

INDIANA BLACK EXPO, INC.

FINANCIAL STATEMENTS
December 31, 2016 and 2015

INDIANA BLACK EXPO, INC.

Indianapolis, Indiana

FINANCIAL STATEMENTS
December 31, 2016 and 2015

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES - 2016	4
STATEMENT OF ACTIVITIES - 2015	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7
SUPPLEMENTAL INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS	12

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, 2016 and 2015, 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, 2016 and 2015, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

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 Horwath LLP
Crowe Horwath LLP

Indianapolis, Indiana
August 30, 2017

INDIANA BLACK EXPO, INC.
STATEMENT OF FINANCIAL POSITION
Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 1,640,345	\$ 1,661,108
Accounts receivable, net	447,871	325,930
Prepaid expenses and other assets	2,758	2,711
Property and equipment, net (Note 2)	852,605	762,689
Art collection (Note 3)	<u>9,980</u>	<u>9,980</u>
 Total assets	 <u>\$ 2,953,559</u>	 <u>\$ 2,762,418</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued payroll and benefits	<u>\$ 160,594</u>	<u>\$ 36,124</u>
Total liabilities	160,594	36,124
 Net assets		
Unrestricted	1,831,354	1,782,161
Temporarily restricted (Note 4)	<u>961,611</u>	<u>944,133</u>
Total net assets	<u>2,792,965</u>	<u>2,726,294</u>
 Total liabilities and net assets	 <u>\$ 2,953,559</u>	 <u>\$ 2,762,418</u>

See accompanying notes to financial statements.

INDIANA BLACK EXPO, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Programs and events	\$ 1,872,905	\$ -	\$ 1,872,905
Circle City Classic	1,019,872	-	1,019,872
Contributions and grants	582,502	1,046,401	1,628,903
Other income	<u>203,454</u>	-	<u>203,454</u>
	3,678,733	1,046,401	4,725,134
Net assets released from restrictions (Note 4)	<u>1,028,923</u>	<u>(1,028,923)</u>	<u>-</u>
Total revenues	4,707,656	17,478	4,725,134
Expenses			
Program services			
Youth programs and other	840,608	-	840,608
Scholarships	81,350	-	81,350
Circle City Classic	971,241	-	971,241
Summer Celebration	<u>1,797,815</u>	-	<u>1,797,815</u>
Total program services	3,691,014	-	3,691,014
Management and general	829,600	-	829,600
Chapter membership and development	<u>137,849</u>	-	<u>137,849</u>
Total expenses	<u>4,658,463</u>	-	<u>4,658,463</u>
Change in net assets	49,193	17,478	66,671
Net assets at beginning of year	<u>1,782,161</u>	<u>944,133</u>	<u>2,726,294</u>
Net assets at end of year	<u>\$ 1,831,354</u>	<u>\$ 961,611</u>	<u>\$ 2,792,965</u>

See accompanying notes to financial statements.

INDIANA BLACK EXPO, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Programs and events	\$ 1,804,855	\$ -	\$ 1,804,855
Circle City Classic	1,197,590	-	1,197,590
Contributions and grants	553,300	1,020,520	1,573,820
Other income	<u>319,626</u>	-	<u>319,626</u>
	3,875,371	1,020,520	4,895,891
Net assets released from restrictions (Note 4)	<u>792,264</u>	<u>(792,264)</u>	<u>-</u>
Total revenues	4,667,635	228,256	4,895,891
Expenses			
Program services			
Youth programs and other	668,705	-	668,705
Scholarships	75,500	-	75,500
Circle City Classic	915,310	-	915,310
Summer Celebration	<u>1,532,428</u>	-	<u>1,532,428</u>
Total program services	3,191,943	-	3,191,943
Management and general	947,850	-	947,850
Chapter membership and development	<u>143,125</u>	-	<u>143,125</u>
Total expenses	<u>4,282,918</u>	-	<u>4,282,918</u>
Change in net assets	384,717	228,256	612,973
Net assets at beginning of year	<u>1,397,444</u>	<u>715,877</u>	<u>2,113,321</u>
Net assets at end of year	<u>\$ 1,782,161</u>	<u>\$ 944,133</u>	<u>\$ 2,726,294</u>

See accompanying notes to financial statements.

INDIANA BLACK EXPO, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ 66,671	\$ 612,973
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	71,103	111,750
Bad debt expense	65,201	14,000
Net change in assets and liabilities		
Accounts receivable	(187,142)	(123,175)
Prepaid expense and other assets	(47)	-
Accounts payable	<u>124,470</u>	<u>(146,390)</u>
Net cash from operating activities	<u>140,256</u>	<u>469,158</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(161,019)</u>	<u>(147,888)</u>
Net cash from investing activities	<u>(161,019)</u>	<u>(147,888)</u>
Net increase (decrease) in cash	(20,763)	321,270
Cash at beginning of year	<u>1,661,108</u>	<u>1,339,838</u>
Cash at end of year	<u>\$ 1,640,345</u>	<u>\$ 1,661,108</u>

See accompanying notes to financial statements.

