

**INDIANA BLACK EXPO, INC.**

**FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

INDIANA BLACK EXPO, INC.  
Indianapolis, Indiana

FINANCIAL STATEMENTS  
December 31, 2018 and 2017

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS:	
STATEMENTS OF FINANCIAL POSITION .....	3
STATEMENT OF ACTIVITIES - 2018 .....	4
STATEMENT OF ACTIVITIES - 2017 .....	5
STATEMENTS OF CASH FLOWS.....	6
NOTES TO FINANCIAL STATEMENTS .....	7
SUPPLEMENTAL INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS - 2018.....	14

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Indiana Black Expo, Inc.  
Indianapolis, Indiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Indiana Black Expo, Inc. ("Organization"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Black Expo, Inc. as of December 31, 2018 and 2017, 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.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Organization has adopted ASU 2016-14 - *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal, State, and Local Awards is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Crowe LLP*

Crowe LLP

Indianapolis, Indiana  
November 21, 2019

INDIANA BLACK EXPO, INC.  
STATEMENT OF FINANCIAL POSITION  
December 31, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash	\$ 1,366,831	\$ 1,193,565
Grants and contributions receivable	289,211	670,295
Accounts receivable, net	228,732	112,116
Prepaid expenses and other assets	-	2,758
Property and equipment, net (Note 2)	821,777	804,135
Art collection (Note 3)	<u>9,980</u>	<u>9,980</u>
 Total assets	 <u>\$ 2,716,531</u>	 <u>\$ 2,792,849</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued payroll and benefits	<u>\$ 89,007</u>	<u>\$ 124,536</u>
Total liabilities	89,007	124,536
 Net assets		
Without donor restrictions	1,674,808	1,834,422
With donor restrictions (Note 4)	<u>952,716</u>	<u>833,891</u>
Total net assets	<u>2,627,524</u>	<u>2,668,313</u>
 Total liabilities and net assets	 <u>\$ 2,716,531</u>	 <u>\$ 2,792,849</u>

---

See accompanying notes to financial statements.

INDIANA BLACK EXPO, INC.  
STATEMENT OF ACTIVITIES  
Year ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues</b>			
Summer Celebration			
Sponsorships	\$ 691,580	\$ -	\$ 691,580
Grants and contributions	477,600	199,973	677,573
Ticket sales and registrations	520,993	-	520,993
Exhibit fees	337,041	-	337,041
Health fair	206,100	-	206,100
Other	<u>19,958</u>	<u>-</u>	<u>19,958</u>
Total Summer Celebration	2,253,272	199,973	2,453,245
Circle City Classic			
Ticket sales and registrations	403,457	-	403,457
Grants and contributions	289,326	4,000	293,326
Sponsorships	170,306	-	170,306
Other	<u>25,073</u>	<u>-</u>	<u>25,073</u>
Total Circle City Classic	888,162	4,000	892,162
Other grants and contributions	184,900	722,375	907,275
Other income	<u>131,188</u>	<u>-</u>	<u>131,188</u>
	3,457,522	926,348	4,383,870
Net assets released from restrictions (Note 4)	<u>807,523</u>	<u>(807,523)</u>	<u>-</u>
 Total revenues	 4,265,045	 118,825	 4,383,870
<b>Expenses</b>			
Program services			
Summer Celebration	1,700,840	-	1,700,840
Circle City Classic	1,049,612	-	1,049,612
Youth programs and other	620,425	-	620,425
Scholarships	<u>96,700</u>	<u>-</u>	<u>96,700</u>
Total program services	3,467,577	-	3,467,577
Management and general	861,902	-	861,902
Chapter membership and development	<u>95,180</u>	<u>-</u>	<u>95,180</u>
 Total expenses	 <u>4,424,659</u>	 <u>-</u>	 <u>4,424,659</u>
 <b>Change in net assets</b>	 (159,614)	 118,825	 (40,789)
Net assets at beginning of year	<u>1,834,422</u>	<u>833,891</u>	<u>2,668,313</u>
 <b>Net assets at end of year</b>	 <u>\$ 1,674,808</u>	 <u>\$ 952,716</u>	 <u>\$ 2,627,524</u>

See accompanying notes to financial statements.

