

**ARABIAN HORSE ASSOCIATION**  
**AND ARABIAN BREEDERS SWEEPSTAKES TRUST**

Combined Financial Statements As Of March 31, 2024  
(With Summarized Financial Information For  
The Year Ended March 31, 2023)

Together With Independent Auditors' Report



**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Arabian Horse Association:

**Opinion**

We have audited the accompanying combined financial statements of Arabian Horse Association and Arabian Breeders Sweepstakes Trust (collectively referred to as the "Organization", which comprise the combined statement of financial position as of March 31, 2024, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of March 31, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the combined Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

*Members:*

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Independent Auditors' Report (Continued)

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the unsolicited financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Independent Auditors' Report (Continued)

**Report on Summarized Comparative Information**

We have previously audited the Organization's March 31, 2023 financial statements, and our report dated November 14, 2024, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedules 1-5 are presented for purposes of additional analysis and are 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.

***JDS Professional Group***

July 10, 2025

**ARABIAN HORSE ASSOCIATION**  
**Combined Statement of Financial Position**  
**As of March 31, 2024**  
(with Summarized Financial Information as of March 31, 2023)

	ASSETS							
	Net Assets Without Donor Restrictions							
	Operations	Prize Money Programs	Total	Purpose Restrictions	Perpetual in Nature	Total Net Assets With Donor Restrictions	Current Year Total	Prior Year Total
Assets:								
Cash and cash equivalents (Note 4)	\$ 932,335	\$ 375,614	\$ 1,307,949	\$ 6,271	\$ -	\$ 6,271	\$ 1,314,220	\$ 3,626,473
Investments (Note 4)	4,660,678	10,091,270	14,751,948	(467)	63,423	62,956	14,814,904	12,018,816
Receivables -								
Interest	41,411	-	41,411		128	128	41,539	8,595
Trade, net of allowance	138,161	-	138,161	-	-	-	138,161	260,096
Promises to give, net of allowance (Note 2)	0	-	-			-	-	-
Notes receivable, net of allowance (Note 6)	40,815	-	40,815	-	-	-	40,815	46,870
Inventory	327,755	-	327,755	-	-	-	327,755	311,429
Prepayments and other assets	207,694	-	207,694	-	-	-	207,694	131,038
Deferred tax asset, net of allowance (Note 3)	135,364	-	135,364	-	-	-	135,364	-
Interfund receivable/(payable)	734,882	(730,738)	4,144	5,645	(9,789)	(4,144)	-	-
Property and equipment, net of accumulated depreciation (Note 7)	1,632,198	-	1,632,198	-	-	-	1,632,198	1,659,228
<b>TOTAL ASSETS</b>	<b>\$ 8,851,293</b>	<b>\$ 9,736,146</b>	<b>\$ 18,587,439</b>	<b>\$ 11,449</b>	<b>\$ 53,762</b>	<b>\$ 65,211</b>	<b>\$ 18,652,650</b>	<b>\$ 18,062,545</b>
LIABILITIES AND NET ASSETS								
Liabilities:								
Accounts payable	\$ 524,607	\$ 108,050	\$ 632,657	\$ -	\$ -	\$ -	\$ 632,657	\$ 843,728
Accrued liabilities	209,058	1,000	210,058	-	-	-	210,058	243,257
Refundable advance	-	-	-				-	100,000
Deferred revenues (Note 9)	878,260	-	878,260	-	-	-	878,260	1,001,115
Financial lease liabilities (Note 14)	95,277	-	95,277	-	-	-	95,277	85,293
Obligations to prize programs (Note 10)	40,815	9,627,096	9,667,911	-	-	-	9,667,911	9,781,313
<b>Total Liabilities</b>	<b>1,748,017</b>	<b>9,736,146</b>	<b>11,484,163</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,484,163</b>	<b>12,054,706</b>
Commitments & Contingencies (Note 15)								
Net Assets: (Note 11)								
Net assets without donor restrictions								
Undesignated	5,399,037	-	5,399,037	-	-	-	5,399,037	4,579,343
Designated	1,704,239	-	1,704,239	-	-	-	1,704,239	1,363,285
<b>Total net assets without donor restrictions</b>	<b>7,103,276</b>	<b>-</b>	<b>7,103,276</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,103,276</b>	<b>5,942,628</b>
Net assets with donor restrictions - purpose restrictions	-	-	-	11,449	-	11,449	11,449	11,449
Net assets with donor restrictions - perpetual in nature	-	-	-	-	53,762	53,762	53,762	53,762
<b>Total Net Assets</b>	<b>7,103,276</b>	<b>-</b>	<b>7,103,276</b>	<b>11,449</b>	<b>53,762</b>	<b>65,211</b>	<b>7,168,487</b>	<b>6,007,839</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 8,851,293</b>	<b>\$ 9,736,146</b>	<b>\$ 18,587,439</b>	<b>\$ 11,449</b>	<b>\$ 53,762</b>	<b>\$ 65,211</b>	<b>\$ 18,652,650</b>	<b>\$ 18,062,545</b>

