Key personnel shall include the principals/partners, managers, and on-site supervisors; all other staff shall be considered non-key personnel. The Proposer must certify that all named key personnel in the proposal are the Proposer's employees and shall perform the services.

- Provide relevant qualifications for all partners, managers, and on-site supervisors.
- Contain a separate appendix of resumes outlining certifications held, educational qualifications and complete non-profit audit experience for the past three years for key personnel.
- Indicate the responsibility and level of effort for all staff to be assigned to the audit.
- Identify other specialists and the functions they will perform during the audit.
- Identify by title the individual who will represent the firm for the day-to-day supervision of the single audit and the percentage of time and total hours that person will devote to the single audit.
- Key personnel should be listed in order of their position of seniority and responsibility in the firm.
- Qualifications and business experience (resume or narrative); it is possible that the firm might have different degrees of experience associated with different levels of personnel. The proposal should indicate, by name, the specific experience of principals/partners, managers, and on-site supervisors in the above categories.

Audit Work-Plan

For the audit of the first fiscal year ending December 31, 2023, the proposer must submit an audit plan, approach, methodology, and procedures for each phase of the audit to be accomplished.

References

The proposal must include a list of references. The Chief Financial Officer reserves the right to verify references included in the proposal and to conduct other reference checks as deemed appropriate.

Mandatory Criteria

Proposers must affirm that:

1. They are certified public accountants and licensed for public practice.
2. They meet the independence standards as may be applicable.
3. They have considerable background, experience, and expertise in the audit of non-profit organizations, programs, activities, functions, and financial statements in accordance with GAAS for financial and compliance audits; and
4. They are in compliance with state tax requirements.

SECTION VII

RESPONSIVENESS OF PROPOSALS

The Chief Financial Officer has organized a procurement committee to review all proposals. This committee will evaluate the responsiveness of each proposal to the requirements established in the RFP. In this evaluation, the committee will be specifically looking for certain items. Examples of evaluation criteria that will be used to determine the responsiveness of the proposal are as follows:

- **Audit Work-Plan**
 - The Audit work-plan should present in detail the procedures to be used to audit the financial statements. This plan should include time spent at the NBMBA knowledge of budgetary and GAAP financial reporting requirements.
 - The most essential aspect of the work-plan is the overall organization of tasks and resources into timeframes that produce the deliverables within the required deadlines.
- **Experience and Qualification of Personnel**
 - There should be a reasonable mix of staff auditors between entry level and others with more years of experience. Also, a commitment to stay on the job, so experience gained in one year is retained and applied in subsequent years, is desirable.
- **Completeness of Written Materials**
 - A clearly written and well-organized proposal will produce a positive response from the procurement committee. Since it is anticipated that many proposals will require review, clarity and conciseness of presentation will be helpful.
- **Completeness of Verbal Presentation**
 - All proposers, which meet the mandatory and pre-screening requirements, will be offered the opportunity of making a verbal presentation to the procurement committee. This affords the proposers the opportunity to clarify any ambiguity in the written document and highlight important areas of the proposal.
- **Cost**
 - The lowest proposed maximum obligation is a critical aspect of the evaluation. Other elements of the cost formulation, including the number of hours, the hourly

rate, and any other additional cost factors, are considered concurrently to evaluate the costs set forth in the proposal.

The successful proposal will present concrete details in each of the preceding areas, as well as any other aspects deemed relevant.

SECTION VIII

EVALUATION PROCEDURE

The evaluation procedure will be performed in several phases:

Phase I: All proposals will be logged and reviewed for incorporation of mandatory items identified.

Phase II: The committee will perform a pre-screening review. The results of this review will be tabulated and proposals which meet the required pre-screening will be selected for additional review.

Phase II: The Proposers will be offered the opportunity of a verbal presentation. Additional reference checks may occur. Next, the procurement committee will do a final review of the proposals and rank each proposal in order of responsiveness to the RFP.

Phase III: The final phase of the evaluation process will be the final ranking of proposals and final selection.

NATIONAL BLACK MBA ASSOCIATION, INC.

Financial Statements

For the Years Ended December 31, 2022 and 2021

With Independent Auditor's Report



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

NATIONAL BLACK MBA ASSOCIATION, INC.
Financial Statements
Years Ended December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Black MBA Association, Inc.