INDIANA BLACK EXPO, INC.  
STATEMENT OF ACTIVITIES  
Year ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues</b>			
Summer Celebration			
Sponsorships	\$ 705,156	\$ -	\$ 705,156
Grants and contributions	339,387	163,973	503,360
Ticket sales and registrations	472,279	-	472,279
Exhibit fees	376,540	-	376,540
Health fair	196,799	-	196,799
Other	<u>20,370</u>	<u>-</u>	<u>20,370</u>
Total Summer Celebration	2,110,531	163,973	2,274,504
Circle City Classic			
Ticket sales and registrations	449,895	-	449,895
Grants and contributions	109,303	-	109,303
Sponsorships	198,380	-	198,380
Other	<u>36,740</u>	<u>-</u>	<u>36,740</u>
Total Circle City Classic	794,318	-	794,318
Other grants and contributions	172,701	627,363	800,064
Other income	<u>119,425</u>	<u>-</u>	<u>119,425</u>
	3,196,975	791,336	3,988,311
Net assets released from restrictions (Note 4)	<u>919,056</u>	<u>(919,056)</u>	<u>-</u>
 Total revenues	 4,116,031	 (127,720)	 3,988,311
<b>Expenses</b>			
Program services			
Summer Celebration	1,682,362	-	1,682,362
Circle City Classic	811,841	-	811,841
Youth programs and other	635,534	-	635,534
Scholarships	<u>77,250</u>	<u>-</u>	<u>77,250</u>
Total program services	3,206,987	-	3,206,987
Management and general	793,281	-	793,281
Chapter membership and development	<u>112,695</u>	<u>-</u>	<u>112,695</u>
 Total expenses	 <u>4,112,963</u>	 <u>-</u>	 <u>4,112,963</u>
 <b>Change in net assets</b>	 3,068	 (127,720)	 (124,652)
Net assets at beginning of year	<u>1,831,354</u>	<u>961,611</u>	<u>2,792,965</u>
 <b>Net assets at end of year</b>	 <u>\$ 1,834,422</u>	 <u>\$ 833,891</u>	 <u>\$ 2,668,313</u>

See accompanying notes to financial statements.

INDIANA BLACK EXPO, INC.  
STATEMENTS OF CASH FLOWS  
Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (40,789)	\$ (124,652)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	66,564	68,804
Bad debt expense	20,186	-
Net change in assets and liabilities		
Grants and contributions receivable	381,084	(275,529)
Accounts receivable	(136,802)	(59,011)
Prepaid expense and other assets	2,758	-
Accounts payable and accrued payroll and benefits	<u>(35,529)</u>	<u>(36,058)</u>
Net cash from operating activities	257,472	(426,446)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	<u>(84,206)</u>	<u>(20,334)</u>
Net cash from investing activities	<u>(84,206)</u>	<u>(20,334)</u>
<b>Net increase (decrease) in cash</b>	173,266	(446,780)
Cash at beginning of year	<u>1,193,565</u>	<u>1,640,345</u>
<b>Cash at end of year</b>	<u>\$ 1,366,831</u>	<u>\$ 1,193,565</u>

---

See accompanying notes to financial statements.

INDIANA BLACK EXPO, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

---

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General: Indiana Black Expo, Inc. ("Organization" or "IBE") was organized to inform and educate the public as to the economic, educational, political, religious, and social achievements and cultural development of African-Americans and to develop, implement and support youth and family programs.

The Organization was incorporated as a not-for-profit organization in 1971 under the laws of the State of Indiana. The Organization has twelve affiliated chapters in surrounding cities and states, though the accompanying financial statements do not include the financial activities of the chapters.