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

**ARABIAN HORSE ASSOCIATION**  
Combined Statement of Activities  
For the Year Ended March 31, 2024  
(with Summarized Financial Information for the year ended March 31, 2023)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		Current Year Total	Prior Year Total
		Purpose Restrictions	Perpetual In Nature		
<b>REVENUES AND OTHER SUPPORT:</b>					
Horse shows	\$ 6,650,069	\$ -	\$ -	\$ 6,650,069	\$ 6,278,919
Registrations	710,400	-	-	710,400	727,239
Memberships dues	917,484	-	-	917,484	863,205
Service fees	1,042,071	-	-	1,042,071	1,125,277
Grants	446,500	-	-	446,500	775,000
Sponsorship/donations	17,842	-	-	17,842	98,377
Merchandising	117,006	-	-	117,006	121,447
Net investment return	990,948	-	-	990,948	(337,741)
Fund raising	6,685	-	-	6,685	17,616
Government grant	-	-	-	-	457,150
Gain on sale of building	-	-	-	-	1,727,818
Other	232,622	-	-	232,622	563,862
Total Revenue and Other Support	11,131,627	-	-	11,131,627	12,418,169
<b>EXPENSES:</b>					
Program Services -					
Events and shows	5,881,748	-	-	5,881,748	5,769,288
Sales and marketing	238,888	-	-	238,888	160,113
Member services	563,875	-	-	563,875	533,519
Registry services	579,066	-	-	579,066	579,385
Judges programs	381,372	-	-	381,372	343,109
Total Program Expenses	7,644,949	-	-	7,644,949	7,385,414
Supporting Services -					
General administration	1,937,664	-	-	1,937,664	2,491,474
Membership development	172,263	-	-	172,263	171,435
Total Supporting Services Expenses	2,109,927	-	-	2,109,927	2,662,909
Total Expenses	9,754,876	-	-	9,754,876	10,048,323
Changes in Net Assets From Operations	1,376,751	-	-	1,376,751	2,369,846
Non-Operating Expenses:					
Royalty expense (Note 15)	(216,103)	-	-	(216,103)	(217,000)
<b>CHANGES IN NET ASSETS</b>	<b>1,160,648</b>	<b>-</b>	<b>-</b>	<b>1,160,648</b>	<b>2,152,846</b>
Net Assets, Beginning of Year	5,942,628	11,449	53,762	6,007,839	3,854,993
Net Assets, End of Year	<u>\$ 7,103,276</u>	<u>\$ 11,449</u>	<u>\$ 53,762</u>	<u>\$ 7,168,487</u>	<u>\$ 6,007,839</u>

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

**ARABIAN HORSE ASSOCIATION**  
Combined Statement of Functional Expenses  
For the Year Ended March 31, 2024  
(with Summarized Financial Information for the year ended March 31, 2023)

	<u>Events &amp; Shows</u>	<u>Sales &amp; Marketing</u>	<u>Member Services</u>	<u>Registry Services</u>	<u>Judges Programs</u>	<u>- General Administration</u>	<u>Membership Development</u>	<u>Current Year Total</u>	<u>Prior Year Total</u>
EXPENSES:									
Salaries and benefits	\$ 532,433	\$ -	\$ 338,807	\$ 352,485	\$ 163,661	\$ 1,492,698	\$ 74,060	\$ 2,954,144	\$ 2,911,213
Travel, lodging, and meals	28,146	16,158	5,163	24,203	70,928	61,184	10,054	215,836	246,102
Facilities costs	1,376,796	-	-	-	-	-	-	1,376,796	1,355,806
Production costs	1,664,273	-	-	-	-	-	-	1,664,273	1,408,239
Personnel & volunteer costs	1,143,695	-	-	-	-	-	-	1,143,695	1,182,351
Other program costs	781,179	-	-	-	-	-	-	781,179	821,471
Services and professional fees	2,015	-	1,650	55,759		81,625	-	141,049	438,401
Publications, postage, & printing	4,811	22,420	18,119	28,267	8,652	9,996	33,966	126,231	127,064
Promotions and outreach	35,218	146,684	83,544	-	820	4,586	6,122	276,974	175,544
Office and occupancy costs	84,468	25,461	46,635	45,571	102,327	44,943	13,555	362,960	642,161
Business systems & communications	37,695	17,510	30,156	36,559	17,267	119,929	7,779	266,895	257,109
Bank service & merchant fees	169,126	1,898	22,286	18,707	8,960	12,584	22,348	255,909	267,330
Depreciation	21,893	8,757	17,515	17,515	8,757	65,680	4,379	144,496	148,329
Taxes and fees	-	-	-	-	-	44,439	-	44,439	67,203
Total Functional Expenses	<u>\$ 5,881,748</u>	<u>\$ 238,888</u>	<u>\$ 563,875</u>	<u>\$ 579,066</u>	<u>\$ 381,372</u>	<u>\$ 1,937,664</u>	<u>\$ 172,263</u>	<u>\$ 9,754,876</u>	<u>\$ 10,048,323</u>

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

**ARABIAN HORSE ASSOCIATION**  
Combined Statement of Cash Flows  
For the Year ended March 31, 2024  
(with Summarized Financial Information for the year ended March 31, 2023)

