

Blacks In Government

Financial Statements
Year Ended December 31, 2020



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BLACKS IN GOVERNMENT

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Blacks In Government
Washington, D.C.**

We have audited the accompanying financial statements of Blacks In Government (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year 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 U.S. generally accepted accounting principles; 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 audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 Blacks In Government as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited Blacks In Government's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BBD LLP

Philadelphia, Pennsylvania
April 22, 2021

BLACKS IN GOVERNMENT

STATEMENT OF FINANCIAL POSITION

December 31, 2020 with comparative totals for 2019

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 1,932,676 | \$ 2,254,415 |
| Certificate of deposit | 263,516 | 260,825 |
| Accounts receivable, net of allowance for doubtful accounts of \$-0- in 2020 and \$5,000 in 2019 | - | 14,403 |
| Prepaid expenses | <u>42,956</u> | <u>33,063</u> |
| Total current assets | 2,239,148 | 2,562,706 |
| PROPERTY AND EQUIPMENT, NET | <u>770,383</u> | <u>819,673</u> |
| Total assets | <u>\$ 3,009,531</u> | <u>\$ 3,382,379</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable and accrued expenses | <u>\$ 9,696</u> | <u>\$ 24,638</u> |
| NET ASSETS | | |
| Without donor restrictions | 2,924,835 | 3,357,741 |
| With donor restrictions | <u>75,000</u> | <u>-</u> |
| Total net assets | <u>2,999,835</u> | <u>3,357,741</u> |
| Total liabilities and net assets | <u>\$ 3,009,531</u> | <u>\$ 3,382,379</u> |

See accompanying notes

BLACKS IN GOVERNMENT

STATEMENT OF ACTIVITIES

Year ended December 31, 2020 with comparative totals for 2019

| | Without Donor Restrictions | With Donor Restrictions | Totals | |
|--|-------------------------------|----------------------------|---------------------|---------------------|
| | | | 2020 | 2019 |
| SUPPORT AND REVENUE | | | | |
| Conference registrations and fees | \$ - | \$ - | \$ - | \$ 1,674,519 |
| Sponsorships | 32,063 | 75,000 | 107,063 | 131,651 |
| Membership dues | 104,032 | - | 104,032 | 133,439 |
| In-kind contributions | 143,165 | - | 143,165 | 200,482 |
| Contributions | 5,800 | - | 5,800 | 10,629 |
| Interest income | 2,953 | - | 2,953 | 14,085 |
| Total support and revenue | <u>288,013</u> | <u>75,000</u> | <u>363,013</u> | <u>2,164,805</u> |
| EXPENSES | | | | |
| Program services | | | | |
| Conference | - | - | - | 658,449 |
| Other programs | 421,915 | - | 421,915 | 309,644 |
| Total program services expenses | 421,915 | - | 421,915 | 968,093 |
| Supporting services | | | | |
| General and administrative | 299,004 | - | 299,004 | 441,460 |
| Total expenses | <u>720,919</u> | <u>-</u> | <u>720,919</u> | <u>1,409,553</u> |
| CHANGE IN NET ASSETS | (432,906) | 75,000 | (357,906) | 755,252 |
| NET ASSETS | | | | |
| Beginning of year | 3,357,741 | - | 3,357,741 | 2,602,489 |
| End of year | <u>\$ 2,924,835</u> | <u>\$ 75,000</u> | <u>\$ 2,999,835</u> | <u>\$ 3,357,741</u> |