The Organization's program services include the following activities:

Summer Celebration: Summer Celebration serves as a conduit for the Indianapolis community, the state of Indiana and the nation at-large. Summer Celebration began in 1970 at the end of the Civil Rights movement as an effort to bring awareness of business opportunities and achievements of African-Americans within the Indianapolis community. Since those early days, it has become a fixture for Indianapolis tourism, business, political and academic communities while also serving as a social awareness vehicle for the advancement of African-Americans. Summer Celebration provides financial resources for the Organization's youth and family and social responsibility efforts.

Circle City Classic®: IBE had a desire to create an opportunity to showcase academic excellence and athletics amongst the nation's historically black colleges and universities through the Circle City Classic®. Academic excellence is the priority. To achieve this goal, the Organization hosts a college fair featuring historically black colleges and universities; college preparedness workshops are hosted across the city, and over \$80,000 in scholarships are awarded annually to area students.

Youth Programs and Other: The focus of Youth and Family Programs (YFP) is to strengthen services to the community. IBE's Youth and Family Programs Department strives to serve as a catalyst throughout Indiana to foster relationships between businesses, governmental agencies, educational institutions, youth service agencies, churches and other community-based organizations. This department serves as a clearinghouse for quality chapter youth programs and initiatives that address issues affecting youth while preparing them for full participation in society as adults. This department also actively involves IBE staff and volunteers in program administration so that they keep abreast of issues and trends affecting African-American families and youth.

IBE's Youth and Family Programs Department manages or organizes at least 13 programs or activities, including (1) Education Day; (2) The Employment Opportunity Fair; (3) State of Our Black Youth Initiative; (4) Statewide Education Conference; (5) Family Fun/Tech Zone; (6) Statewide Youth Leadership Summit; (7) Circle City Classic Scholarship Fund; (8) Circle City Classic® Coronation; (9) Circle City Classic® Youth Football and Cheerleading Clinic; (10) Performing Arts Academy; (11) The Minority Business Conference; (12) The Tobacco Prevention & Cessation Initiative; and (13) OpportunIndy. IBE also collaborates on several initiatives, including the INShape Indiana Black & Minority Health Fair, the largest minority health fair in the world, and the Cultural Arts Pavilion.

Scholarships: IBE is committed to assisting Indiana students in their pursuit of higher education. Scholarships are awarded to current high school seniors and students currently enrolled in a post-secondary institution who exhibit outstanding leadership, scholarship and community service. Emphasis is placed on financial need and first-generation students. Applicants are evaluated based on the application information provided and recipients are selected by a review committee. The scholarships are funded by Circle City Classic® net proceeds and are payable upon recipient's full-time enrollment in a post-secondary institution.

---

(Continued)

INDIANA BLACK EXPO, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

---

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America.

Income Taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization is not considered to be a private foundation.

Accounting guidance requires the Organization to recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded. The Organization has examined this issue and has determined there are no material contingent tax liabilities or questionable tax positions. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Organization recognizes interest and/or penalties related to income tax matters in income tax expense. The Organization did not have any amounts accrued for interest and penalties at December 31, 2018 and 2017.

Use of Estimates in Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Net Asset Classifications: The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Represents assets resulting from all activities for which no donor-imposed restrictions were stipulated beyond the general purpose of the Organization. Funds without donor restrictions are available for any purpose within the scope of the Organization's activities. As applicable, designated funds are appropriated by the Board of Directors for a specific activity or group of activities.

Net assets with donor restrictions – Represents assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or are fulfilled and removed by actions of the Organization pursuant to those stipulations. As the restrictions are met, the net assets are released from restrictions and included in net assets without donor restrictions. Net assets without donor restrictions may also include assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by the passage of time, nor can be fulfilled or otherwise removed by actions of the Organization, though the Organization had no such net assets as of December 31, 2018 and 2017.

Concentration of Risk: Cash consist of bank deposits in accounts that are federally insured up to \$250,000 per financial institution for interest bearing accounts and fully insured for non-interest-bearing accounts. The Organizations had bank balances that exceeded the federally insured at December 31, 2018 and 2017.

Grants and Contributions Receivable: Unconditional promises to give and grants that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a discount rate commensurate with the risks involved. All grants and contributions receivable are expected to be collected within one year at December 31, 2018 and 2017.