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>			Prior
	<u>Operations</u>	<u>Prize Money Programs</u>	<u>Total</u>	<u>Purpose Restrictions</u>	<u>Perpetual in Nature</u>	<u>Total</u>	<u>Year Total</u>
Cash flows from operating activities:							
Changes in Net Assets	\$ 1,160,648	\$ -	\$ 1,160,648	\$ -	\$ -	\$ 1,160,648	\$ 2,152,846
Adjustments to reconcile Change in Net Assets to net cash provided by operating activities:							
Depreciation	106,333	-	106,333	-	-	106,333	117,653
Amortization of right-of-use assets	39,118	-	39,118	-	-	39,118	28,379
Forgiveness of PPP	-	-	-	-	-	-	(457,150)
(Gain) on sale of property and equipment	-	-	-	-	-	-	(1,727,818)
Allowance for doubtful accounts	(30,000)	-	(30,000)	-	-	(30,000)	30,000
Allowance on deferred tax asset	(141,779)	-	(141,779)	-	-	(141,779)	-
(Gain)/loss on investment fair market	(383,491)	-	(383,491)	-	-	(383,491)	622,475
Decrease (increase) in receivables	119,119	-	119,119	-	(128)	118,991	(120,338)
Decrease (increase) in notes receivable	6,055	-	6,055	-	-	6,055	(2,725)
Decrease (increase) in inventories	(16,326)	-	(16,326)	-	-	(16,326)	(254,710)
Decrease (increase) in deferred tax asset	6,415	-	6,415	-	-	6,415	-
Decrease (increase) in prepayments	(76,656)	-	(76,656)	-	-	(76,656)	52,622
Increase (decrease) in accounts payable	(215,948)	4,877	(211,071)	-	-	(211,071)	217,177
Increase/(decrease) in interfund payable	(380,209)	378,512	(1,697)	-	1,697	-	-
Increase (decrease) in accrued liabilities	(32,461)	(738)	(33,199)	-	-	(33,199)	44,471
Increase (decrease) in refundable advance	(100,000)	-	(100,000)	-	-	(100,000)	100,000
Increase (decrease) in deferred revenue	(122,855)	-	(122,855)	-	-	(122,855)	48,712
Increase (decrease) in obligations to prize money programs	(6,055)	(107,347)	(113,402)	-	-	(113,402)	(63,053)
Net cash provided by (used in) operating activities	(68,092)	275,304	207,212	-	1,569	208,781	788,541
Cash flows from investing activities:							
Purchases of property and equipment	(47,108)	-	(47,108)	-	-	(47,108)	(1,535,353)
Proceeds from the sale of property	-	-	-	-	-	-	2,160,000
Net investment activity	(1,676,500)	(734,529)	(2,411,029)	1	(1,569)	(2,412,597)	(1,719,468)
Net cash provided by (used in) investing activities	(1,723,608)	(734,529)	(2,458,137)	1	(1,569)	(2,459,705)	(1,094,821)
Cash flows from financing activities:							
Payments on finance lease liabilities	(61,329)	-	(61,329)	-	-	(61,329)	(30,463)
Net cash provided by (used in) financing activities	(61,329)	-	(61,329)	-	-	(61,329)	(30,463)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,853,029)</b>	<b>(459,225)</b>	<b>(2,312,254)</b>	<b>1</b>	<b>-</b>	<b>(2,312,253)</b>	<b>(336,743)</b>
Cash and Cash Equivalents at Beginning of Year	2,785,364	834,839	3,620,203	6,270	-	3,626,473	3,963,216
Cash and Cash Equivalents at End of Year	\$ 932,335	\$ 375,614	\$ 1,307,949	\$ 6,271	\$ -	\$ 1,314,220	\$ 3,626,473

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



**ARABIAN HORSE ASSOCIATION**  
Notes to Combined Financial Statements  
For the Year Ended March 31, 2024

**(1) Reporting Entity**

**Purposes of the Organization**

Combined financial statements are based on the assumption that they present the financial positions and results of operations as a single entity. The reporting entity referred to as the “Organization” includes the accounts of two organizations, Arabian Horse Association (the “Association”) and the Arabian Breeders Sweepstakes Trust (the “Sweepstakes Trust”). All significant intercompany accounts and transactions have been eliminated.

The Association is a non-profit corporation. The Association was incorporated to aid and encourage the breeding, exhibiting, use and perpetuation of the Arabian horse as well as Half-Arabian and Anglo-Arabian horses. The majority of the Organization’s revenues are derived from national championship Arabian horse shows, Arabian, Half-Arabian and Anglo-Arabian horse registration revenue, memberships and program service fees.

The Sweepstakes Trust is a Trust duly and legally existing under and by virtue of Colorado law. The Sweepstakes Trust was formed in May 1984 and received Federal tax-exempt status in November 2010. The Sweepstakes Trust was established to perform the purposes stated in Internal Revenue Code 501(c)(5) including aiding and encouraging the breeding, exhibiting, using, and perpetuation of the Arabian, Half-Arabian, and Anglo-Arabian horses. The Trustees of the Sweepstakes Trust is the Arabian Horse Association acting by and through its Board of Directors. The Trustees of the Sweepstakes Trust are elected by the Association’s Board of Directors. The majority of the Sweepstakes Trusts’ revenues are derived from program entry fees.

