

ILLINOIS HORSEMEN BENEVOLENT PROTECTIVE ASSOCIATION, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS:

Cash	\$ 104,155
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PROPERTY & EQUIPMENT

Buildings	15,000
Less, Accumulated Depreciation	(15,000)
Total Property and Equipment, Net	-

TOTAL ASSETS

	\$ 104,155
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Payroll Liabilities	\$ 1,217
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NET ASSETS:

Without Donor Restrictions	71,774
With Donor Restrictions	31,164
Total Net Assets	102,938

TOTAL LIABILITIES AND NET ASSETS

	\$ 104,155
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The accompanying notes are an integral part of these financial statements.

ILLINOIS HORSEMEN BENEVOLENT PROTECTIVE ASSOCIATION, INC.
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>WITHOUT</u> <u>DONOR RESTRICTIONS</u>	<u>WITH DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL</u>
SUPPORT AND REVENUE:			
Purse Income	\$ 160,000	\$ -	\$ 160,000
Contractual Reimbursements	-	75,000	75,000
Donations	2,815	-	2,815
Interest Income	3,378	-	3,378
Other Income	27	-	27
Net Assets Released from Restrictions Satisfied by Payments	<u>43,836</u>	<u>(43,836)</u>	<u>-</u>
 TOTAL SUPPORT AND REVENUE	 <u>210,056</u>	 <u>31,164</u>	 <u>241,220</u>
EXPENSES:			
Program Services (Exhibit C)	250,643	-	250,643
General & Administrative (Exhibit C)	<u>77,349</u>	<u>-</u>	<u>77,349</u>
 TOTAL EXPENSES	 <u>327,992</u>	 <u>-</u>	 <u>327,992</u>
 CHANGE IN NET ASSETS	 (117,936)	 31,164	 (86,772)
 NET ASSETS, BEGINNING OF YEAR	 <u>189,710</u>	 <u>-</u>	 <u>189,710</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 71,774</u></u>	 <u><u>\$ 31,164</u></u>	 <u><u>\$ 102,938</u></u>

The accompanying notes are an integral part of these financial statements.

ILLINOIS HORSEMEN BENEVOLENT PROTECTIVE ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>PROGRAM SERVICES</u>	<u>GENERAL & ADMINISTRATIVE</u>	<u>TOTAL EXPENSES</u>
EXPENSES:			
Benevolence:			
Activites	\$ 12,812	\$ -	\$ 12,812
Aftercare	6,400	-	6,400
Assistance	13,839	-	13,839
Dental	5,195	-	5,195
Eye Exam/Glasses	2,313	-	2,313
Funeral Costs	1,255	-	1,255
Ice Machines	12,911	-	12,911
Medical	2,109	-	2,109
Other Benevolence	7,500	-	7,500
Total Benevolence	<u>64,334</u>	<u>-</u>	<u>64,334</u>
Payroll	36,208	36,208	72,416
Payroll Taxes	6,151	6,151	12,302
Advertising	1,016	-	1,016
Bank Charges	-	180	180
Dues & Subscriptions	10,901	-	10,901
Insurance	2,269	2,269	4,538
Professional Services	96,822	-	96,822
Meals & Entertainment	-	840	840
Office Supplies	4,076	4,076	8,152
Political	2,278	-	2,278
Rent & Lease	2,786	2,786	5,572
Repair & Maintenance	14,006	14,006	28,012
Taxes & Licenses	-	10	10
Travel	6,718	6,718	13,436
Miscellaneous Expenses	-	1,027	1,027
Utilities	3,078	3,078	6,156
Total Expenses	<u>\$ 250,643</u>	<u>\$ 77,349</u>	<u>\$ 327,992</u>

The accompanying notes are an integral part of these financial statements.

ILLINOIS HORSEMEN BENEVOLENT PROTECTIVE ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ (86,772)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Change in Assets and Liabilities:	
Increase in Payroll Liabilities	<u>1,217</u>
Net Cash (Used) by Operating Activities	<u>(85,555)</u>
NET DECREASE IN CASH	(85,555)
CASH, BEGINNING OF YEAR	<u>189,710</u>
CASH, END OF YEAR	<u><u>\$ 104,155</u></u>

The accompanying notes are an integral part of these financial statements.

