

AMERICAN HACKNEY HORSE SOCIETY

COMPILED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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KOLNICKI



PETERSON



The Board of Directors
American Hackney Horse Society
Lexington, Kentucky

WIRTH

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of American Hackney Horse Society (a nonprofit organization), which comprise the balance sheets as of December 31, 2015 and 2014, and related statements of activities, changes in net assets, and cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the Statement on Standards for Accounting and Review Services promulgated by Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

KOLNICKI, PETERSON, WIRTH LLC
Certified Public Accountants

Downers Grove, Illinois
July 1, 2016

**AMERICAN HACKNEY HORSE SOCIETY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash	\$ 103,070	\$ 110,363
Certificates of Deposits	<u>157,041</u>	<u>157,041</u>
Total assets	<u>\$ 260,111</u>	<u>\$ 267,404</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 185	\$ 380
Payroll taxes payable	<u>1,710</u>	<u>1,656</u>
Total current liabilities	<u>1,895</u>	<u>2,036</u>
 NET ASSETS		
Unrestricted net assets	<u>258,216</u>	<u>265,368</u>
Total liabilities and net assets	<u>\$ 260,111</u>	<u>\$ 267,404</u>

See accompanying notes and independent
accountant's compilation report.

AMERICAN HACKNEY HORSE SOCIETY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
REVENUE		
Administrative income	\$ 15,280	\$ 18,155
Membership dues	56,881	58,924
Parentage and misc. revenue	17,326	14,530
Program fees revenue	62,200	65,751
Promotional fees income	13,799	52,802
Registration fees income	14,967	17,369
Interest income	14	43
Total revenue	<u>180,467</u>	<u>227,574</u>
EXPENSES		
Program Expenses:		
Program Payouts - LBS	46,120	63,870
Program Payouts - other	35,132	37,995
Trophy and awards	6,375	7,457
Total program expenses	<u>87,627</u>	<u>109,322</u>
Management and General Expenses:		
Bank charges	163	70
Dues and subscriptions	200	600
Employee benefits	6,555	5,239
Equipment expenses	4,517	4,834
Insurance expense	3,661	1,968
Licenses and permits	99	109
Meetings and conferences	1,524	7,091
Office Supplies	4,788	1,509
Parentage verification	9,470	8,168
Payroll tax expenses	4,006	5,444
Postage and freight	2,572	3,067
Printing and publications	491	1,298
Professional services	36	484
Promotional expenses	2,221	2,150
Rent expense	10,931	9,494
Salary and wages	42,500	36,565
Telephone expense	4,770	4,427
Travel and lodging	519	736
Utilities expenses	969	1,007
Total management and general expenses	<u>99,992</u>	<u>94,260</u>
Total expenses	<u>187,619</u>	<u>203,582</u>
CHANGE IN NET ASSETS	<u>\$ (7,152)</u>	<u>\$ 23,992</u>

See accompanying notes and independent
accountant's compilation report.

**AMERICAN HACKNEY HORSE SOCIETY
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
BALANCE, BEGINNING OF YEAR	\$ 265,368	\$ 241,376
Change in net assets	<u>(7,152)</u>	<u>23,992</u>
BALANCE, END OF YEAR	<u>\$ 258,216</u>	<u>\$ 265,368</u>

See accompanying notes and independent
accountant's compilation report.

AMERICAN HACKNEY HORSE SOCIETY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in unrestricted net assets	\$ (7,152)	\$ 23,992
Adjustments to reconcile unrestricted net assets to net cash provided (used) from operating activities:		
Increase (decrease) in:		
Accounts payable	(195)	(135)
Payroll taxes payable	<u>54</u>	<u>1</u>
Net cash flows provided (used) by operating activities	(7,293)	23,858
Cash, beginning of year	<u>267,404</u>	<u>243,546</u>
Cash, end of year	<u>\$ 260,111</u>	<u>\$ 267,404</u>

See accompanying notes and independent
accountant's compilation report.

**AMERICAN HACKNEY HORSE SOCIETY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2015 AND 2014**

American Hackney Horse Society (the "Society") is a not-for-profit national service organization. The Society's purpose is to improve the Hackney Breed and promote the breeding of quality Hackney horses and ponies, to further the interest in the Hackney breed, and encourage the breeders to register their hackney horses and ponies, and encourage exhibitors to support horse shows by showing their horses and ponies. The Society maintains its accounting records on the accrual basis with its fiscal year ending December 31. Significant accounting policies followed by the Society are presented below.

CASH AND CASH EQUIVALENTS

The Society considers all highly liquid investments, with a maturity of three months or less, when purchases, to be cash equivalents.

NET ASSETS

The Society has adopted the provisions of FASB Accounting Standards Codification FASB (ASC) No. 958-210-45-9, Not-for-Profit Entities, Balance Sheet. FASB (ASC) No. 958-210-45-9 requires the reporting of total assets, liabilities and net assets in a statement of position; reporting the change in net assets in a statement of changes in net assets; and reporting sources and uses of cash and cash equivalents in a statement of cash flows. FASB (ASC) No. 958-210-45-9 also requires that net assets and revenues, gains, expenses and losses be classified as unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor-imposed restrictions.

Unrestricted net assets are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors, and accordingly, includes board designated assets. For the years ended December 31, 2015 and 2014, all of Service Specialists Society's net assets are considered unrestricted.

REVENUE RECOGNITION

Membership dues and expenses are recognized as revenues and expenses in the period to which they are received.

**AMERICAN HACKNEY HORSE SOCIETY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2015 AND 2014**

INCOME TAX STATUS

The Internal Revenue Service has ruled that the Organization is exempt from the payment of federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code as an educational and charitable organization.

The Financial Accounting Standards Board (FASB) issued ASC 740-10-05 "Accounting for Uncertainty in Income Taxes" that clarified the accounting and recognition for income tax positions taken or expected to be taken in the Organization's income tax returns. The Organization adopted the standard in 2012.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2012 through 2014. In evaluating the Company's tax provisions and accruals, future taxable income and the reversal of temporary differences, interpretations of tax planning strategies are considered. The Organization believes their estimates are based on current facts and circumstances.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

BASIS OF PRESENTATION

The financial statements present the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ASC 958-605-30-10, "Not-for-Profit Entities, Revenue Recognition, Initial Measurement, Contributed Services". Under ASC 958-605-30-10, the Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2015 and 2014, there were no temporarily or permanently restricted net assets.

AMERICAN HACKNEY HORSE SOCIETY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2015 AND 2014

CONTRIBUTIONS

Contributions are recognized when the funds are received. Restricted contributions that are both received and expended in the same calendar year are reported as unrestricted revenues. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

FUNCTIONAL CLASSIFICATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

DONATED SERVICES

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by people with those skills, and would otherwise be purchased by the Organization. During December 31, 2015 and 2014, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

RECLASSIFICATIONS

Certain reclassifications in the Society have been made to the prior year financial statements in order for them to be in conformity with the current year presentation. These reclassifications had a \$2,000 affect net assets for 2014.

NOTE 1 - SUBSEQUENT EVENTS

Management had evaluated events through July 1, 2016, the date when the financial statements were available to be issued.

This information is an integral part of the
accompanying financial statements.