**Description of Without Donor Restrictions Program Activities and Supporting Services**

**Events and Shows**

The Events and Shows program expenses include costs related to the management and maintenance of the records for the Association’s horse shows and other events. The following is a description of these activities:

**Events**

The Association sponsors the following Arabian, Half-Arabian and Anglo-Arabian horse show competitions during the year: U.S. Nationals, Canadian Nationals, Youth and Mid-Summer Nationals, Sport Horse Nationals, and Distance Nationals Championship. The Association works with applicable volunteer committees to promote and manage these competitions. Included in this area is the cost to fulfill the commitments associated with commercial exhibit space, patron packages, event seating, farm flags and event sponsors for the Association’s national events.

**Convention**

The Association holds an annual meeting where delegates from the Association’s Member Organizations gather to carry on the business of the Association. Such business includes the election of officers, meetings of committees and the consideration of resolutions. The Association works with the applicable volunteer committees in order to promote and coordinate the convention.

**Youth Activities**

The Association develops and administers activities for its members who are age eighteen and under. Such activities include the Arabian Horse Youth Association, regional youth team tournaments, youth achievement awards and horse judging contests.

**ARABIAN HORSE ASSOCIATION**  
Notes to Combined Financial Statements  
(continued)

**Sales and Marketing**

The Sales and Marketing expenses span several budget departments and related expenses. Responsibilities include advancing the corporate identity and visibility of AHA products and services and Arabian, Half-Arabian and Anglo-Arabian horses to the public.

**Market Development & Promotion**

These expenses relate to the execution of the Market Development & Promotion Plan which includes design and printing of promotional materials, advertising in AHA and non-AHA publications, attendance at exhibitions for the purpose of promoting the Arabian/Half-Arabian horses and AHA, the development of educational materials and videos, trophies/awards related to Incentive Riding Programs and other recognition programs. Other expenses relate to the Market Development and Promotion Committee meetings and staff travel expenses to various events and meetings.

**Communications**

The responsibilities of Communications are to write copy for collateral materials, press releases, AHA website and advertising used by departments across AHA. Expenses relate to the purchase of photography management of press releases and public relations contacts, educational publications and memberships, as well as staff travel and lodging related to covering AHA events.

**Design and Publications**

The Association designs and produces many of its printed materials such as pamphlets, flyers, brochures, prize lists, forms, show programs, convention materials and the annual handbook.

**Sponsorships and Merchandisers**

Sponsorship expenses include the related costs and staff time for the fulfillment of sponsorship contractual requirements and merchandising relationships. In addition, various office supplies and related costs are incurred to support sales and fulfillment by staff of sponsorship and merchandiser relationships.

**Event Sales**

Expenses included relate to the sale of event packages such as commercial exhibit space, patronships and sponsorships.

**Member Services**

Member Services program expenses include the costs of maintaining the membership records of the Organization and administering the following program activities:

**Shows**

The Association is responsible for recognizing US Equestrian Federation rated and Equine Canada equivalent shows. Association recognition is sought so that show exhibitors can earn qualification points for future shows and for achievement awards. Expenses include the cost of administering the recognition process, maintaining the related show results records and processing the national show entries.

**ARABIAN HORSE ASSOCIATION**  
Notes to Combined Financial Statements  
(continued)

**Achievement Awards**

The Association administers and issues achievement awards for all Arabian, Half-Arabian and Anglo-Arabian horses and amateur exhibitors that are enrolled in this program.

**Agency Relationships**

The Association acts in an agency capacity for the Sweepstakes, Halter Futurity, Yearling Jackpot and Performance Futurity programs. This includes the collection of all cash, payment of prize money and the record keeping for all facets of these programs (see supplemental financial statements). Net interest on the entries received in the Sweepstakes, Yearling Jackpot, and Performance Futurity programs is added to prize payout for these programs. Interest on the entries received in the Halter Futurity program is used to support the activities of the Association.

**Registry Services**

The Association registers and transfers the recorded ownership of Arabian, Half-Arabian and the Anglo-Arabian horses. Expenses include the cost of maintaining the registration and transfer for these stud books, genetic testing, racing certificates, registration certificate changes, special service file investigations and delivery of customer service.

**Judges Programs**

The Judges program expenses include the costs associated with the operation of the Judges & Stewards Commissioner's office including judges schools, seminars, evaluations and all related committees. Also included are the costs associated with the Majority Opinion Scoring system.

**General Administration**

General administration expenses include business management, office, building, purchasing, information systems, accounting, human resources, legal, insurance, general public relations and Board and committee operations.

**Membership Development**

Membership development expenses include costs related to promoting membership in the Association and developing and providing new services and benefits to its members.

**(2) Summary of Significant Accounting Policies**

**Method of Accounting**

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

**Recently Adopted Accounting Standards**

On April 1, 2023, the Association adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses* (Topic 326) (ASC 326) and all related subsequent amendments thereto using the modified retrospective approach. Results for the reporting periods beginning after April 1, 2023 are presented under current expected credit loss ("CECL") while prior period amounts continue to be reported in accordance with previously applicable accounting standards. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the CECL methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including accounts and notes receivable. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The adoption did not have an impact to the financial statements for the year ended March 31, 2024.

