

INDIANA BLACK EXPO, INC.

FINANCIAL STATEMENTS

December 31, 2010 and 2009

INDIANA BLACK EXPO, INC.
Indianapolis, Indiana

FINANCIAL STATEMENTS
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REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying statements of financial position of Indiana Black Expo, Inc. ("Organization") as of December 31, 2010 and 2009 and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Black Expo, Inc. at December 31, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the financial statements for the year ended December 31, 2009 have been restated.



Crowe Horwath LLP

Indianapolis, Indiana
September 16, 2011

INDIANA BLACK EXPO, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u> (Restated)
ASSETS		
Cash	\$ 1,423,393	\$ 2,115,661
Accounts receivable, net of allowance of \$ - and \$13,591 in 2010 and 2009	378,014	109,167
Prepaid expenses	1,225	2,848
Property and equipment, net (Note 2)	636,068	640,873
Art collection (Note 3)	<u>9,980</u>	<u>9,980</u>
 Total assets	 <u>\$ 2,448,680</u>	 <u>\$ 2,878,529</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 52,255	\$ 388,516
Deferred revenue	32,683	84,375
Accrued payroll and benefits	77,793	122,805
Capital lease payable	<u>-</u>	<u>3,248</u>
Total liabilities	162,731	598,944
Net assets:		
Unrestricted		
Designated	100,000	100,000
Undesignated	<u>1,588,914</u>	<u>2,029,585</u>
	1,688,914	2,129,585
 Temporarily restricted (Note 4)	 <u>597,035</u>	 <u>150,000</u>
Total net assets	<u>2,285,949</u>	<u>2,279,585</u>
	 <u>\$ 2,448,680</u>	 <u>\$ 2,878,529</u>

See accompanying notes to financial statements.

INDIANA BLACK EXPO, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Programs and events	\$ 1,700,580	\$ -	\$ 1,700,580
Circle City Classic	1,984,799	-	1,984,799
Contributions and grants	1,379,024	525,000	1,904,024
Other income	<u>107,462</u>	<u>-</u>	<u>107,462</u>
	5,171,865	525,000	5,696,865
Net assets released from restrictions (Note 4)	<u>77,965</u>	<u>(77,965)</u>	<u>-</u>
Total revenues	5,249,830	447,035	5,696,865
Expenses:			
Program Services:			
Youth programs	528,891	-	528,891
Circle City Classic	2,028,234	-	2,028,234
Summer Celebration	2,097,037	-	2,097,037
Other programs	<u>49,519</u>	<u>-</u>	<u>49,519</u>
Total program services	4,703,681	-	4,703,681
Management and general	753,663	-	753,663
Chapter membership and development	<u>233,157</u>	<u>-</u>	<u>233,157</u>
Total expenses	<u>5,690,501</u>	<u>-</u>	<u>5,690,501</u>
Change in net assets	(440,671)	447,035	6,364
Net assets at beginning of year, restated	<u>2,129,585</u>	<u>150,000</u>	<u>2,279,585</u>
Net assets at end of year	<u>\$ 1,688,914</u>	<u>\$ 597,035</u>	<u>\$ 2,285,949</u>

See accompanying notes to financial statements.

INDIANA BLACK EXPO, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total (Restated)</u>
Revenues:			
Programs and events	\$ 2,018,658	\$ -	\$ 2,018,658
Circle City Classic	1,989,748	-	1,989,748
Contributions and grants	1,935,455	-	1,935,455
Other income	<u>190,464</u>	<u>-</u>	<u>190,464</u>
	6,134,325	-	6,134,325
Net assets released from restrictions (Note 4)	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	6,134,325	-	6,134,325
Expenses:			
Program Services:			
Youth programs	533,935	-	533,935
Circle City Classic	2,144,006	-	2,144,006
Summer Celebration	2,175,988	-	2,175,988
Other programs	<u>56,777</u>	<u>-</u>	<u>56,777</u>
Total program services	4,910,706	-	4,910,706
Management and general	893,067	-	893,067
Chapter membership and development	<u>296,739</u>	<u>-</u>	<u>296,739</u>
Total expenses	<u>6,100,512</u>	<u>-</u>	<u>6,100,512</u>
Change in net assets	33,813	-	33,813
Net assets at beginning of year	<u>2,095,772</u>	<u>150,000</u>	<u>2,245,772</u>
Net assets at end of year, restated	<u>\$ 2,129,585</u>	<u>\$ 150,000</u>	<u>\$ 2,279,585</u>

See accompanying notes to financial statements.