ILLINOIS HORSEMEN BENEVOLENT PROTECTIVE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 1. NATURE OF ORGANIZATION

Illinois Horsemen Benevolent Protective Association, Inc. is a nonprofit organization established to represent owners and trainers in negotiation regarding purse structure, equitable share of simulcast revenues, overall track safety, sanitation, security, and other issues of vital concerns to horsemen.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the Organization:

Basis of Presentation

The accompanying financial statements have been prepared on the modified-cash basis of accounting. The modified cash basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. Modifications to the cash basis of accounting include recording property and equipment and its related depreciation and accruing for payroll taxes. Revenues are recognized when cash is received and expenses are recognized when cash is paid.

Net Assets

Financial statement presentation follows recommendation of Financial Accounting Standards Board Accounting Standards Codification 958 "Not for Profit Entities." Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions.

Net assets with donor restriction are resources that are subject to donor-imposed restrictions. The restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular period.

Cash

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Support and Revenue

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. The actual results could differ from those estimates.

Property and Equipment

Building, improvements, furnishings and equipment are recorded at cost or fair market value for contributed assets, when received. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. The Organization follows the practice of capitalizing costs in excess of \$2,500.

ILLINOIS HORSEMEN BENEVOLENT PROTECTIVE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 2. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Income Tax Exemption

Illinois Horsemen's Benevolent and Protective Association is exempt from federal income taxes under the provisions of Section 501(c)(6) of the Internal Revenue Code as a not-for-profit organization.

Functional Allocation of Expenses

The costs of providing the Organization's programs, administration and fundraising, have been summarized on a functional basis in the Statement of Support, Revenue, and Expenses – Modified Cash Basis. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include payroll, payroll taxes, insurance office supplies, lease expense, repairs and maintenance, travel and utilities, which are allocated on the basis of reasonable estimates obtained from key management personnel.

NOTE 3. CONCENTRATION OF CREDIT RISK

The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash. There were no amounts in excess of federally insured limits at December 31, 2018.

NOTE 4. LEASE COMMITMENTS

The Organization entered into a lease agreement for a printer/copier on November 1, 2015 that was for a 63 month term. Monthly payments for this lease were \$399 per month plus \$0.15/B&W page and \$0.07/color page over 2,100 pages. Rental expenses for the leases for the year ended December 31, 2018 was \$4,788.

Future minimum lease payments under this lease at December 31, 2018 are as follows:

2019	\$ 4,788
2020	4,788
2021	399

NOTE 5. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available for the following purposes:

Banquet Dinner	\$ 1,974
Clean Barn/Groom Awards	950
Aftercare Reimbursement	13,240
Chaplain	<u>15,000</u>
Total	<u>\$ 31,164</u>

ILLINOIS HORSEMEN BENEVOLENT PROTECTIVE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 6. INCOME TAXES

The Organization adopted the provisions of FASB Accounting Standards Codification 740, Income Taxes. The implementation of FASB Accounting Standards Codification 740 had no impact on the Organization's financial statements and accordingly, no interest or penalties were accrued. Management believes it has no material uncertain tax positions to accrue for the year ended December 31, 2018, and, accordingly, there is no liability for unrecognized tax benefit.

The Organization files tax returns in all appropriate jurisdictions. The Organization has received notices from the Internal Revenue Service indicating that the 2016 and the 2017 tax returns were filed late and they have assessed late filing penalties in excess of \$10,000. They are currently in negotiations to eliminate or reduce these penalties. The open tax years are those years ending December 31, 2015 through December 31, 2018. The December 31, 2018 tax return has not been filed as of the date of this report.

NOTE 7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is primarily funded by contributions from Fairmount Park. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2018</u>
Financial assets, at year end	\$ 104,155
Less those unavailable for general expenditures within one year	<u>(31,194)</u>
Financial assets available to meet cash needs Within one year	<u>\$ 72,961</u>

NOTE 8. NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The Association has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Association's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called *net assets with donor restrictions*.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 7).

ILLINOIS HORSEMEN BENEVOLENT PROTECTIVE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 8. NEW ACCOUNTING PRONOUNCEMENT (Continued)

The changes have the following effect on net assets at December 31, 2018:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU-2016-14</u>
Unrestricted net assets	\$ 71,744	
Temporarily restricted net assets	31,194	
Net assets without donor restrictions		\$ 71,744
Net assets with donor restrictions		31,194
Total net assets	<u>\$ 102,938</u>	<u>\$ 102,938</u>

NOTE 9. SUBSEQUENT EVENTS

Management had evaluated the effects of subsequent events through the date of this report which is the date the financial statements were available to be issued. From this evaluation, no events were identified that met the criteria to be classified as a subsequent event.