

INDIANA BLACK EXPO, INC.

FINANCIAL STATEMENTS

December 31, 2020 and 2019

INDIANA BLACK EXPO, INC.
Indianapolis, Indiana

FINANCIAL STATEMENTS
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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, 2020 and 2019, 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.

(Continued)

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, 2020 and 2019, 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 2014-09 – *Revenue from Contracts with Customers (Topic 606)* for the year ended December 31, 2020. Our opinion is not modified with respect to this matter.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
January 7, 2022

INDIANA BLACK EXPO, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 2,351,218	\$ 1,823,568
Grants and contributions receivable	266,770	180,849
Accounts receivable, net	-	276,751
Property and equipment, net (Note 2)	2,539,567	2,225,144
Art collection (Note 3)	<u>9,980</u>	<u>9,980</u>
Total assets	<u>\$ 5,167,535</u>	<u>\$ 4,516,292</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued payroll and benefits	\$ 241,133	\$ 191,334
Line of credit	<u>-</u>	<u>400,000</u>
Total liabilities	<u>241,133</u>	<u>591,334</u>
Net assets		
Without donor restrictions	3,524,434	2,517,241
With donor restrictions (Note 4)	<u>1,401,968</u>	<u>1,407,717</u>
Total net assets	<u>4,926,402</u>	<u>3,924,958</u>
Total liabilities and net assets	<u>\$ 5,167,535</u>	<u>\$ 4,516,292</u>

See accompanying notes to financial statements.

INDIANA BLACK EXPO, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Summer Celebration			
Sponsorships	\$ 356,275	\$ -	\$ 356,275
Grants and contributions	323,507	70,950	394,457
Ticket sales and registrations	-	-	-
Exhibit fees	-	-	-
Health fair	-	-	-
Other	<u>18,603</u>	<u>-</u>	<u>18,603</u>
Total Summer Celebration	698,385	70,950	769,335
Circle City Classic			
Ticket sales and registrations	-	-	-
Grants and contributions	141,396	18,450	159,846
Sponsorships	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Circle City Classic	141,396	18,450	159,846
Other grants and contributions	549,124	1,260,600	1,809,724
Youth and Other Program fees	<u>1,144,958</u>	<u>-</u>	<u>1,144,958</u>
	2,533,862	1,350,000	3,883,862
Net assets released from restrictions (Note 4)	<u>1,355,749</u>	<u>(1,355,749)</u>	<u>-</u>
 Total revenues	 3,889,611	 (5,749)	 3,883,862
Expenses			
Program services			
Summer Celebration	340,769	-	340,769
Circle City Classic	119,818	-	119,818
Youth and Other Programs	849,646	-	849,646
Scholarships	<u>28,000</u>	<u>-</u>	<u>28,000</u>
Total program services	1,338,233	-	1,338,233
Chapter membership and development	549,939	-	549,939
Management and general	<u>994,246</u>	<u>-</u>	<u>994,246</u>
 Total expenses	 <u>2,882,418</u>	 <u>-</u>	 <u>2,882,418</u>
 Change in net assets	 1,007,193	 (5,749)	 1,001,444
Net assets at beginning of year	<u>2,517,241</u>	<u>1,407,717</u>	<u>3,924,958</u>
 Net assets at end of year	 <u>\$ 3,524,434</u>	 <u>\$ 1,401,968</u>	 <u>\$ 4,926,402</u>

See accompanying notes to financial statements.