Opinion

We have audited the financial statements of National Black MBA Association, Inc. (the NBMBA), which comprise the statements of financial position as of December 31, 2022 and 2021, the related statements of activities, 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 NBMBA 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 (U.S. GAAP).

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 NBMBA 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 U.S. 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, that raise substantial doubt about the NBMBA's ability to continue as a going concern for one year after the date that the financial statements are issued.

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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 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 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 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 NMBBAA'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 statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the NMBBAA'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Mitchell Titus, LLP

August 8, 2023

NATIONAL BLACK MBA ASSOCIATION, INC.

Statements of Financial Position

As of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
<i>Current assets</i>		
Cash	\$ 871,767	\$ 542,371
Cash - Board-designated reserves	1,000,000	500,000
Certificates of deposit	205,782	205,268
Investments at fair value	537,386	623,126
Contracts receivable (Less: Allowance for doubtful accounts of \$0 for 2022 and 2021)	961,137	1,903,574
Other receivables	50	474
Prepaid expenses	393,047	34,848
Total current assets	<u>3,969,169</u>	<u>3,809,661</u>
<i>Noncurrent assets</i>		
Property and equipment, net	1,838,351	1,766,100
Security deposit	2,020	2,020
Total noncurrent assets	<u>1,840,371</u>	<u>1,768,120</u>
Total assets	<u><u>\$ 5,809,540</u></u>	<u><u>\$ 5,577,781</u></u>
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable and accrued expenses	\$ 837,736	\$ 1,093,808
Deferred revenue - conference	1,341,150	870,200
Deferred revenue - membership dues	339,909	286,087
Note payable - current portion	42,677	37,713
Due to related parties	42,655	16,988
Other current liabilities	96,444	129,444
Total current liabilities	<u>2,700,571</u>	<u>2,434,240</u>
<i>Long-term liabilities</i>		
Note payable - net of current portion	703,705	751,346
Total long-term liabilities	<u>703,705</u>	<u>751,346</u>
Total liabilities	<u>3,404,276</u>	<u>3,185,586</u>
<i>Net assets</i>		
Without donor restrictions	688,515	1,233,647
Without donor restrictions - Board designated reserve	1,000,000	500,000
With donor restrictions	716,749	658,549
Total net assets	<u>2,405,264</u>	<u>2,392,196</u>
Total liabilities and net assets	<u><u>\$ 5,809,540</u></u>	<u><u>\$ 5,577,781</u></u>

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

NATIONAL BLACK MBA ASSOCIATION, INC.

Statement of Activities

For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Conference revenue	\$ 8,702,209	\$ -	\$ 8,702,209
Membership revenue	792,888	-	792,888
Product sales	673,481	-	673,481
Contributions	583,085	78,100	661,185
Contribution of financial assets	375,000	-	375,000
Investment income	(85,227)	-	(85,227)
Other revenue	217,947	30,100	248,047
Net assets released from restrictions	50,000	(50,000)	-
Total revenue and other support	<u>11,309,383</u>	<u>58,200</u>	<u>11,367,583</u>
EXPENSES			
<i>Program services</i>			
Conference	4,246,025	-	4,246,025
Partner relations	1,795,367	-	1,795,367
Membership	1,000,292	-	1,000,292
Other programs	2,007,345	-	2,007,345
Total program services	<u>9,049,029</u>	<u>-</u>	<u>9,049,029</u>
<i>Supporting services</i>			
Management and general	2,260,486	-	2,260,486
Fundraising	45,000	-	45,000
Total expenses	<u>11,354,515</u>	<u>-</u>	<u>11,354,515</u>
Change in net assets	(45,132)	58,200	13,068
Net assets, beginning of year	<u>1,733,647</u>	<u>658,549</u>	<u>2,392,196</u>
Net assets, end of year	<u><u>\$ 1,688,515</u></u>	<u><u>\$ 716,749</u></u>	<u><u>\$ 2,405,264</u></u>

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

NATIONAL BLACK MBA ASSOCIATION, INC.

