



STATE OF INDIANA
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June 19, 2019

Board of Directors
Indiana Standardbred Association, Inc.
311 American Legion Pl
Greenfield, IN 46140

We have reviewed the audit report of Indiana Standardbred Association, Inc. which was opined upon by Jones & Anderson CPA Group, Independent Public Accountants, for the period January 1, 2018 to December 31, 2018. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of Indiana Standardbred Association, Inc. as of December 31, 2018, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Jones & Anderson CPA Group prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

Indiana Standardbred Association, Inc.
(a non-profit organization)

AUDITED FINANCIAL STATEMENTS

December 31, 2018 and 2017



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Indiana Standardbred Association, Inc.

We have audited the accompanying financial statements of Indiana Standardbred Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, 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

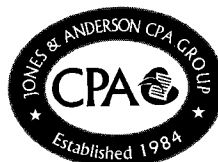
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Standardbred Association, Inc. as of December 31, 2018 and 2017, 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.



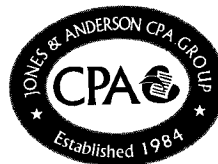
Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on pages 11 and 12 is presented for 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 audit of the financial statements and certain additional 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.

In conjunction with the audit process, we also performed procedures to verify that Indiana Standardbred Association, Inc. complied with 71 IAC 13-1. As a result of these procedures and other audit procedures, we found no instances of fraud, suspected fraud, or misappropriation of funds for the years ended December 31, 2018 and 2017.

Jones & Anderson CPA Group

Jones & Anderson CPA Group
Franklin, Indiana
March 22, 2019



Indiana Standardbred Association, Inc.
 Statements of Financial Position
Period ending December 31, 2018 and 2017

	<u>Assets</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Current Assets			
Cash - Benevolence		\$ 427,348	\$ 420,221
Cash - Operations		542,096	468,855
Cash - Promotion and Welfare		193,606	170,638
Cash - General		<u>183,162</u>	<u>195,945</u>
Total Cash and Cash Equivalents		1,346,212	1,255,659
Accounts Receivable		<u>111,627</u>	<u>104,852</u>
Total Current Assets		<u>1,457,839</u>	<u>1,360,511</u>
Property and Equipment, At Cost			
Building		242,778	242,778
Land		23,101	23,101
Land Improvements		8,430	8,430
Office Furniture		15,437	15,437
Office/Other Equipment		<u>39,732</u>	<u>39,732</u>
Total Property and Equipment		329,478	329,478
Accumulated Depreciation		<u>(72,572)</u>	<u>(62,418)</u>
Net Property and Equipment		<u>256,906</u>	<u>267,060</u>
Total Assets		<u>\$ 1,714,745</u>	<u>\$ 1,627,571</u>
	<u>Liabilities and Net Assets</u>		
Current Liabilities			
Accounts Payable		\$ 37,762	\$ 26,797
Payroll Liabilities		<u>6,470</u>	<u>6,034</u>
Total Current Liabilities		<u>44,232</u>	<u>32,831</u>
Total Liabilities		<u>44,232</u>	<u>32,831</u>
Net Assets			
Without Donor Restrictions			
General-Undesignated		<u>227,805</u>	<u>238,813</u>
		<u>227,805</u>	<u>238,813</u>
With Donor Restrictions			
Operations		910,236	850,594
Benevolence		378,086	374,513
Promotion & Welfare		<u>154,386</u>	<u>130,820</u>
		<u>1,442,708</u>	<u>1,355,927</u>
Total Net Assets		<u>1,670,513</u>	<u>1,594,740</u>
Total Liabilities and Net Assets		<u>\$ 1,714,745</u>	<u>\$ 1,627,571</u>

See accompanying notes and independent auditor's report.

Indiana Standardbred Association, Inc.
 Statements of Activities
 Period ending December 31, 2018 and 2017