**ARABIAN HORSE ASSOCIATION**  
Notes to Combined Financial Statements  
(continued)

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and with donor restrictions as follows:

**Net assets without donor restrictions:** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**Net assets with donor restrictions:** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**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 at the date of the financial statements. Management estimates also affect the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates, and those differences could be material.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an initial maturity of three months or less, except for money market funds, to be cash equivalents.

**Fair Value Measurements**

The Organization follows *Fair Value Measurements* which among other things require enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Exchange Traded Funds:* Valued at the closing price reported on the active market on which the funds are traded.

**ARABIAN HORSE ASSOCIATION**  
Notes to Combined Financial Statements  
(continued)

*Treasury bills:* The fair value of the treasury bills is based on amortized cost or original cost plus accrued interest.

*Guaranteed certificate:* Valued at amortized cost or original cost plus accrued interest.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate fair value because of the immediate or short-term maturities of these financial instruments.

### **Trade Receivables**

The Association's policy for charging off receivables is when future payments thereon are determined to be improbable. In determining the amount of the allowance as of the statement of financial position date, the Association develops a loss rate. The loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions and based on a specific assessment of the creditworthiness of each customer. As of March 31, 2024, there was an allowance for credit losses on accounts receivable balances of \$14,367. Additionally, there was a \$30,000 decrease in this allowance during the year ended March 31, 2024.

### **Inventory**

Inventory consists of trophies, plaques and ribbons for the Organization's horse shows. Inventory is recorded at the lower of cost or net realizable value.

### **Property and Equipment**

Property and equipment is stated at cost or fair market value, if donated, and depreciated over the following estimated useful lives using the straight-line method:

Furniture and fixtures	10 years
Equipment and software	5 years
Films	3 years
Building and land improvements	10 years
Building	30 years

Expenditures for maintenance, repairs and minor replacements are charged to operations and expenditures for major replacements and improvements of \$1,000 or more are capitalized.

### **Leases**

The Association determines if an arrangement is or contains a lease at inception. Leases are included in property and equipment and lease liabilities on the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Association does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

**ARABIAN HORSE ASSOCIATION**  
Notes to Combined Financial Statements  
(continued)

**Measure of Operations**

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Association's ongoing services and interest and dividends earned on investments. Nonoperating activities include royalties paid on the license agreement and other activities considered to be of a more unusual or nonrecurring nature.

**Revenue And Revenue Recognition**

Horse show revenues are recognized at a point in time as the shows are held. Registration revenues are recognized at a point in time as performance obligations are met. Performance obligations consist of issuing certificates and registering foals. Membership dues revenue (excluding life memberships) is recognized over the membership period as this revenue only has an exchange element based on the value of benefits provided. Life membership revenue is recognized over the expected active membership period which has been determined at ten years. Service fees revenues are recognized at a point in time and over time as performance obligations are met. Performance obligations consist of providing service and holding horse shows. Advertising revenue is recognized at a point in time as magazines are printed (performance obligations are met). Merchandising revenues are recognized as items are sold (point in time) and over time for the Data Source subscriptions. Other revenue is recognized at a point in time as services are performed. Payments are due upon invoicing. Total service fee and merchandising revenues recognized at a point in time was \$459,697 and over time was \$699,380.

The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. As of March 31, 2024, total unconditional promises to give was \$410,000 and it has a full allowance against it.

Conditional promises to give with a measurable performance or other barrier and a right of return/right of release are not recognized until the conditions on which they depend have been met. As of March 31, 2024, contributions approximating \$773,100, have not been recognized in the accompanying statement of activities because the condition on which they depend has not yet been met. The conditional contributions depend upon the show being held.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

**Donated Services**

A significant portion of the Association's functions, which are conducted by unpaid volunteers, is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition.

**Methods Used for Allocation of Expenses from Management and General Activities**

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. These expenses include depreciation, office & facilities maintenance, business systems maintenance, supplies, and bank service & merchant fees. Depreciation, office & facilities maintenance, business systems maintenance, and supplies expenses are all allocated based on relative staffing levels for the functional groups. Bank service & merchant fees are allocated based on relative revenues earned by the functional groups.

**Comparative Financial 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization financial statements for the year ended March 31, 2023, from which the summarized information was derived.

**ARABIAN HORSE ASSOCIATION**  
Notes to Combined Financial Statements  
(continued)

**Reclassification**

Certain prior year amounts have been reclassified in the current year in order to conform to the current year presentation.

**Evaluation of Subsequent Events**

The Organization has performed an evaluation of subsequent events through July 10, 2025, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

**(3) Income Taxes**

The Association and Sweepstakes Trust are exempt from income tax under 501(c)(5) of the Internal Revenue Code except for amounts representing unrelated business income.