INDIANA BLACK EXPO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

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

General: Indiana Black Expo, Inc. ("Organization") 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. Since inception, the Organization has 12 affiliated 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 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 14 programs or activities, including (1) Education Day; (2) The Employment Opportunity Fair; (3) State of Our Black Youth Initiative; (4) Statewide Education Conference; (5) Parent Leadership Academy; (6) Family Fun/Tech Zone; (7) Statewide Youth Leadership Summit; (8) Circle City Classic Scholarship Fund; (9) Circle City Classic® Coronation; (10) Circle City Classic® Youth Football and Cheerleading Clinic; (11) Youth Media Institute; (12) The Minority Business Conference; (13) The Tobacco Prevention & Cessation Initiative; and (14) 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.

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 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 \$80,000 in scholarships are awarded to area students.

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.

(Continued)

INDIANA BLACK EXPO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

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, 2016 and 2015.

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 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. As applicable, designated funds are appropriated by the Board of Directors for a specific activity or group of activities.

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.

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, 2016 and 2015.

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, 2016 and 2015.

(Continued)

INDIANA BLACK EXPO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

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

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. An allowance of \$79,201 and \$14,000 was recorded as of December 31, 2016 and 2015, respectively. No interest is accrued on past due receivables.

Contributions 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.

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, 2016 and 2015, 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.

Program and Event Revenue: The Organization provides various programs and events throughout the year such as Youth, Summer Celebration and Circle City Classic. Programs and events 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, 2016 and 2015

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

For the years ended December 31, 2016 and 2015, in-kind contributions were approximately \$328,000 and \$332,000, 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.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2016, to determine the need for any adjustments or disclosures to the financial statements for the year ended December 31, 2016. Management has performed their analysis through August 30, 2017, the date the financial statements were available to be issued.

NOTE 2 - PROPERTY AND EQUIPMENT

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

	<u>2016</u>	<u>2015</u>
Buildings and improvements	\$ 1,362,499	\$ 1,356,359
Land improvements	6,555	6,555
Furnishings and equipment	1,158,774	1,134,237
Automobiles	<u>56,950</u>	<u>29,950</u>
	2,584,778	2,527,101
Less accumulated depreciation	<u>(1,732,173)</u>	<u>(1,764,412)</u>
	<u>\$ 852,605</u>	<u>\$ 762,689</u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$71,103 and \$111,750, respectively. No material construction commitments existed at December 31, 2016 and 2015.

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, 2016 and 2015, collections amounted to \$9,980.

(Continued)

INDIANA BLACK EXPO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

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 \$446,401 in revenue from six funders in 2016 and \$420,520 in revenue from five funders in 2015.

Program Support: During December 2016, the Organization received a temporarily restricted gift for program support 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 2016, but is eligible to be earned until October 31, 2017. During December 2015, the Organization received a temporarily restricted gift for program support of \$620,000 of which \$75,000 was conditional on matching fundraising on a one to one basis until October 31, 2016. The Organization recognized the additional \$75,000 in 2016 when the matching requirement was met.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors totaling \$1,028,923 in 2016 and \$792,264 in 2015. Temporarily restricted balances were composed of the following at December 31, 2016:

	<u>2016</u>	<u>2015</u>
Circle City Classic	\$ 150,000	\$ 150,000
OpportunIndy	287,938	269,369
Program support	<u>523,673</u>	<u>524,764</u>
	<u>\$ 961,611</u>	<u>\$ 944,133</u>

NOTE 5 - LINE OF CREDIT

At December 31, 2016 and 2015, the Organization had a \$400,000 revolving line of credit available for both years. 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. The line of credit was unused in 2016 and 2015.

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 \$20,000 for 2015. There were no contributions to the plan for 2016.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Organization is periodically subject to claims and lawsuits which may arise in the ordinary course of conducting operations. There are no known matters recorded in the financial statements of the Organization as of December 31, 2016 and 2015.

SUPPLEMENTAL INFORMATION

INDIANA BLACK EXPO, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS
 Year ended December 31, 2016

<u>Pass-through/Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Federal		
<u>Department of Education</u>		
Pass-through – City of Indianapolis, Department of Public Safety Your Life Matters Opportunity Zone (Contract #14294)	84.420	\$ 103,635
State & Local		
<u>Marion County Auditor's Office</u>		
OpportunINDY		101,401
<u>Indiana State Bureau of Motor Vehicles</u>		
License Plates		79,550
<u>Marion County Capital Improvement Board</u>		
Circle City Classic Game Settlement		75,000
<u>Indiana State Department of Health</u>		
Health Fair		181,958
Tobacco Prevention & Cessation (Contract #14009)		128,620
		670,164
Total Federal and State & Local Funding		\$ 773,799

Various State of Indiana departments also provided sponsorship funding totaling \$159,613 during 2016.

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