Statement of Activities

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Conference revenue	\$ 7,302,755	\$ -	\$ 7,302,755
Membership revenue	853,089	-	853,089
Product sales	475,036	-	475,036
Contributions	419,946	50,000	469,946
Contribution of financial assets	10,000	-	10,000
Investment income	39,607	-	39,607
Other revenue	712,461	45,560	758,021
Net assets released from restrictions	50,000	(50,000)	-
Total revenue and other support	<u>9,862,894</u>	<u>45,560</u>	<u>9,908,454</u>
EXPENSES			
<i>Program services</i>			
Conference	3,269,776	-	3,269,776
Partner relations	1,910,303	-	1,910,303
Membership	801,246	-	801,246
Other programs	1,508,046	-	1,508,046
Total program services	<u>7,489,371</u>	<u>-</u>	<u>7,489,371</u>
<i>Supporting services</i>			
Management and general	1,983,909	-	1,983,909
Fundraising	120,000	-	120,000
Total expenses	<u>9,593,280</u>	<u>-</u>	<u>9,593,280</u>
Change in net assets	269,614	45,560	315,174
Net assets, beginning of year	<u>1,464,033</u>	<u>612,989</u>	<u>2,077,022</u>
Net assets, end of year	<u><u>\$ 1,733,647</u></u>	<u><u>\$ 658,549</u></u>	<u><u>\$ 2,392,196</u></u>

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

NATIONAL BLACK MBA ASSOCIATION, INC.

Schedule of Functional Expenses

For the Year Ended December 31, 2022

	Program Services					Supporting Services			2022 Total Expenses
	Conference	Partner Relations	Membership	Other Programs	Total	Management and General	Fundraising	Total	
Salaries	\$ 285,443	\$ 309,640	\$ 179,906	\$ 537,491	\$ 1,312,480	\$ 798,853	\$ -	\$ 798,853	\$ 2,111,333
Payroll taxes	24,809	23,962	16,317	34,941	100,029	56,405	-	56,405	156,434
Other employee benefits	19,770	43,367	40,310	57,800	161,247	97,145	-	97,145	258,392
Temporary help, recruiting, and professional services	2,046,937	966,209	59,000	615,725	3,687,871	335,757	45,000	380,757	4,068,628
Accounting services and audit fees	-	-	-	-	-	74,743	-	74,743	74,743
System support	-	-	-	98,413	98,413	129,997	-	129,997	228,410
Supplies	17,417	-	1,757	1,329	20,503	27,123	-	27,123	47,626
Telephone	-	-	-	30	30	96,494	-	96,494	96,524
Insurance	12,312	-	22,679	2,813	37,804	23,165	-	23,165	60,969
Postage and delivery	35	-	1,713	-	1,748	2,847	-	2,847	4,595
Marketing, public relations, printing, and publications	198,351	1,925	8,476	32,881	241,633	7,503	-	7,503	249,136
Occupancy, lodging, and utilities	284,966	-	-	2,020	286,986	51,653	-	51,653	338,639
Equipment rental and maintenance	-	-	-	59	59	25,161	-	25,161	25,220
Catering services	736,737	5,468	-	73,234	815,439	951	-	951	816,390
Travel	551,911	7,100	10,604	65,811	635,426	24,409	-	24,409	659,835
Scholarships	-	58,073	80,000	134,697	272,770	7,600	-	7,600	280,370
Awards and gifts	47,876	-	28,850	152,260	228,986	10,856	-	10,856	239,842
Dues and subscriptions	16,546	3,130	377	6,037	26,090	82,709	-	82,709	108,799
Staff development and training	2,915	1,493	621	2,763	7,792	28,940	-	28,940	36,732
Staff appreciation and assistance	-	-	-	-	-	8,562	-	8,562	8,562
Interest expense	-	-	-	-	-	30,587	-	30,587	30,587
Bank and credit card charges	-	-	-	-	-	171,403	-	171,403	171,403
Chapter funding	-	-	-	7,000	7,000	-	-	-	7,000
Conference collaboration expense	-	-	-	-	-	-	-	-	-
Membership rebates	-	-	548,941	-	548,941	-	-	-	548,941
Sponsorship	-	-	-	24,533	24,533	24,760	-	24,760	49,293
Bad debt	-	-	-	-	-	494	-	494	494
Donated services	-	375,000	-	-	375,000	-	-	-	375,000
Other conference expenses	-	-	-	157,350	157,350	-	-	-	157,350
Miscellaneous	-	-	741	158	899	14,354	-	14,354	15,253
Total expenses before depreciation expense	4,246,025	1,795,367	1,000,292	2,007,345	9,049,029	2,132,471	45,000	2,177,471	11,226,500
Depreciation	-	-	-	-	-	128,015	-	128,015	128,015
Total expenses	\$ 4,246,025	\$ 1,795,367	\$ 1,000,292	\$ 2,007,345	\$ 9,049,029	\$ 2,260,486	\$ 45,000	\$ 2,305,486	\$ 11,354,515