Certain portions of the Organization's operations are subject to unrelated business income tax. No income tax expense was incurred for the year ended March 31, 2024.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

The Organization is no longer subject to U.S. federal and state income tax audits on its Form 990 and Form 990-T for years prior to Fiscal Year 2021 and is no longer subject to audits on its related state return by taxing authorities for years prior to Fiscal Year 2020. The years subsequent to these years contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Organization believes no material issues would arise. Historically, the Sweepstakes Trust's has operated as a division of the Association and accordingly, the Sweepstakes Trust's activity has been included in the Association's tax return. The Sweepstakes Trust applied for its own tax exempt status and was notified on May 8, 2012, the acceptance of such tax exempt status by the Internal Revenue Service. The Sweepstakes Trust commenced filing its own Form 990 beginning with the fiscal year ended March 31, 2012.

The deferred tax asset for the year ended March 31, 2024, was \$135,364. This reflects the income tax impact of the estimated net operating loss carry-forward in the amount of \$532,928 of which \$295,121 expires in various fiscal years ending from 2029-2035 and \$237,807 can be used indefinitely. During the year ended March 31, 2024, the valuation allowance decreased by \$141,779.

**ARABIAN HORSE ASSOCIATION**  
Notes to Combined Financial Statements  
(continued)

**(4) Investments and Concentration of Credit Risk**

The following table presents the Organization's investments as of March 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Exchange Traded Funds				
Preferred stocks	\$ 1,351,082	\$ -	\$ -	\$ 1,351,082
Large value stocks	1,181,049	-	-	1,181,049
Large blend stocks	1,184,752	-	-	1,184,752
Short term bonds	1,975,037	-	-	1,975,037
Intermediate term bonds	670,011	-	-	670,011
Treasury bonds	847,729	-	-	847,729
Corporate bonds	908,825	-	-	908,825
U.S. Treasury Bills	6,186,527			6,186,527
Guaranteed certificate	15,186	-	-	15,186
Total investments in				
fair value hierarchy table	<u>\$ 14,320,198</u>	<u>\$ -</u>	<u>\$ -</u>	14,320,198
Money Market				494,706
Total investments, at fair value				<u>\$ 14,814,904</u>

**Concentration of Credit Risk:**

The money markets invest in U.S. government securities and are not concentrated in any specific U.S. geographical area or industry group. The exchange traded funds invest in stocks, tracked in national indexes such as the S&P500, and diversified in broad market sectors. U.S. bond obligations are backed by the full faith and credit of the U.S. government.

The majority of the Organization's cash demand deposits are held at financial institutions in which deposits are insured up to \$250,000 per institution by the FDIC. As of March 31, 2024, the Organization's cash demand deposits held at financial institutions did exceed the FDIC's insured limits by approximately \$670,000. Additionally, as of March 31, 2024, the Organization's cash demand deposits held at financial institutions did exceed the Canadian Deposit Insurance Corporation's insured limits by approximately \$150,000.

As of March 31, 2024, 100% of the unconditional promise to give was from one grantor, however, it has a full allowance against it.

**(5) Prize Money Program Assets**

Sweepstakes assets are held in trust by the Organization for its Sweepstakes program participants. The agreement governing the trust and the rules and regulations of the Sweepstakes program mandate that the principal of these assets shall be used solely to fund awards to Sweepstakes winners and for no other purpose during the duration of the Sweepstakes program.

In addition, the Association acts in an agency capacity for the Halter Futurity, Yearling Jackpot and Performance Futurity prize money program assets.

	<u>Cash</u>	<u>Cash Investments</u>	<u>Interfund Receivable</u>	<u>Total</u>
Sweepstakes program	\$ 370,032	\$ 9,395,717	\$ (804,883)	\$ 8,960,866
Halter Futurity	5,582	695,553	(108,453)	592,682
Yearling Jackpot	-	-	21,547	21,547
Performance Futurity	-	-	161,051	161,051
Total	<u>\$ 375,614</u>	<u>\$ 10,091,270</u>	<u>\$ (730,738)</u>	<u>\$ 9,736,146</u>



**ARABIAN HORSE ASSOCIATION**  
Notes to Combined Financial Statements  
(continued)

**(9) Obligation to Prize Money Programs**

Agency obligations consist of the following:

	Breeders Sweepstakes	Halter Futurity	Yearling Jackpot	Performance Futurity	Total
Liabilities:					
Accounts payable	\$ 96,291	\$ 11,759	\$ -	\$ -	\$ 108,050
Accrued liabilities	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Prize money program assets currently committed	97,291	11,759	-	-	109,050
Amounts retained for future payout	<u>8,863,575</u>	<u>580,923</u>	<u>21,547</u>	<u>161,051</u>	<u>9,627,096</u>
Obligations to prize money programs	<u>\$ 8,960,866</u>	<u>\$ 592,682</u>	<u>\$ 21,547</u>	<u>\$ 161,051</u>	<u>\$ 9,736,146</u>
Obligation related to Sweepstakes Promissory Notes & Deferred Billing, net of allowance					<u>40,815</u>
					<u>\$ 9,776,961</u>

Sweepstakes accounts payable is primarily due to unclaimed Sweepstakes checks and amounts due for government withholdings as of March 31, 2024. Accrued liabilities are prize money amounts that have been won and are in the process of being paid as of March 31, 2024.