---

(Continued)

INDIANA BLACK EXPO, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

---

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

Accounts Receivable and Allowance: The Organization's accounts receivable balance consists primarily of amounts billed for services provided and sponsorships. An allowance for uncollectible accounts is determined by management based upon historical losses, specific circumstances and general economic conditions. An allowance of \$14,000 was recorded as of December 31, 2018 and 2017, respectively. No interest is accrued on past due receivables.

Property and Equipment: Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. The Organization normally capitalizes items over \$500 dollars. Repairs and maintenance costs are expensed as incurred. The Organization provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

Buildings and improvements	40 years
Land improvements	40 years
Furnishings and equipment	5 -10 years
Automobiles	5 years

Impairment of Long-Lived Assets: On an ongoing basis, the Organization reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts may be overstated. The Organization recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the asset to fair value. As of December 31, 2018 and 2017, management believes that no impairments exist.

Contribution Revenue: Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All contributions are considered available for without donor restrictions use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions support.

Program and Event Revenue: The Organization provides various programs and events throughout the year such as Youth, Summer Celebration and Circle City Classic. Program and event revenue is recognized in the period earned, typically aligned with the event date.

Government Grants: Grant revenue is recognized as the Organization performs the services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Non-Monetary Contributions: In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase donations by a like amount. Contributions of goods, services and use of facilities are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

---

(Continued)

INDIANA BLACK EXPO, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

---

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

For the years ended December 31, 2018 and 2017, in-kind contributions were approximately \$624,000 and \$348,000, respectively. The contributions relate primarily to radio and other advertising, promotion, and security for Summer Celebration and the Circle City Classic. In addition, a substantial number of volunteers have donated significant amounts of their time in relation to the Organization's program services; however, no amounts have been reflected in the accompanying financial statements for the value of these donated services because they do not meet the recognition criteria.

Expense Allocation: Expenses have been classified as program services, management and general, and chapter membership and development based on the actual direct expenditures and cost allocations based upon total program expenses and estimates by management of time spent for personnel costs and space utilized for facilities related costs.

Recent Accounting Pronouncement: On August 18, 2016, FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statement of Not-for-Profit Entities*. The update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization implemented this guidance for the year ended December 31, 2018 and has adjusted the presentation of these financial statements accordingly, including retrospective adjustment to December 31, 2017 where required, but did not elect to present functional expenses or liquidity on a comparative basis, as is permitted by the standard.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2018, to determine the need for any adjustments or disclosures to the financial statements for the year ended December 31, 2018. Management has performed their analysis through November 21, 2019, the date the financial statements were available to be issued.

Subsequent to December 31, 2018, the Organization purchased and sold real estate as described in Note 2. On March 19, 2019, the Organization entered into a loan agreement for \$1,040,000 with a maturity date of September 19, 2024 related to this purchase.

**NOTE 2 - PROPERTY AND EQUIPMENT**

The Organization's property and equipment were as follows at December 31:

	<u>2018</u>	<u>2017</u>
Building, land and improvements	\$ 1,380,434	\$ 1,377,913
Furnishings and equipment	1,214,737	1,170,249
Automobiles	56,950	56,950
Construction in progress	<u>37,197</u>	<u>-</u>
	2,689,318	2,605,112
Less accumulated depreciation	<u>(1,867,541)</u>	<u>(1,800,977)</u>
	<u>\$ 821,777</u>	<u>\$ 804,135</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$66,564 and \$68,804, respectively.

---

(Continued)

INDIANA BLACK EXPO, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

---

**NOTE 2 - PROPERTY AND EQUIPMENT** (Continued)

In November of 2018, the Organization entered into a purchase agreement for real estate located at 601 North Shortridge Road in Indianapolis, Indiana for a purchase price of \$1,300,000. The purchase of the real estate closed subsequent to December 31, 2018 and was financed from proceeds of a loan obtained subsequent to December 31, 2018 as described in Note 1.