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

NATIONAL BLACK MBA ASSOCIATION, INC.

Schedule of Functional Expenses

For the Year Ended December 31, 2021

	Programs Services					Supporting Services			2021 Total Expenses
	Conference	Partner Relations	Membership	Other Programs	Total	Management and General	Fundraising	Total	
Salaries	\$ 21,192	\$ 274,565	\$ 265,320	\$ 583,173	\$ 1,144,250	\$ 689,862	\$ -	\$ 689,862	\$ 1,834,112
Payroll taxes	1,475	21,240	21,476	41,833	86,024	52,175	-	52,175	138,199
Other employee benefits	-	42,774	60,983	60,560	164,317	93,892	-	93,892	258,209
Temporary help, recruiting, and professional services	2,044,880	888,309	54,125	500,435	3,487,749	124,874	120,000	244,874	3,732,623
Accounting services and audit fees	-	-	-	-	-	83,031	-	83,031	83,031
System support	-	10,001	101	-	10,102	143,950	-	143,950	154,052
Supplies	3,660	58	36	1,515	5,269	21,359	-	21,359	26,628
Telephone	3,396	-	-	-	3,396	64,108	-	64,108	67,504
Insurance	-	-	19,251	-	19,251	65,408	-	65,408	84,659
Postage and delivery	105	-	13	-	118	5,050	-	5,050	5,168
Marketing, public relations, printing, and publications	71,142	3,965	-	-	75,107	-	-	-	75,107
Occupancy, lodging, and utilities	262,340	-	-	-	262,340	46,257	-	46,257	308,597
Equipment rental and maintenance	5,845	-	-	-	5,845	21,370	-	21,370	27,215
Catering services	551,544	-	-	1,500	553,044	13,050	-	13,050	566,094
Travel	291,300	8,488	3,207	26,948	329,943	23,460	-	23,460	353,403
Scholarships	-	129,498	82,500	50,617	262,615	25,800	-	25,800	288,415
Awards and gifts	2,851	-	23,200	87,257	113,308	14,137	-	14,137	127,445
Dues and subscriptions	7,993	-	430	4,842	13,265	4,367	-	4,367	17,632
Staff development and training	2,053	-	2,800	1,716	6,569	8,928	-	8,928	15,497
Interest expense	-	-	-	-	-	29,445	-	29,445	29,445
Bank and credit card charges	-	-	-	-	-	126,454	-	126,454	126,454
Chapter funding	-	-	5,000	-	5,000	-	-	-	5,000
Conference collaboration expense	-	-	-	-	-	-	-	-	-
Membership rebates	-	-	315,015	-	315,015	-	-	-	315,015
Sponsorship	-	-	-	1,500	1,500	1,000	-	1,000	2,500
Bad debt	-	521,405	-	-	521,405	186,539	-	186,539	707,944
Donated services	-	10,000	-	-	10,000	-	-	-	10,000
Other conference expenses	-	-	-	146,150	146,150	-	-	-	146,150
Miscellaneous	-	-	(52,211)	-	(52,211)	23,533	-	23,533	(28,678)
Total expenses before depreciation expense	3,269,776	1,910,303	801,246	1,508,046	7,489,371	1,868,049	120,000	1,988,049	9,477,420
Depreciation	-	-	-	-	-	115,860	-	115,860	115,860
Total expenses	\$ 3,269,776	\$ 1,910,303	\$ 801,246	\$ 1,508,046	\$ 7,489,371	\$ 1,983,909	\$ 120,000	\$ 2,103,909	9,593,280