Sweepstakes promissory notes and deferred billings represent amounts owed from participants in the Sweepstakes program who have elected to finance Sweepstakes entry nominations. New financing arrangements increase this reported amount and payments received from participants will decrease this amount.

**(10) Net Assets**

**Net Assets Without Donor Restrictions**

Net assets without donor restrictions are available to fund current operations of the Association. Certain portions of net assets without donor restrictions have been designated by the Association's Board of Directors or by Convention resolution to be used for specific purposes.

**Undesignated**

Undesignated net assets without donor restrictions represent the accumulated excess of unrestricted revenues over expenses that have not been set aside by the Board of Directors as designated net assets.

**Designated**

Designated net assets without donor restrictions are those assets that have been designated by the Association's Board of Directors or by Convention resolution for specific purposes.

**Education and Evaluation Net Assets**

Participants at certain horse shows are required to pay additional entry fees in order to fund a judges and stewards education and evaluation program. In accordance with the resolution establishing this program, the related activity produces designated net assets. As of March 31, 2024, the Education and Evaluation designated funds amounted to \$368,677.

**Scoring Net Assets**

Participants at certain horse shows are required to pay additional fees in order to fund the implementation and administration of the Majority Opinion Scoring (MOS) system. In accordance with the resolution establishing this system, the related activity produces designated net assets. As of March 31, 2024, scoring designated funds amounted to \$80,810.

**ARABIAN HORSE ASSOCIATION**  
Notes to Combined Financial Statements  
(continued)

**Legal Defense Fund**

The Legal Defense Fund, established in 1999, is funded by donations, settlements of legal action and the interest earned thereon. Such funds are used only for legal expenses related to legal defense. The Legal Defense Fund without donor restrictions funds as of March 31, 2024, amounted to \$165,294.

**Half-Arabian/Anglo-Arabian Promotional Fund**

The Half-Arabian/Anglo-Arabian Promotional Fund, established in 2003 as a part of the merger between International Arabian Horse Association and the Arabian Horse Registry of America, is funded by the Association out of Half-Arabian and Anglo-Arabian registration revenue. One-third of the revenues are transferred to this fund. The purpose of the fund is to provide promotional activities that will promote the Half-Arabian and Anglo-Arabian horses. One-third of the revenues for the year were \$50,013 and related expenses were \$44,890. The Half-Arabian/Anglo-Arabian Promotional Fund as of March 31, 2024, amounted to \$254,460.

**Contingency Fund**

The Board of Directors designated \$834,998 as of March 31, 2024, for future repairs, replacements, or other unexpected expenses.

**Net Assets With Donor Restrictions**

**Purpose Restrictions**

Purpose restrictions net assets may only be used according to specific donor imposed stipulations. Once these stipulations are met, either through the passage of time or by actions of the Association, these assets will be released from the purpose restriction. Donor restricted net assets consist of the following as of March 31, 2024:

Purpose Restrictions -	
Scholarships	\$ 3,034
Patrick Swayze fund	8,415
Total Purpose Restrictions	<u>11,449</u>
Perpetual in Nature - Yearling Jackpot	53,762
Total Net Assets With Donor Restrictions	<u><u>\$ 65,211</u></u>

**Perpetual In Nature**

Perpetual in nature net assets as of March 31, 2024, consisted of the Yearling Jackpot with earnings to be used for future prize payouts.

**(11) Endowment**

**General**

The Endowment Fund may include both donor-restricted endowment funds as well as funds designated by the Board to function as endowments. The endowment funds may be established for either specific purposes or general operating use. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**ARABIAN HORSE ASSOCIATION**  
Notes to Combined Financial Statements  
(continued)

Interpretation of Relevant Law

The Association interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board of Directors of the Association has interpreted UPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Association would consider the fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gifts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Association has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law.

In accordance with UPMIFA, the Association considers the following factors in make a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the organization, and (7) the investment policies of the Association.

Changes in Endowment Net Assets as of March 31, 2024

	<u>With donor restrictions</u>
Endowment net assets, beginning of the year	\$ 53,762
Changes and reclassifications	-
Endowment net assets, end of year	<u>\$ 53,762</u>

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Association's policy towards the Yearling Jackpot investment account is that investment earnings are to be added to the pool of money paid out to competition members who enter, show and win in classes designated as Yearling Jackpot classes at the National level.

Underwater Funds

As of March 31, 2024, no funds were underwater.

Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**ARABIAN HORSE ASSOCIATION**  
Notes to Combined Financial Statements  
(continued)

**(12) Employee 401(k) Plan/Pension Plan**

The Association's 401(k) plan allows no more than 17% of a participant's compensation to be allocated to a participant's account during any plan year. The Association had an employer match contribution up to 1% of the participant contributions. Total expenses for this 401(k) plan for the fiscal year ending March 31, 2024, was \$16,355. Neither the assets nor the liabilities of the pension plan/401(k) plan are reflected in these financial statements. The Association's plan obligation for the year end March 31, 2024, is fully funded.