INDIANA BLACK EXPO, INC.
 STATEMENTS OF CASH FLOWS
 Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u> (Restated)
Cash flows from operating activities		
Change in net assets	\$ 6,364	\$ 33,813
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	61,291	65,355
Net change in assets and liabilities:		
Accounts receivable	(268,847)	49,816
Prepaid expenses	1,623	406
Accounts payable	(336,261)	223,651
Deferred revenue	(51,692)	24,375
Accrued payroll and benefits	<u>(45,012)</u>	<u>6,026</u>
Net cash from operating activities	<u>(632,534)</u>	<u>403,442</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(56,486)</u>	<u>(29,738)</u>
Net cash from investing activities	<u>(56,486)</u>	<u>(29,739)</u>
Cash flows from financing activities		
Payments on capital lease obligations	<u>(3,248)</u>	<u>(7,325)</u>
Net cash from financing activities	<u>(3,248)</u>	<u>(7,325)</u>
Net increase (decrease) in cash	(692,268)	366,379
Cash at beginning of year	<u>2,115,661</u>	<u>1,749,282</u>
Cash at end of year	<u>\$ 1,423,393</u>	<u>\$ 2,115,661</u>
Supplemental disclosure:		
Interest paid on capital lease	\$ 67	\$ 640

See accompanying notes to financial statements.

INDIANA BLACK EXPO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Organization was incorporated as a not-for-profit organization in 1971 under the laws of the State of Indiana. Since inception, the Organization has established 12 chapters in surrounding cities and states. The accompanying financial statements do not include the financial activities of the chapters.

The Organization's program services include the following activities:

Youth Programs: The focus of Youth and Family Programs (YFP) is to strengthen services to the community. To do this effectively, it is important for the Organization to research how African-Americans are living statewide. As information is gathered, the Organization takes steps to ensure programs that keep our community healthy, wealthy and wise are continually offered.

YFP strives to serve as a catalyst throughout Indiana to address (1) education, (2) health and (3) economic empowerment issues regarding youth and families. These programs foster relationships between businesses, government agencies, educational institutions, youth service agencies, churches and other community based organizations. YFP serves as a clearinghouse for quality chapter programs and community outreach activities that address issues affecting youth and families statewide. It also actively involves the Organization's staff and volunteers in program administration to keep them abreast of issues and trends affecting African-American families and youth.

YFP provides year-round educational youth programs, services and events as well as important health awareness campaigns and economic development initiatives. The Organization played a crucial role in the establishment of the Andrew J. Brown Academy. This charter school has completed its fourth full-year of operation and currently serves approximately 570 students in grades K-7 and has already seen significant increases in student ISTEP scores. The Organization's signature program, the Youth Video Institute, offers comprehensive after-school career exploration and technology-oriented training to middle and high school students and our annual scholarship program awards over \$100,000 to college students annually.

Circle City Classic: In 1983, Indiana Black Expo organizers had a desire to create an opportunity to showcase academic excellence amongst our nations historically black colleges and universities. That year, Mississippi Valley State and Grambling University came together during the first ever Circle City Classic. However, the Circle City Classic is not just a football game. Academic excellence is the priority and in order 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 annually over \$100,000 in scholarships are awarded to area students.

The Circle City Classic event represents a joint venture between the Organization and the Indiana Sports Corporation. The Indiana Sports Corporation provides administrative services for the Circle City Classic event. These services include (but are not limited to) daily management and oversight of financial business and record keeping, administering the local media plan, administering game day press box operations, staffing, media access and business networking. In return for these services, the Indiana Sports Corporation receives 20% of the net revenues generated from the Circle City Classic event.

(Continued)

INDIANA BLACK EXPO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

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

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.

Other Programs: Other Programs includes activities such as We Can Feed the Hungry at Christmas which annually serves over 800 families with a focus on residents from low income housing agencies, assisted living facilities and referrals from various social service organizations. The program provides families with groceries to feed their families a traditional holiday dinner.

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.

Adoption of New Accounting Standards: During 2009, the Organization adopted new accounting guidance related to accounting for uncertainty in income taxes. This 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 is no longer subject to examination by taxing authorities for years before 2007. 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, 2010 and 2009.

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.