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

NATIONAL BLACK MBA ASSOCIATION, 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		
Change in net assets	\$ 13,068	\$ 315,174
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</i>		
Depreciation and amortization	128,015	115,860
Bad debt expense	-	114,642
Unrealized gains on investments	85,740	(39,094)
Extinguishment of debt - PPP loan	-	(647,480)
Write-off of doubtful accounts	-	(822,586)
<i>Changes in assets and liabilities</i>		
Increase in certificate of deposits	(514)	(512)
Decrease in contracts receivable	942,437	6,490
Decrease in other receivables	424	5,787
Increase in prepaid expenses	(358,199)	(3,309)
(Decrease) increase in accounts payable and accrued expenses	(256,071)	527,805
Increase in deferred revenue—conference	470,950	127,725
Increase (decrease) in deferred revenue—membership dues	53,822	(40,205)
Increase (decrease) in due to related parties	25,667	(94,366)
(Decrease) increase in other current liabilities	(33,000)	11,190
Net cash provided by (used in) operating activities	<u>1,072,339</u>	<u>(422,879)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(200,266)</u>	<u>(184,388)</u>
Net cash used in investing activities	<u>(200,266)</u>	<u>(184,388)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term notes payable	(42,677)	(37,713)
SBA loan - Paycheck Protection Program	-	330,127
Net cash (used in) provided by financing activities	<u>(42,677)</u>	<u>292,414</u>
Net increase (decrease) in cash	829,396	(314,853)
Cash, beginning of year	<u>1,042,371</u>	<u>1,357,224</u>
Cash and Board-designated cash, end of year	<u><u>\$ 1,871,767</u></u>	<u><u>\$ 1,042,371</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	<u><u>\$ 30,587</u></u>	<u><u>\$ 29,445</u></u>

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

NATIONAL BLACK MBA ASSOCIATION, INC.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

NOTE 1 ORGANIZATION DESCRIPTION

National Black MBA Association, Inc. (the NBMBA) was incorporated as a not-for-profit organization under the laws of the State of New York in 1972. The NBMBA is a membership organization that includes MBAs, business professionals, business students, and entrepreneurs in both the private and public sectors.

The NBMBA's mission is to:

- Encourage career independence for African-American business professionals,
- Promote African-American intellectual and economic wealth and empowerment, and
- Advance African-American business professionals in the workplace.

The NBMBA awards scholarships to minority students participating in both undergraduate and graduate programs around the world. Its outreach includes 41 chapters and 33 collegiate chapters.

Major sources of funding for the NBMBA come from corporate sponsorships and other fees associated with its annual conference and membership dues.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

The NBMBA is required to report information regarding its financial position and activities according to two net asset classes: without donor restrictions and with donor restrictions, which are defined as follows:

Net assets without donor restrictions: Net assets without donor restrictions are available for use at the discretion of NBMBA for general operating purposes.

Net assets with donor restrictions: Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

NATIONAL BLACK MBA ASSOCIATION, INC.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of Presentation *(continued)*

The NBMBA reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

See Note 12 for more information on the composition of net assets with donor restrictions and the release of restrictions.

Use of Estimates

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

Revenue Recognition

The NBMBA accounts for contributions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Entities—Revenue Recognition*, which states that contributions received should be recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions of financial and non-financial assets are reported as donor-restricted support if received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (*i.e.*, when a stipulated time or purpose restriction is fulfilled), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as contributions without donor restrictions.

Contributions of financial and non-financial assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance a financial or non-financial assets, or that require specialized skills provided by individuals with those skills that would typically be purchased if not provided by donation, are recorded at fair value in the period they are received.

Members' dues are recognized based on a rolling 12-month period, beginning in the month the payment is received. Any portion of the dues related to periods subsequent to the year end is reported as deferred revenue.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition *(continued)*

Revenue and expenses for conferences, including registrations and sponsorships, are recorded on the accrual basis and recognized in the period that the conference is held. Amounts received in advance are reported as deferred revenue until the conference year takes place.

Investments

Investments consist of mutual funds that are reported at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for further discussion and disclosures related to fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Investment income consisting of interest and dividend income is recognized as earned. Realized and unrealized gains or losses are reported as increases or decreases in net assets without restrictions or with restrictions based on donor-imposed restrictions.