12/31/2018

	Without	With Donor Restrictions			Total	
	Donor Restrictions	Operations	Benevolence	Promotion & Welfare	With Donor Restrictions	Total
	General					
Revenues, gains, and other support						
Slot Fund Transfer	\$ -	427,299	655,078	131,016	\$ 1,213,393	\$ 1,213,393
Awards Banquet Reimbursement	-	15,075	-	-	15,075	15,075
Awards Banquet Tickets	-	3,640	-	-	3,640	3,640
IN Standardbred Breed Development	56,000	-	-	-	-	56,000
Hoosier Park Administrative Fees	82,019	-	-	-	-	82,019
Elite Nominations	31,950	-	-	-	-	31,950
Elite Entry Fees	7,600	-	-	-	-	7,600
Indiana Downs Administrative Fees	19,431	-	-	-	-	19,431
Membership Dues	28,775	-	-	-	-	28,775
Magazine Advertising	-	650	-	12,300	12,950	12,950
Stallion Directory	-	19,250	-	-	19,250	19,250
Net assets released from donor restrictions	<u>1,177,527</u>	<u>(406,272)</u>	<u>(651,505)</u>	<u>(119,750)</u>	<u>(1,177,527)</u>	<u>(0)</u>
Total Revenues	<u>1,403,302</u>	<u>59,642</u>	<u>3,573</u>	<u>23,566</u>	<u>86,781</u>	<u>1,490,083</u>
Expenses and Other Losses						
Operation	406,272				-	406,272
Benevolence	651,505				-	651,505
Promotion and Welfare	119,750				-	119,750
General Program Services	103,770				-	103,770
Management and General	133,013				-	133,013
Total Expenses	<u>1,414,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,414,310</u>
Change in Net Assets	(11,008)	59,642	3,573	23,566	86,781	75,773
Net Assets, Beginning of Year	<u>238,813</u>	<u>850,594</u>	<u>374,513</u>	<u>130,820</u>	<u>1,355,927</u>	<u>1,594,740</u>
Net Assets, End of Year	<u>\$ 227,805</u>	<u>\$ 910,236</u>	<u>\$ 378,086</u>	<u>\$ 154,386</u>	<u>\$ 1,442,708</u>	<u>\$ 1,670,513</u>

See accompanying notes and independent auditor's report.

Indiana Standardbred Association, Inc.
 Statements of Activities
 Period ending December 31, 2018 and 2017

	12/31/2017					Total
	Without Donor Restrictions	With Donor Restrictions			Total With Donor Restrictions	
	General	Operations	Benevolence	Promotion & Welfare	Total	
Revenues						
Slot Fund Transfer	\$ -	\$ 423,394	\$ 649,327	\$ 129,866	\$ 1,202,587	\$ 1,202,587
Awards Banquet Reimbursement	-	15,000	-	-	15,000	15,000
Awards Banquet Tickets	-	3,240	-	-	3,240	3,240
IN Standardbred Breed Development	40,000	-	-	-	-	40,000
Hoosier Park Administrative Fees	84,471	-	-	-	-	84,471
Elite Nominations	23,850	-	-	-	-	23,850
Elite Entry Fees	5,300	-	-	-	-	5,300
Indiana Downs Administrative Fees	19,671	-	-	-	-	19,671
Membership Dues	29,325	-	-	-	-	29,325
Miscellaneous Income	1,801	-	-	-	-	1,801
Magazine Advertising	-	-	-	10,978	10,978	10,978
Stallion Directory	-	17,325	-	-	17,325	17,325
Net assets released from donor restrictions	<u>1,303,174</u>	<u>(341,694)</u>	<u>(781,279)</u>	<u>(180,201)</u>	<u>(1,303,174)</u>	<u>-</u>
Total Revenues	<u>1,507,592</u>	<u>117,265</u>	<u>(131,952)</u>	<u>(39,357)</u>	<u>(54,044)</u>	<u>1,453,548</u>
Expenses and Other Lossess						
Operation	341,694				-	341,694
Benevolence	781,279				-	781,279
Promotion and Welfare	180,201				-	180,201
General Program Services	89,280				-	89,280
Management and General	<u>128,713</u>				-	<u>128,713</u>
Total Expenses	<u>1,521,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,521,167</u>
Change in Net Assets	(13,575)	117,265	(131,952)	(39,357)	(54,044)	(67,619)
Net Assets, Beginning of Year	<u>252,388</u>	<u>733,329</u>	<u>506,465</u>	<u>170,177</u>	<u>1,409,971</u>	<u>1,662,359</u>
Net Assets, End of Year	<u>\$ 238,813</u>	<u>\$ 850,594</u>	<u>\$ 374,513</u>	<u>\$ 130,820</u>	<u>\$ 1,355,927</u>	<u>\$ 1,594,740</u>

See accompanying notes and independent auditor's report.

Indiana Standardbred Association, Inc.
 Statements of Cash Flows
Period ending December 31, 2018 and 2017

	<u>12/31/2018</u>	<u>12/31/2017</u>
Cash Flows from Operating Activities:		
Net (Decrease) Increase in Net Assets	\$ <u>75,773</u>	\$ <u>(67,619)</u>
Adjustments to Reconcile Net Increase to Net Cash Provided (Used) by Operating Activities:		
Depreciation	10,154	13,119
(Increase) Decrease in Assets:		
Accounts Receivable	(6,775)	(2,438)
Increase (Decrease) in Liabilities:		
Accounts Payable	10,965	(786)
Other Accrued Liabilities	436	-
Deferred Revenue	<u>-</u>	<u>(7,500)</u>
Total Adjustments	<u>14,780</u>	<u>2,395</u>
Net Cash Provided (Used) by Operating Activities	<u>90,553</u>	<u>(65,224)</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Assets	-	-
Purchase of Capital Assets	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	90,553	(65,224)
Cash and Cash Equivalents		
Beginning of Year	<u>1,255,659</u>	<u>1,320,883</u>
End of Year	<u>\$ 1,346,212</u>	<u>\$ 1,255,659</u>
Supplementary Cash Flow Information		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes and independent auditor's report.