INDIANA BLACK EXPO, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Summer Celebration			
Sponsorships	\$ 716,535	\$ -	\$ 716,535
Grants and contributions	610,602	160,480	771,082
Ticket sales and registrations	403,358	-	403,358
Exhibit fees	335,972	-	335,972
Health fair	224,797	-	224,797
Other	<u>22,983</u>	<u>-</u>	<u>22,983</u>
Total Summer Celebration	2,314,247	160,480	2,474,727
Circle City Classic			
Ticket sales and registrations	559,178	-	559,178
Grants and contributions	321,462	-	321,462
Sponsorships	128,670	-	128,670
Other	<u>44,737</u>	<u>-</u>	<u>44,737</u>
Total Circle City Classic	1,054,047	-	1,054,047
Other grants and contributions	95,938	1,050,937	1,146,875
Youth and Other Program fees	<u>126,585</u>	<u>-</u>	<u>126,585</u>
	3,590,817	1,211,417	4,802,234
Net assets released from restrictions (Note 4)	<u>756,416</u>	<u>(756,416)</u>	<u>-</u>
 Total revenues	 4,347,233	 455,001	 4,802,234
Expenses			
Program services			
Summer Celebration	1,552,950	-	1,552,950
Circle City Classic	995,540	-	995,540
Youth and Other Programs	672,127	-	672,127
Scholarships	<u>52,775</u>	<u>-</u>	<u>52,775</u>
Total program services	3,273,392	-	3,273,392
Chapter membership and development	87,922	-	87,922
Management and general	<u>945,970</u>	<u>-</u>	<u>945,970</u>
 Total expenses	 <u>4,307,284</u>	 <u>-</u>	 <u>4,307,284</u>
 Change in net assets, before gain on sale	 39,949	 455,001	 494,950
Gain on sale of property and equipment	<u>802,484</u>	<u>-</u>	<u>802,484</u>
 Change in net assets	 842,433	 455,001	 1,297,434
Net assets at beginning of year	<u>1,674,808</u>	<u>952,716</u>	<u>2,627,524</u>
 Net assets at end of year	 <u>\$ 2,517,241</u>	 <u>\$ 1,407,717</u>	 <u>\$ 3,924,958</u>

See accompanying notes to financial statements.

INDIANA BLACK EXPO, INC.
 STATEMENTS OF CASH FLOWS
 Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 1,001,444	\$ 1,297,434
Adjustments to reconcile change in net assets to net cash from operating activities		
Gain on sale of property and equipment	-	(802,484)
Depreciation	80,215	69,054
Bad debt expense	-	-
PPP loan forgiveness	(139,100)	-
Net change in assets and liabilities		-
Grants and contributions receivable	(85,921)	108,362
Accounts receivable	276,751	(48,019)
Accounts payable and accrued payroll and benefits	<u>49,800</u>	<u>102,327</u>
Net cash from operating activities	<u>1,183,189</u>	<u>726,674</u>
Cash flows from investing activities		
Purchase of property and equipment	(394,639)	(2,112,085)
Proceeds from sale of property and equipment	<u>-</u>	<u>1,442,148</u>
Net cash from investing activities	<u>(394,639)</u>	<u>(669,937)</u>
Cash flows from financing activities		
PPP loan received	139,100	-
Proceeds from borrowings	-	1,740,000
Payments on borrowings	<u>(400,000)</u>	<u>(1,340,000)</u>
Net cash from investing activities	<u>(260,900)</u>	<u>400,000</u>
Net increase in cash	527,650	456,737
Cash at beginning of year	<u>1,823,568</u>	<u>1,366,831</u>
Cash at end of year	<u>\$ 2,351,218</u>	<u>\$ 1,823,568</u>
Supplemental information:		
Cash paid for interest on borrowings	\$ -	\$ 75,020
Purchase of property and equipment in accounts payable	-	41,803

See accompanying notes to financial statements.

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 and 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 \$28,000 in scholarships are awarded annually to area students.

Youth and Other Programs: 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 chapter youth and family programs and initiatives that address issues affecting youth and families. 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; and (12) The Tobacco Prevention & Cessation Initiative. 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.

INDIANA BLACK EXPO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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, 2020 and 2019.

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. No funds were appropriated by the Board of Directors as of December 31, 2020 and 2019.

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 with 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, 2020 and 2019.

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, 2020 and 2019.

(Continued)

INDIANA BLACK EXPO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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

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, 2020 and 2019 and no allowance for doubtful accounts has been recorded.

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. No allowance was recorded as of December 31, 2020 and 2019, 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. 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, 2020 and 2019, management believes that no impairments exist.

Grants and Contributions 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.

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.

During the year ended December 31, 2020 and 2019, 26% and 44% of grants and contributions revenue was received from one organization, respectively.

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, 2020 and 2019

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

For the years ended December 31, 2020 and 2019, in-kind contributions were approximately \$272,000 and \$660,000, 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.