Certificates of Deposit

Certificates of deposit held for investment that are not debt securities are valued at cost, plus interest. Certificates of deposit that do not meet the definition of a security as described in FASB ASC 320-10-20, *Investments—Debt and Equity Securities*, are not subject to ASC 820, *Fair Value Measurements*.

Allowance for Doubtful Accounts

The NBMBA maintains an allowance for doubtful accounts for estimated losses that result from the failure or inability of customers to make required payments. Recoverability of accounts receivable is based on past experience and age of the receivable. Accounts receivable may be fully reserved once specific collection issues are known to exist. Analysis and adjustments, if necessary, are performed as needed.

Property and Equipment

Property and equipment are stated at cost when purchased or at fair value at the date of donation, less accumulated depreciation. The NBMBA capitalizes all purchases of capital assets greater than \$5,000. Maintenance, repairs, and renewals that neither materially add value to the property nor appreciably prolong its life are charged to expense as incurred. Gains or losses on dispositions of property and equipment are recognized in the statements of activities.

NATIONAL BLACK MBA ASSOCIATION, INC.

Notes to Financial Statements

Years Ended December 31, 2022 and 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and Equipment *(continued)*

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Building	39 years
Furniture and equipment	5-7 years
Computer software	2-4 years

Impairment Loss of Long-Lived Assets

The NBMBA's management reviews its investment in long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such property is not recoverable. Recoverability is measured by comparing the carrying amount of the property to the future net undiscounted cash flow expected to be generated by the property and any estimated proceeds from the eventual disposition of the property. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property exceeds the fair value of such property. There was no impairment loss recognized in 2022 and 2021.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain expenses are allocated directly according to their natural expense classification, while other expenses that are common to several functions are allocated in reasonable ratios (based on time or space) as determined by management.

Income Tax Status

The NBMBA is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from federal and state income taxes on income related to its exempt purpose.

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Uncertain Tax Positions

The NBMBAA follows the requirements in FASB Accounting Standards Update (ASU) 2009-06 regarding uncertain tax positions. ASU 2009-06 defines how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements and requires entities to recognize a tax benefit from an uncertain tax position only if it is more-likely-than-not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authorities widely understood administrative practices and precedents. The NBMBAA has evaluated tax positions taken or expected to be taken to determine whether the tax positions are more-likely-than-not to be sustained by the applicable taxing authority and have determined that they currently do not have any uncertain tax positions. Management believes that the NBMBAA is no longer subject to income tax examinations for years prior to 2019.

Accounting Pronouncements Adopted in the Current Year

During 2022, the NBMBAA adopted FASB ASU No. 2016-02, *Leases (Topic 842)*, which replaced existing lease accounting guidance. The new standard is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use (ROU) assets and corresponding lease liabilities on the statement of financial position. ROU assets represent the NBMBAA's right to use an underlying asset for the lease term and lease liabilities represent the NBMBAA's obligation to make lease payments arising from the lease. The new guidance requires the NBMBAA to continue to classify leases as either an operating or finance lease, with classification affecting the pattern of expense recognition in the statement of activities. In addition, the new standard requires enhanced disclosure surrounding the amount, timing and uncertainty of cash flows arising from leasing agreements. The adoption did not have a material impact on the NBMBAA's financial statements as the NBMBAA did not have any long-term leases at the end of 2022.

During 2022, the NBMBAA adopted FASB ASU No. 2020-07, *Not-for Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of this amendment is to clarify the presentation and disclosure of contributed nonfinancial assets and to provide a clear understanding of what type of nonfinancial assets were received and how they are used and recognized. Adoption of this statement impacted the presentation and disclosure for the NBMBAA of contributions received for the years ended December 31, 2022 and 2021.

NOTE 3 FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The levels of the fair value hierarchy under FASB ASC 820 are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs derived principally from or corroborated by observable market data by correlation or other means

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input significant to the fair value measurement. Valuation techniques must maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2022 and 2021.

Shares of mutual funds are valued based on quoted market prices, which represent the net asset value of shares held at year end.

Common stocks are valued at their last sale price on the exchange where primarily traded, as of the date of valuation.