Construction in progress represents an earnest money deposit and other costs related to the purchase of this real estate as of December 31, 2018. As of December 31, 2018, no construction commitments had been made.

Additionally, in November of 2019, the Organization sold their original building, land and improvements held as of December 31, 2018 for a total purchase price of \$1,450,000.

**NOTE 3 - ART COLLECTION**

The Organization has capitalized its collection of paintings. If purchased, items accessioned into the collection are capitalized at cost, and if donated, they are capitalized at their appraised or fair value at the date of the gift. The Organization's collections are considered "works of art" and, therefore, are not depreciated. At December 31, 2018 and 2017, collections amounted to \$9,980.

**NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS**

Circle City Classic: In 1984, the Organization received a \$150,000 capital seed grant that is to be used solely for the Circle City Classic event held annually in October. The funds may be used to pay operating costs and related expenses for a sponsored event but must be recaptured from the profits of that event and remain unused until another event. The funds may not be obligated, loaned or borrowed from, but any interest earned on the funds may be used to support general operations.

OpportunIndy: This young adult program recognized \$173,848 in revenue from three funders in 2018 and \$160,960 in revenue from two funders in 2017.

Program Support: During December 2018, the Organization received a gift with donor restriction for program support of \$702,500 of which \$75,000 is conditional on matching fundraising on a one to one basis through October 31, 2019. During December 31, 2018, the Organization received an additional gift with donor restrictions of \$50,000 for the Dance Heritage program at the 2019 Summer Celebration.

During December 2017, the Organization received a gift with donor restrictions for program support of \$630,376 of which \$75,000 was conditional on matching fundraising on a one to one basis until October 31, 2018. The Organization recognized \$555,376 during 2017 and an additional \$75,000 in 2018 when the matching requirement was met.

Balances with donor restrictions were composed of the following at December 31:

	<u>2018</u>	<u>2017</u>
Circle City Classic	\$ 150,000	\$ 150,000
OpportunIndy	126,543	129,842
Program support	<u>676,173</u>	<u>554,049</u>
	<u>\$ 952,716</u>	<u>\$ 833,891</u>

---

(Continued)

INDIANA BLACK EXPO, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2018 and 2017

---

**NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows for the years ending December 31:

	<u>2018</u>	<u>2017</u>
OpportunIndy	\$ 173,848	\$ 319,056
Program support	<u>630,376</u>	<u>600,000</u>
	<u>\$ 807,523</u>	<u>\$ 919,056</u>

**NOTE 5 - LINE OF CREDIT**

At December 31, 2018 and 2017, the Organization had a \$400,000 revolving line of credit available for both years. The line is collateralized by the Organization's accounts receivable and carries an interest rate of 5% payable monthly. The line of credit was unused in 2018 and 2017.

**NOTE 6 - EMPLOYEE BENEFITS**

The Organization maintains a 401(k) profit-sharing plan for the benefit of substantially all of its employees, which allows for both employee and employer contributions. The Organization's contribution consists of a discretionary contribution as determined by the Board of Directors annually. There were no contributions to the plan for 2018 and 2017.

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

The Organization is periodically subject to claims and lawsuits, which may arise in the ordinary course of conducting operations. Management has represented that there are no known material contingency matters recorded in the financial statements of the Organization as of December 31, 2018 and 2017.

**NOTE 8 - LIQUIDITY AND AVAILABILITY**

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

	<u>2018</u>	<u>2017</u>
Cash	\$ 1,366,831	\$ 1,193,565
Grants and contributions receivable	289,211	670,295
Accounts receivable, net	<u>228,732</u>	<u>112,112</u>
	1,874,744	1,975,972
Less: assets with donor restrictions	<u>(952,716)</u>	<u>(833,891)</u>
	<u>\$ 932,028</u>	<u>\$ 1,142,081</u>

To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of \$400,000 which it could draw upon as described in Note 5. The use of this line of credit is generally restricted to the extent that the Organization needs liquidity to fund program-related obligations.