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 event revenue is recognized in the period earned, typically aligned with the event date. There are typically no future performance obligations as events occur within the calendar year.

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.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2020, to determine the need for any adjustments or disclosures to the financial statements for the year ended December 31, 2020. Management has performed their analysis through January 7, 2022 the date the financial statements were available to be issued.

Adoption of New Accounting Standard: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). The ASU provides a five-step model for recognition of revenue and its core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. To achieve the core principle, a company applies the five-step model of (1) identifying the contract(s) with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligation in the contract, and (5) recognizing revenue when (or as) the entity satisfies a performance obligation. The Organization adopted this ASU on January 1, 2020 on a modified retrospective basis. The adoption of ASU 2014-09 resulted in changes to the disclosure of revenue primarily related to program fee revenue. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2014-09. As a result, no cumulative effect adjustment was recorded upon adoption.

(Continued)

INDIANA BLACK EXPO, INC.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020 and 2019

NOTE 2 - PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Building, land, and improvements	\$ 2,095,842	\$ 1,278,908
Furnishings and equipment	320,732	153,911
Automobiles	56,950	56,950
Construction in progress	<u>228,905</u>	<u>818,022</u>
	2,702,429	2,307,791
Less accumulated depreciation	<u>(162,862)</u>	<u>(82,647)</u>
	<u>\$ 2,539,567</u>	<u>\$ 2,225,144</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$80,215 and \$69,054, 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, 2020 and 2019, 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.

Youth and Other Program Services Support: During 2020, the Organization received gifts from a donor with donor restriction for program support and two other projects totaling \$1,133,000, which \$125,000 is conditional on matching is conditional on matching fundraising on a one-to-one basis through October 31, 2021. The Organization received five other restricted gifts totaling \$217,000 primarily for the performing arts program.

During December 2019, the Organization received a gift with donor restriction for program support and a strategic landscape study totaling \$1,017,687 of which \$125,000 is conditional on matching fundraising on a one-to-one basis through October 31, 2020. During 2019, the Organization received contributions from two other donors for program support totaling \$225,000. Balances with donor restrictions were composed of the following at December 31:

	<u>2020</u>	<u>2019</u>
Circle City Classic	\$ 150,000	\$ 150,000
Other program services support	243,968	118,023
Program support - Lilly	<u>1,008,000</u>	<u>1,139,694</u>
	<u>\$ 1,401,968</u>	<u>\$ 1,407,717</u>

(Continued)

INDIANA BLACK EXPO, INC.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020 and 2019

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>2020</u>	<u>2019</u>
Other program services support	\$ 279,772	\$ 20,000
Program support - Lilly	<u>1,075,977</u>	<u>736,416</u>
	<u>\$ 1,355,749</u>	<u>\$ 756,416</u>

NOTE 5 - LOANS AND LINE OF CREDIT

At December 31, 2020 and 2019, the Organization had \$400,000 revolving line of credit available. The line is collateralized by the Organization's receivables and carries a variable interest rate payable monthly, which was 5.25% as of December 31, 2020. As of December 31, 2020 and 2019, the line of credit balance was \$0 and \$400,000, respectively.

NOTE 6 - PAYCHECK PROTECTION PROGRAM (PPP)

In May 2020, The Organization obtained a Paycheck Protection Program (PPP) Loan under a program offered by the United States Small Business Administration (SBA) in the amount of \$139,100. The Organization originally reported the PPP Loan as a conditional contribution under ASC 958-605. The Organization met the conditions for forgiveness and the entire balance was reported as government grant revenue during 2020.

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, 2020 and 2019.

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>2020</u>	<u>2019</u>
Cash	\$ 2,351,218	\$ 1,823,568
Grants and contributions receivable	266,770	180,849
Accounts receivable, net	<u>-</u>	<u>276,751</u>
	2,617,988	2,281,168
Less: net assets with donor restrictions	<u>(1,401,968)</u>	<u>(1,407,717)</u>
	<u>\$ 1,216,020</u>	<u>\$ 873,451</u>

Though net assets with donor restrictions are excluded from assets available within one year, these funds are available to fund programming expenses expected to be incurred in the subsequent year.

(Continued)

INDIANA BLACK EXPO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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, 2020.