The preceding methods may produce a fair value calculation that may not indicate net realizable value or reflect future fair value. Furthermore, although the NBMBA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NATIONAL BLACK MBA ASSOCIATION, INC.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

NOTE 3 FAIR VALUE MEASUREMENTS *(continued)*

The following table provides the NBMBA's investments at fair value as of December 31, 2022 and 2021:

	Assets at Fair Value	
	Level 1	
	2022	2021
Mutual funds	\$ 535,962	\$ 621,441
Common stock	1,424	1,685
Total investments	\$ 537,386	\$ 623,126

The NBMBA did not hold Level 2 or Level 3 investments at December 31, 2022 and 2021.

NOTE 4 PROPERTY AND EQUIPMENT

At December 31, 2022 and 2021, the cost and accumulated depreciation of assets in the property and equipment accounts were as follows:

	2022	2021
Building	\$ 1,844,655	\$ 1,844,655
Furniture and equipment	1,856,052	1,811,840
Computer software	283,645	76,732
Work-in-progress	56,620	107,479
	<u>4,040,972</u>	<u>3,840,706</u>
<i>Less: Accumulated depreciation and amortization</i>	<u>(2,202,621)</u>	<u>(2,074,606)</u>
	<u>\$ 1,838,351</u>	<u>\$ 1,766,100</u>

Depreciation and amortization expenses for the years ended December 31, 2022 and 2021, were \$128,015 and \$115,867, respectively.

NOTE 5 LINE OF CREDIT

The NBMBA had a revolving line of credit with a bank, with a \$500,000 limit. Amounts drawn on the line of credit are collateralized by all of the NBMBA's assets and bear interest at a variable rate based upon the LIBOR daily floating rate plus 3% per year. Interest is calculated based upon the daily outstanding balance and the applicable interest rate. No amounts were outstanding as of December 31, 2022 and 2021.

NATIONAL BLACK MBA ASSOCIATION, INC.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

NOTE 6 NOTE PAYABLE

On December 21, 2015, the NBMBA obtained a mortgage note payable in the amount of \$990,000, collateralized by all the assets owned by the NBMBA. The note bears interest at 4.75%, with principal and interest payable in monthly installments of \$6,435. The note matured on December 21, 2020, and was subsequently refinanced on January 20, 2021. The interest on the note is at a fixed rate of 3.920% per year with a term of 60 months. The maturity date is January 20, 2026.

Future maturities of notes payable at December 31, 2022, are as follows:

<u>Year Ending</u>	<u>Amount</u>
2023	\$ 44,405
2024	46,124
2025	48,069
2026	<u>607,785</u>
Total	<u>\$ 746,383</u>

NOTE 7 PAYCHECK PROTECTION PROGRAM

The NBMBA was granted two loans on May 7, 2020, and March 19, 2021 (the Loans) from the U.S. Treasury through Providence Bank in the aggregate amount of \$317,353, and \$330,127, respectively, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid and Relief Economic Security (CARES) Act, which was enacted on March 27, 2020.

The Loans, which were in the form of notes, dated May 7, 2020, and March 19, 2021, issued to the NBMBA, matured on May 7, 2022, and March 19, 2023, respectively, and bear interest at a rate of 1% per year. The notes may be prepaid by the NBMBA at any time prior to maturity with no prepayment penalties. The NBMBA used the funds from the Loans for payroll costs, benefits, and utilities. Under the terms of the PPP, certain amounts of the Loans may be forgiven if they are used for qualifying expenses, as described in the CARES Act. The May 7, 2020, loan and the March 19, 2021, loan were forgiven on July 27, 2021, and December 10, 2021, respectively.

NATIONAL BLACK MBA ASSOCIATION, INC.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

NOTE 8 RELATED-PARTY TRANSACTIONS

The NBMBA provides funding and other reimbursements to various Member Chapters (Chapters) to assist in funding their operations. During 2022 and 2021, the NBMBA incurred chapter funding expenses of \$7,000 and \$5,000, respectively. The NBMBA is also obligated to share membership revenue as a rebate, with 80% given to the Chapters and 20% to the NBMBA. Rebate expenses were \$548,941 and \$315,015 for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, amounts due to the Chapters totaled \$42,655 and \$16,988, respectively.