---

(Continued)

INDIANA BLACK EXPO, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

**NOTE 9 – FUNCTIONAL EXPENSES**

The statements of activities report certain categories of expenses attributable to the programs described in Note 1 and supporting functions of the Organization. The allocations of certain categories of expenses attributable to more than one program or supporting function are described in Note 1. Program activities such as Summer Celebration and Circle City Classic are primarily delivered by volunteers as described in Note 1. Accordingly, no personnel costs have been allocated to these program activities. Coordination of these events are considered supporting activities.

The table below presents these functional expenses by their natural classification for the year ended December 31, 2018.

	Program Activities				Supporting Activities			<u>Total</u>
	<u>Summer Celebration</u>	<u>Circle City Classic</u>	<u>Youth and Other Programs</u>	<u>Scholarships</u>	<u>Total Program</u>	<u>Chapter Membership and Development</u>	<u>Management and General</u>	
Personnel	\$ -	\$ -	\$ 400,753	\$ -	\$ 400,753	\$ -	\$ 438,682	\$ 839,435
Performers and speakers	376,050	150,500	150	-	526,700	300	-	527,000
Advertising and marketing	263,179	164,073	82,211	-	509,463	-	513	509,976
Venue expenses	308,271	93,510	3,077	-	404,858	2,430	-	407,288
University guarantees	-	355,000	-	-	355,000	-	-	355,000
Other contract services	160,661	57,364	52,341	-	270,366	44,867	36,759	351,992
Security services	194,844	87,529	-	-	282,373	-	4,386	286,759
Catering and hospitality	178,220	27,862	5,590	-	211,672	5,372	4,212	221,256
Rentals and maintenance	79,772	61,385	10,915	-	152,072	1,107	55,197	208,376
Travel	86,309	27,299	4,449	-	118,057	2,019	11,184	131,260
Scholarships	-	-	-	96,700	96,700	-	-	96,700
Postage and delivery	13,668	6,291	36,342	-	56,301	1,450	14,197	71,948
Insurance and permits	626	3,120	4,854	-	8,600	50	61,389	70,039
Depreciation	-	-	-	-	-	-	66,564	66,564
Utilities and telephone	3,591	-	2,959	-	6,550	-	36,029	42,579
Chapter expenses	-	-	3,500	-	3,500	23,193	-	26,693
Contributions and awards	-	350	7,045	-	7,395	4,000	14,250	25,645
Bad debt expense	-	-	-	-	-	-	20,186	20,186
Miscellaneous	35,649	15,329	6,239	-	57,217	10,392	98,354	165,963
<b>Total expenses</b>	<b><u>\$ 1,700,840</u></b>	<b><u>\$ 1,049,612</u></b>	<b><u>\$ 620,425</u></b>	<b><u>\$ 96,700</u></b>	<b><u>\$ 3,467,577</u></b>	<b><u>\$ 95,180</u></b>	<b><u>\$ 861,902</u></b>	<b><u>\$ 4,424,659</u></b>

**SUPPLEMENTAL INFORMATION**

INDIANA BLACK EXPO, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS  
 Year ended December 31, 2018

<u>Pass-through/Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
<b>Federal</b>		
<u>Department of Education</u>		
Pass-through – City of Indianapolis, Department of Public Safety Your Life Matters Opportunity Zone (Contract #14294)	84.420	\$ <u>159,048</u>
<b>State &amp; Local</b>		
<u>Indiana State Bureau of Motor Vehicles</u>		
License Plates		79,675
<u>Marion County Capital Improvement Board</u>		
Circle City Classic Game Settlement		75,000
<u>Indiana Family and Social Services Administration</u>		
Health Fair Transportation		5,000
<u>Indiana State Department of Health</u>		
Health Fair		201,100
Tobacco Prevention & Cessation		<u>143,717</u>
Total Indiana State Department of Health		<u>344,817</u>
Total State and Local Funding		<u>504,492</u>
<b>Total Federal and State &amp; Local Funding</b>		<b>\$ <u>663,540</u></b>

Expenditures reported on the Schedule are reported on the accrual basis of accounting.