Reclassifications: Certain reclassifications have been made to present last year's financial statements on a basis comparable to the current year's financial statements. These reclassifications had no effect on the change in net assets or total net assets.

(Continued)

INDIANA BLACK EXPO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

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

Net Asset Classifications: The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Represents assets resulting from all activities for which no donor imposed restrictions were stipulated beyond the general purpose of the Organization. Undesignated funds are available for any purpose within the scope of the Organization's activities. Designated funds are appropriated by the Board of Directors for a specific activity or group of activities. Such designations could be changed only by action of the Board of Directors. At December 31, 2010 and 2009, the Organization had designated \$100,000 of its unrestricted net assets for the annual Circle City Classic event.

Temporarily restricted net assets – 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 unrestricted net assets. Contributions for which the restrictions are all met in the same period in which the contribution is received are also recorded as unrestricted revenues.

Permanently restricted net assets – Represents 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. No permanently restricted net assets were reported by management at December 31, 2010 and 2009.

Concentration of Risk - Cash and Cash Equivalents: Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to \$250,000 per financial institution. The Organizations had bank balances that exceeded the federally insured amount by approximately \$1,472,000 and \$1,483,000 at December 31, 2010 and 2009.

Accounts and Grants Receivable: The Organization's accounts and grants receivable balances consist primarily of amounts billed for services provided, sponsorships and grant reimbursements. An allowance for uncollectible accounts is determined by management based upon historical losses, specific circumstances and general economic conditions. No interest is accrued on past due receivables.

Pledges Receivable and Allowance: Unconditional promises to give 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. Conditional promises to give are not included as support until the conditions are substantially met.

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

(Continued)

INDIANA BLACK EXPO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

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

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, 2010 and 2009, 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 unrestricted 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 temporarily restricted or permanently restricted support.

Government Grants: Grant revenue is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant 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 market 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.

For the years ended December 31, 2010 and 2009, in-kind contributions were approximately \$719,400 and \$939,100, 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 estimates of time spent by Organization personnel.

Restatement: The 2009 financial statements have been restated to capitalize purchases of property and equipment that were incorrectly expensed for \$28,131. In addition, adjustments were made for timing differences in recognizing and classifying revenues and expenses totaling \$57,918. The impact on net assets was a decrease of \$29,787 from that originally reported. The restated 2009 statement of financial position reflects an increase in property and equipment of \$28,131 and increase in accounts payable of \$57,918. The restate 2009 statement of activities reflects an increase in management expenses of \$29,787.

(Continued)

INDIANA BLACK EXPO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 2 - PROPERTY AND EQUIPMENT

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

	<u>2010</u>	<u>2009</u>
Buildings and improvements	\$ 881,635	\$ 831,957
Land improvements	6,555	6,555
Furnishings and equipment	1,041,662	1,013,531
Automobiles	<u>50,750</u>	<u>50,750</u>
	1,980,602	1,902,793
Less accumulated depreciation	<u>(1,344,534)</u>	<u>(1,290,051)</u>
	<u>\$ 636,068</u>	<u>\$ 612,742</u>

Depreciation expense for the years ended December 31, 2010 and 2009 was approximately \$61,300 and \$65,400, respectively.

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, 2010 and 2009, collections amounted to \$9,980.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

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.

During December 2010, the Organization received a temporarily restricted gift of \$600,000 of which \$75,000 is conditional on matching fundraising on a one to one basis. The Organization recognized \$525,000 during the year, as no matching occurred in 2010. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors totaling 77,965, leaving a balance of \$447,035.

NOTE 5 - LINE OF CREDIT

At December 31, 2010 and 2009, the Organization has a \$200,000 revolving line of credit with no borrowings in either year. The line is collateralized by the Organization's accounts receivable. Interest varies with the bank's prime rate plus 0.5% and is payable monthly. A new line of credit agreement began May 1, 2011 with a \$250,000 limit.

(Continued)

INDIANA BLACK EXPO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

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. The Organization's contribution to the plan was approximately \$7,800 and \$4,100 for 2010 and 2009, respectively.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Organization is subject to claims and lawsuits which arise primarily in the ordinary course of conducting operations. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the Organization.

NOTE 8 - SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to December 31, 2010, to determine the need for any adjustments or disclosures to the audited financial statements for the year ended December 31, 2010. Management has performed their analysis through September 16, 2011, the date the financial statements were available to be issued.