See accompanying notes

BLACKS IN GOVERNMENT

SCHEDULE OF FUNCTIONAL EXPENSES

Year ended December 31, 2020 with comparative totals for 2019

| | <u>Program</u> | <u>General and Administrative</u> | <u>Totals</u> | |
|-------------------------|------------------|---------------------------------------|-------------------|---------------------|
| | | | <u>2020</u> | <u>2019</u> |
| Awards and scholarships | \$ 28,411 | \$ 6,488 | \$ 34,899 | \$ 36,030 |
| Depreciation expense | - | 49,290 | 49,290 | 45,161 |
| Display equipment | 33,213 | - | 33,213 | 146,659 |
| Food | 36,074 | - | 36,074 | 186,778 |
| Information technology | 6,104 | 14,495 | 20,599 | 41,486 |
| In-kind expenses | 143,165 | - | 143,165 | 200,482 |
| Management fees | - | 82,375 | 82,375 | 140,000 |
| Miscellaneous | 12,478 | 5,502 | 17,980 | 65,668 |
| Occupancy | 76,814 | 19,203 | 96,017 | 141,149 |
| Office expenses | 24,613 | 19,730 | 44,343 | 148,859 |
| Professional fees | 11,238 | 101,921 | 113,159 | 36,470 |
| Training and seminars | 12,547 | - | 12,547 | 21,664 |
| Travel and lodging | <u>37,258</u> | <u>-</u> | <u>37,258</u> | <u>199,147</u> |
| | <u>\$421,915</u> | <u>\$ 299,004</u> | <u>\$ 720,919</u> | <u>\$ 1,409,553</u> |

See accompanying notes

BLACKS IN GOVERNMENT

STATEMENT OF CASH FLOWS

Year ended December 31, 2020 with comparative totals for 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| <i>Change in net assets</i> | \$ (357,906) | \$ 755,252 |
| <i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i> | | |
| Depreciation | 49,290 | 45,161 |
| Bad debt expense | - | 4,470 |
| (Increase) decrease in | | |
| Accounts receivable | 14,403 | 3,297 |
| Prepaid expenses | (9,893) | 12,072 |
| Increase (decrease) in | | |
| Accounts payable and accrued expenses | <u>(14,942)</u> | <u>7,338</u> |
| Net cash provided by (used for) operating activities | <u>(319,048)</u> | <u>827,590</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Reinvested interest - certificate of deposit | (2,691) | (4,275) |
| Purchase of property and equipment | <u>-</u> | <u>(290,000)</u> |
| Net cash used for investing activities | <u>(2,691)</u> | <u>(294,275)</u> |
| Net increase (decrease) in cash | (321,739) | 533,315 |
| CASH | | |
| Beginning of year | <u>2,254,415</u> | <u>1,721,100</u> |
| End of year | <u>\$ 1,932,676</u> | <u>\$ 2,254,415</u> |

See accompanying notes

BLACKS IN GOVERNMENT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

(1) NATURE OF ORGANIZATION

Blacks In Government ("**BIG**") was incorporated on September 27, 1976 in the District of Columbia. BIG's primary stated mission is to: (1) advocate equal opportunity for Blacks In Government, eliminate racism against Blacks In Government, and promote professionalism among African-Americans; and (2) expand the concept and objective of African-Americans in government to jurisdictions throughout the United States and its regions and to promote maximum impact of the benefits derived from the pursuit of these goals and objectives.

The financial statements do not include the accounts of BIG's regions because BIG does not have control over the regions' Boards of Directors or their financial activities.

BIG acquires its funds mainly through conferences and membership dues. These funds are used to develop programs and training that enhance communication among African-American employees in government. BIG's annual conference for 2020 was not held due to the COVID-19 pandemic. BIG intends to hold a virtual conference in August 2021.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized as described below.

Financial Statement Presentation

BIG reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of BIG and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting BIG to expend the income generated in accordance with the provisions of the contribution.

Net assets with donor restrictions are restricted for the 2021 conference. BIG did not have any net assets that were required to be maintained indefinitely.

Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles ("**GAAP**"). Accordingly, such information should be read in conjunction with BIG's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Certificate of Deposit

The certificate of deposit is reported at cost, which approximates fair value, with interest income included in the statement of activities. Interest income is recorded as earned.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with organizations having outstanding balances and current relationships with them, it has concluded that allowance for doubtful accounts at December 31, 2019 was adequate. Interest is not charged on outstanding balances.

Property and Equipment

BIG capitalizes all property and equipment valued over \$500. Property and equipment are recorded at cost and are depreciated on the straight-line basis over the estimated service lives of the assets. Leased property under capital leases is amortized on the straight-line basis over the term of the lease. Expenditures for maintenance, repairs and renewals of minor items are charged to expense as incurred.

The estimated useful lives used in computing depreciation for property and equipment are as follows:

| | |
|---------------------------|---------------|
| Building and improvements | 15 – 30 years |
| Furniture and equipment | 5 years |
| Computer equipment | 4 – 5 years |

Revenue Recognition

Conference registrations, event and exhibit fees are based on published fixed rates and collected at the time of registration and recognized when the conference takes place which is when the performance obligations are performed.