Indiana Standardbred Association, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

The Indiana Standardbred Association, Inc. (the “Organization”) is organized to promote and increase interest in harness horses and harness racing, to establish and promote cooperation between county, state, and pari-mutuel racetrack operators, breeders, owners, trainers, drivers and grooms, to sponsor and promote standardbred racing, breeding, training, and development programs in the State of Indiana, and to represent breeders, owners, drivers, trainers, and grooms in negotiations with racetrack operators and to take other actions in the furtherance of the standardbred racing industry in Indiana.

B. Revenue and Expense Recognition

The Organization prepares its financial records on the accrual basis of accounting. In accordance with normal practice in the Horseman’s industry, the Organization includes asset and liability accounts relating to contracts in current assets and liabilities even when such amounts are realizable or payable over a period in excess of one year. The lives of contracts entered into by the Organization generally range from 1 to 5 years. As of December 31, 2018 and 2017, current assets and liabilities only reflect those items to be realized within one year.

The Organization classifies resources into net asset classes in accordance with donor-imposed restrictions. A description of these categories follows:

Net Assets Without Donor Restrictions – subject to self-imposed limits by action of the governing board

Net Assets With Donor Restrictions – a donor stipulation that specifies a use for a contributed asset.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

D. Support and Revenue

The Organization is funded by monies received under Indiana Code IC 4-35-7-12 through legislation of the State of Indiana. The Organization also receives income from membership dues and fees, in addition to fees received from horse track facilities.

E. Property and Equipment

The cost of property, plant and equipment is depreciated over the estimated useful lives (5 to 39 years) of the related assets. Depreciation is computed on the straight-line basis and accelerated methods for both financial reporting and tax reporting purposes.

Indiana Standardbred Association, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Income Tax

The Organization has been granted exemption from taxation as a not-for-profit organization under Section 501(c)(6) of the Internal Revenue Code. Therefore, no provision or liability has been recognized for income taxes in the accompanying statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a “Private Foundation” within the meaning of Section 509(a) of the Internal Revenue Code. No evidence of unrelated business income was found for 2018 or 2017. The State of Indiana also recognizes that the Organization is exempt from income taxation.

G. Advertising

The Organization’s policy is to expense advertising costs as the costs are incurred. Advertising and promotional expenses shown on the Statements of Functional Expenses includes costs relating to the Stallion Directory and the Organization’s contract with the publicist, in addition to general advertising done by the Organization. For the years ended December 31, 2018 and 2017, total advertising and promotional costs were \$194,521 and \$121,904, respectively.

H. Use of Estimates

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions relating to certain types of assets, liabilities, revenues, and expenses. Such estimates relate primarily to the unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

I. Functional Allocation of Expenses

The costs of the program and other activities have been summarized on a functional basis in the schedule of functional expenses. Methods used in allocating these costs include actual expenses incurred and proportional percentage of allocation.

J. Reclassification

Certain amounts in the 2017 financial statements have been reclassified to conform to 2018 presentation. The 2018 presentation is the adoption of ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU is effective for fiscal years beginning after December 15, 2017. The most notable changes are the presentation of Net Assets.

NOTE 2 – CASH IN EXCESS OF FDIC LIMITS

The Organization maintains cash balances at a bank. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2018, and 2017, cash balances exceeded insured limits by \$1,1106,402 and \$1,018,678 respectively.

Indiana Standardbred Association, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

NOTE 3 – ECONOMIC DEPENDENCY

A significant portion of the Organization's revenue is dependent on the overall economy of the Standardbred industry and funding from the casinos in the State of Indiana. Should the Indiana State Legislature cease the casino operations in the State of Indiana, the Organization might not be able to generate sufficient revenue to continue operations.

NOTE 4 – FUNDS WITH DONOR RESTRICTIONS

The funds allocated and/or designated for the benevolence and welfare/promotions funds are to be used for the purposes as designated and monitored by the Indiana Horse Racing Commission for those funds and are not available for other purposes. In addition to slot revenue funds, income generated from advertising within the Organization's magazine publication is also included in the welfare/promotions account and used solely for promotional activities.

Funds allocated and/or designated for operations are provided from various sources that are both restricted and unrestricted in nature. The restricted portion of the funds are to be used for the purposes as designated and monitored by the Indiana Horse Racing Commission and are not available for other purposes.