NOTE 9 CONTRIBUTIONS OF FINANCIAL AND NON-FINANCIAL ASSETS

The NBMBA recognizes contributions of financial and non-financial assets for the use of computer equipment and support services for its national conference. As of December 31, 2022 and 2021, the fair value of the contributed financial and non-financial assets received was \$375,000 and \$10,000, respectively. The fair value of the amount recognized in 2022 was determined by the contributor, which was for the annual conference opening reception.

NOTE 10 LEASES

The NBMBA has several short-term leases for its office equipment with terms through 2023. The NBMBA has made an accounting policy election not to recognize right-to-use assets and lease liabilities that arise from short-term leases for any class of underlying asset.

Short-term lease expense for the NBMBA for fiscal years 2022 and 2021 was \$33,774 and \$36,604, respectively, which was paid in cash.

NOTE 11 EMPLOYEE BENEFIT PLAN

The NBMBA maintains a tax-sheltered annuity 403(b) plan covering substantially all employees who meet certain age and service requirements. Contributions of \$41,534 and \$18,773 were made for the years ended December 31, 2022 and 2021, respectively, and are included in employee benefits.

NATIONAL BLACK MBA ASSOCIATION, INC.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

NOTE 12 NET ASSETS

Net assets with donor-imposed restrictions consisted of the following:

	<u>2022</u>	<u>2021</u>
Restricted for scholarships	\$ 129,683	\$ 101,583
Restricted for endowment	587,066	556,966
	<u>\$ 716,749</u>	<u>\$ 658,549</u>

Net assets were released from restrictions for scholarships in the amount of \$50,000 for both 2022 and 2021.

For the year ended December 31, 2022, the Board designated \$1,000,000 of its net assets without donor restrictions as a reserve for future endeavors and uncertainties.

NOTE 13 LIQUIDITY AND AVAILABILITY OF RESOURCES

The NMBBAA's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,871,767	\$ 1,357,344
Certificates of deposit	205,782	205,268
Investments	537,386	623,126
Contracts and other receivables	961,187	1,904,048
Total financial assets available with-in one year	3,576,122	3,774,813
<i>Less: Amounts unavailable for general expenditures within one year due to</i>		
Restricted by donor with purpose restrictions	<u>(716,749)</u>	<u>(658,549)</u>
Total financial assets available to NMBBAA for general expenditures within one year	<u>\$ 2,859,373</u>	<u>\$ 3,116,264</u>

As part of its liquidity management, the NMBBAA maintains cash accounts with a major banking institution. Amounts held at this institution are readily available for use by the NMBBAA for general expenditures and to satisfy liabilities and other obligations as they become due. The NMBBAA collects approximately \$66,074 in membership revenue without donor restrictions on average each month. These amounts are in cash and are readily available to be spent to meet the NMBBAA's obligations. The NMBBAA also has a line of credit of \$500,000 available for use.

NOTE 14 CONCENTRATION OF CREDIT AND MARKET RISK

Credit Risk

Financial instruments that potentially expose the NBMBA to concentration of credit risk consist primarily of interest-bearing cash accounts with major financial institutions. Account balances may, from time to time, exceed the Federal Deposit Insurance Corporation limit and subject the NBMBA to a concentration of credit risk. However, management monitors this risk on a regular basis.

Market Risk

The NBMBA's total support and revenue for the years ended December 31, 2022 and 2021, amounted to \$11,367,583 and \$9,908,454, respectively, and included \$8,702,209 (76.5%) and \$7,302,755 (73.7%), respectively, earned directly from the annual conference. This concentration of revenue derived from the annual conference puts the NBMBA at risk if there was a significant event or other change resulting in significantly less attendance and sponsorship of the event.

NOTE 15 SUBSEQUENT EVENTS

The NBMBA has evaluated subsequent events through August 8, 2023, the date the financial statements were available for issuance. There were no subsequent events to be recognized in these financial statements except as noted below.

On July 6, 2023, the NBMBA's line of credit with one of its banks was increased to \$1,250,000 expiring December 31, 2023. Interest accrues based on the Bloomberg Short-term Bank Yield Index daily floating rate plus 3 percentage points.