Sponsorships and membership dues, which are nonrefundable are considered to be contributions and are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor restricted contributions whose restrictions are satisfied in the same period are reported as without donor restrictions.

Unconditional contributions are recognized when the related promise to give is received. Conditional contributions are recognized when the conditions are satisfied.

In-Kind Contributions

BIG records donated services that create or enhance nonfinancial assets and that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributed services and goods are included as support in the accompanying statement of activities at their estimated values at the time received.

In addition, many individuals volunteer their time and perform a variety of tasks that assist BIG with specific activities which has not been reflected in the financial statements.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been presented on a functional basis in the statement of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Significant expenses that are allocated include occupancy expenses which are allocated based on an estimate of square footage used.

BLACKS IN GOVERNMENT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Income Tax Status

BIG is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) and from the District of Columbia taxes for any income derived from activities related to its exempt purpose. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. BIG believes that it had no uncertain tax positions as defined in GAAP.

Concentrations of Credit Risk

Cash, the certificate of deposit and accounts receivable potentially subject BIG to concentrations of credit risk. BIG maintains deposits at various financial institutions. At times, such deposits may exceed federally-insured limits. BIG has not experienced any losses on its deposits.

Reclassifications

Certain amounts have been reclassified in the 2019 summarized information to conform to the 2020 presentation.

(3) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|-------------------|-------------------|
| Land | \$ 75,564 | \$ 75,564 |
| Building and improvements | 1,272,571 | 1,272,571 |
| Furniture and equipment | 38,820 | 38,820 |
| Computer equipment | <u>96,951</u> | <u>96,951</u> |
| | 1,483,906 | 1,483,906 |
| Less accumulated depreciation | <u>(713,523)</u> | <u>(664,233)</u> |
| | <u>\$ 770,383</u> | <u>\$ 819,673</u> |

Depreciation expense for the years ended December 31, 2020 and 2019 was \$49,290 and \$45,161, respectively.

(4) LINE OF CREDIT

In March 2021, BIG entered into a line of credit agreement with a bank, due on demand that allows for a maximum borrowing of \$200,000 at an interest rate of prime plus 2.0%. This line expires in March 2023. There were no borrowings on this line at December 31, 2020 and 2019.

(5) RELATED PARTY TRANSACTIONS

BIG has eleven regions whose members remit membership dues, fees and other assessments to the national office. There are no other transactions between BIG and the regions for 2020 and 2019.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

(6) MANAGEMENT AGREEMENT

BIG receives accounting and administrative services from an association management company pursuant to a management agreement. BIG incurred management fees of \$82,375 and \$140,000 for the years ended December 31, 2020 and 2019, respectively. BIG has renewed its management agreement through April 2023.

(7) PENSION PLAN

BIG maintains a defined contribution retirement plan for all eligible employees. Under this plan, BIG can match employee contributions dollar for dollar up to 5% of eligible wages. Employee contributions can be up to 20% of compensation subject to IRS limitations. Vesting occurs after one year of service as long as 1,000 hours of service is met. For the years ended December 31, 2020 and 2019, BIG made no contributions to this plan. There were no employees during the years ended December 31, 2020 and 2019.

(8) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects BIG's financial assets as of the statement of financial position date that are available within one year:

| | |
|--|--------------------|
| Cash | \$1,932,676 |
| Certificate of deposit | <u>263,516</u> |
| Total financial assets available within one year | <u>\$2,196,192</u> |

Liquidity Management

As part of BIG's liquidity management, it invests cash in excess of capital expansion and daily requirements in short-term investments, typically certificates of deposit and money market funds. In addition, BIG has available a \$200,000 line of credit (**Note 4**).

BIG receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. None of the financial assets are subject to donor restrictions that make them unavailable for general expenditures.

(9) COMMITMENTS

BIG has entered into agreements with hotels providing room accommodations for hotel and meeting space for its future conferences through 2024. BIG intends to hold the conferences at scheduled hotels.

(10) RISKS AND UNCERTAINTIES

BIG is currently evaluating the recent introduction of the COVID-19 virus and its impact and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's revenues and support, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

(11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 22, 2021, the date on which the financial statements were available to be issued. Except as disclosed in Note 4 and Note 10, no material subsequent events have occurred since December 31, 2020 that required recognition or disclosure in the financial statements.