	Program Activities				Supporting Activities			Total
	Summer Celebration	Circle City Classic	Youth Programs and Other	Scholarships	Total Program	Chapter Membership and Development	Management and General	
Personnel	\$ -	\$ -	\$ 413,164	\$ -	\$ 413,164	\$ -	\$ 529,251	\$ 942,415
Advertising and marketing	166,300	119,250	60,108	-	345,658	62,200	36,058	443,916
Performers and speakers	164,900	-	19,000	-	183,900	10,500	-	194,400
Venue expenses	-	-	100	-	100	-	-	100
University guarantees	-	-	-	-	-	-	-	-
Other contract services	-	-	273,482	-	273,482	217,001	92,901	583,384
Security services	-	-	1,206	-	1,206	-	2,771	3,977
Catering and hospitality	-	-	518	-	518	3,774	1,211	5,503
Rentals and maintenance	-	-	8,406	-	8,406	-	56,105	64,511
Travel	-	-	295	-	295	-	12,384	12,679
Insurance and permits	-	-	1,370	-	1,370	50	72,346	73,766
Depreciation	-	-	-	-	-	-	80,215	80,215
Scholarships	-	-	-	28,000	28,000	-	-	28,000
Utilities and telephone	-	-	44,532	-	44,532	-	53,210	97,742
Postage and printing	-	-	3,095	-	3,095	2,675	9,321	15,091
Contributions and awards	8,042	-	-	-	8,042	201,000	-	209,042
Chapter expenses	-	-	2,000	-	2,000	24,000	-	26,000
Miscellaneous	1,527	568	22,370	-	24,465	28,739	48,473	100,427
Total expenses	\$ 340,769	\$ 119,818	\$ 849,646	\$ 28,000	\$ 1,338,233	\$ 549,939	\$ 994,246	\$ 2,882,418

(Continued)

INDIANA BLACK EXPO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 9 - FUNCTIONAL EXPENSES (Continued)

The table below presents these functional expenses by their natural classification for the year ended December 31, 2019.

	<u>Program Activities</u>				<u>Supporting Activities</u>			<u>Total</u>
	<u>Summer Celebration</u>	<u>Circle City Classic</u>	<u>Youth Programs and Other</u>	<u>Scholarships</u>	<u>Total Program</u>	<u>Chapter Membership and Development</u>	<u>Management and General</u>	
Personnel	\$ -	\$ -	\$ 310,610	\$ -	\$ 310,610	\$ -	\$ 465,289	\$ 775,899
Advertising and marketing	246,022	142,727	153,084	-	541,833	-	58,469	600,302
Performers and speakers	325,007	126,650	16,940	-	468,597	550	200	469,347
Venue expenses	320,772	84,155	31,125	-	436,052	516	-	436,568
University guarantees	-	360,000	-	-	360,000	-	-	360,000
Other contract services	113,613	67,577	77,566	-	258,756	35,730	62,588	357,074
Security services	166,413	77,632	-	-	244,045	-	3,856	247,901
Catering and hospitality	173,310	23,268	4,669	-	201,247	10,940	6,494	218,681
Rentals and maintenance	64,261	48,477	5,300	-	118,038	1,793	44,654	164,485
Travel	65,512	25,938	16,292	-	107,742	3,860	9,090	120,692
Insurance and permits	8,558	3,018	-	-	11,576	-	77,339	88,915
Depreciation	-	-	-	-	-	-	69,054	69,054
Scholarships	-	-	-	52,775	52,775	-	-	52,775
Utilities and telephone	3,246	300	7,620	-	11,166	-	38,539	49,705
Postage and printing	8,089	5,989	21,731	-	35,809	26	12,161	47,996
Contributions and awards	1,574	130	20,100	-	21,804	-	10,150	31,954
Chapter expenses	-	-	3,000	-	3,000	25,423	-	28,423
Miscellaneous	56,573	29,679	4,090	-	90,342	9,084	88,087	187,513
Total expenses	<u>\$ 1,552,950</u>	<u>\$ 995,540</u>	<u>\$ 672,127</u>	<u>\$ 52,775</u>	<u>\$ 3,273,392</u>	<u>\$ 87,922</u>	<u>\$ 945,970</u>	<u>\$ 4,307,284</u>