While the activity within the operations category is both restricted and unrestricted in nature, the unrestricted activity is immaterial to the financial statements as a whole and has not been shown separately from the remaining activity; rather, all operations activity has been shown as restricted in the Statements of Activities and the supplementary Schedules of Functional Expenses.

NOTE 5 – LIQUIDITY

A significant portion of the Organization's revenue is dependent on the overall economy of the Standardbred industry and funding from the casinos in the State of Indiana. The Indiana Horse Racing Commission ("IHRC"), an agency of the State of Indiana, requires the Organization to submit a budget every year. In the budget, the organization must detail how it will promote and increase interest in harness horses and harness racing and to take other actions in the furtherance of the standardbred racing industry in Indiana. The IHRC's emphasis is to address these initiatives in the here and now, greatly discouraging a long-term view.

Given the direction of the IHRC, the organization does not pursue investments that require a time commitment. All working capital is segregated, yet liquid. The Organization has no plans to pursue investments that would hinder their ability to proactively address the immediate furtherance of the standardbred racing industry in Indiana.

Indiana Standardbred Association, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

NOTE 6 – RELATED PARTY TRANSACTIONS

The Organization has both a scholarship and a college assistance program, whereby monies are awarded to qualified applicants.

During 2018, three scholarships in the amount of \$4,000 each were awarded to the children of three of the Directors on the Board. In addition, \$1,500 in college assistance amount was awarded to the daughter of a different Director on the Board, and \$1,500 in college assistance was awarded to the Board President's grandson.

During 2017, one scholarship in the amount of \$4,000 was awarded to the daughter of a Director on the Board. In addition, \$1,500 each (\$4,500 total) in college assistance was awarded to the Board President's daughter-in-law, a stepson of a Director, and a daughter of a Director.

In all cases, neither the directors nor the board President were involved in the award granting process and did not participate in the voting. The scholarships and/or college assistance awards are available to any members meeting the eligibility requirements.

NOTE 7 – SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2018, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosures is March 22, 2019, which is the date the financial statements were available to be issued. There are no subsequent events of a material nature.

SUPPLEMENTARY INFORMATION

Indiana Standardbred Association, Inc.
Schedules of Functional Expenses
Period ending December 31, 2018 and 2017

12/31/2018

	<u>PROGRAM SERVICES</u>				Total Program Services	<u>SUPPORTING ACTIVITIES</u>	
	<u>General</u>	<u>Operations</u>	<u>Benevolence</u>	<u>Promotion & Welfare</u>		<u>Magagement General</u>	<u>Total Expenses</u>
Standardbred Promotion	97,770	102,180	-	78,393	278,343		\$ 278,343
Horsemen Benefits		38,814	557,708	-	596,522		596,522
Grants to Others	6,000	32,329	21,688	5,000	65,017		65,017
Salaries and Benefits		91,007	12,470	-	103,477	-	103,477
Service and Professional		47,710	25,080	-	72,790	95,548	168,338
Depreciation		10,154			10,154		10,154
Other		84,078	34,559	36,357	154,994	37,465	192,459
	<u>\$ 103,770</u>	<u>\$ 406,272</u>	<u>\$ 651,505</u>	<u>\$ 119,750</u>	<u>\$ 1,281,297</u>	<u>\$ 133,013</u>	<u>\$ 1,414,310</u>

See independent auditor's report.

Indiana Standardbred Association, Inc.
Schedules of Functional Expenses
Period ending December 31, 2018 and 2017

12/31/2017

	<u>PROGRAM SERVICES</u>				Total	<u>SUPPORTING ACTIVITIES</u>	
	<u>General</u>	<u>Operations</u>	<u>Benevolence</u>	<u>Promotion & Welfare</u>	<u>Program Services</u>	<u>Magagement General</u>	<u>Total Expenses</u>
Standardbred Promotion	\$ 79,627	\$ 111,589	\$ -	\$ 131,206	\$ 322,422		\$ 322,422
Horsemen Benefits		12,460	665,534	-	677,994		677,994
Grants to Others	9,653	23,594	21,500	5,000	59,747		59,747
Salaries and Benefits		64,154	39,249	-	103,403	-	103,403
Service and Professional		46,944	15,014	-	61,958	104,415	166,373
Depreciation		13,119			13,119		13,119
Other		69,834	39,982	43,995	153,811	24,298	178,109
	<u>\$ 89,280</u>	<u>\$ 341,694</u>	<u>\$ 781,279</u>	<u>\$ 180,201</u>	<u>\$ 1,392,454</u>	<u>\$ 128,713</u>	<u>\$ 1,521,167</u>

See independent auditor's report.