**(13) Leases**

The Association evaluated current contracts to determine which met the criteria of a lease. The ROU asset represents the Association's right to use the underlying asset for the lease term, and the lease liability represents the Association's obligation to make lease payments arising from the lease. The ROU asset and lease liability, all of which arise from finance leases, were calculated based on the present value of the future minimum lease payments over the lease term. The Association made an accounting policy election to use a risk-free rate in lieu of its current incremental borrowing rate to discount future lease payments. The weighted average discount rate applied to calculate lease liabilities as of March 31, 2023, was 4.1%.

The Association's finance leases consist of copiers (commenced in January 2023 and ends in December 2027) and a backup recovery appliance (commenced in March 2024 and ends in 2026). For the year ended March 31, 2024, total finance lease cost was \$46,109 which includes \$6,991 in interest and \$39,118 in amortization. As of March 31, 2024, the weighted-average remaining lease term for the Association's operating lease was 5.53 years. Cash paid for the operating lease for the year ended March 31, 2024, was \$61,329. The noncash investing and financing transactions related to leasing was acquiring a right of use asset during the year ended March 31, 2024 in the amount of \$69,310.

Future maturities of lease liabilities are presented in the following table for the fiscal years ending March 31:

2025	\$ 39,721
2026	39,721
2027	14,611
2028	10,958
Total lease payments	<u>105,011</u>
Less present value discount	<u>(9,734)</u>
Total lease obligations	<u><u>\$ 95,277</u></u>

**(14) Commitments and Contingencies**

**License Agreement**

Pursuant to the Merger Agreement which formed the Association, there exists a License Agreement (the "Agreement") between the Association and The Purebred Arabian Trust (the "Trust"). In this agreement, the Trust granted to the Association an exclusive, perpetual license to use the database, software, and information technology in conducting its Purebred Registration activities. In consideration of this license, the Association pays to the Trust a royalty of one-third of purebred registration revenues. The Agreement may be altered, amended, or revoked only by an instrument in writing signed by all parties to the Agreement. In the year ended March 31, 2024, the Association paid to the Trust \$216,103 in royalty. Ownership of the licensed rights remains with the Trust and in the event that a bankruptcy or dissolution of the Association occurs or the failure to pay royalty, the licensed rights would revert to the Trust. The Arabian Horse Association Market Development and Promotion Committee may solicit funding for Purebred marketing or promotional activities from the Trust. The Trustees of the Trust may, at their sole discretion, agree to fund the Purebred marketing or promotional activities. In the year ended March 31, 2024, the Trust funded promotional activities in the amount of \$0. Since inception, the Association has paid to the Trust \$7,765,702 in royalty and the Trust has funded Market Development & Promotion activities within the Association in the amount of \$1,899,786.

**ARABIAN HORSE ASSOCIATION**  
Notes to Combined Financial Statements  
(continued)

**(15) Expenses**

Total expenses for the year ended March 31, 2024, were as follows:

	Total Expense	Less: Royalty Expense	Total Expense Reported By Function
Program expenses	\$ 7,861,052	\$ (216,103)	\$ 7,644,949
Supporting services	2,109,927	-	2,109,927
Total expenses	<u>\$ 9,970,979</u>	<u>\$ (216,103)</u>	<u>\$ 9,754,876</u>

**(16) Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include assets set aside that could be drawn upon if the governing board approves that action. Additionally, financial assets do not include assets committed to the prize money programs.

Financial assets, at year-end	\$ 5,772,585
Less: those unavailable for general expenditures within one year, due to:	
Designated by the governing board (Note 11)	<u>(1,704,239)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,068,346</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

ARABIAN BREEDERS SWEEPSTAKES TRUST  
Sweepstakes Supplemental Schedule of Financial Position  
As of March 31, 2024 and March 31, 2023

	Balance as of Mar-24	Balance as of Mar-23
<b><u>ASSETS</u></b>		
Cash	\$ 370,032	\$ 810,125
Cash Investments	9,395,717	8,684,973
Interfund Receivable	(804,883)	(463,376)
<b>TOTAL ASSETS</b>	<b>\$ 8,960,866</b>	<b>\$ 9,031,722</b>
<b><u>LIABILITIES</u></b>		
Accounts Payable (1)	\$ 96,291	\$ 90,025
Accrued Liabilities (2)	1,000	1,738
Prize Money Program Assets Currently Committed	97,291	91,763
Amounts Retained for Future payout	8,863,575	8,939,959
<b>TOTAL LIABILITIES</b>	<b>\$ 8,960,866</b>	<b>\$ 9,031,722</b>

(1) Amounts in Sweepstakes accounts payable are primarily due to unclaimed Sweepstakes checks amounts due for government withholdings and unfunded disbursements as of period end.

(2) Amounts in Sweepstakes accrued liabilities are prize money amounts that have been won and are in the process of being paid as of period end.

ARABIAN BREEDERS SWEEPSTAKES TRUST  
Sweepstakes Supplemental Schedule of Activities  
For the periods ended March 31, 2024 and March 31, 2023

	Balance as of Mar-24	Balance as of Mar-23
<b><u>RECEIPTS</u></b>		
Entries	\$ 762,535	\$ 739,627
Interest		
<b><u>EXPENDITURES</u></b>		
Prize Money (3)	838,919	805,502
<b>INCREASE/(DECREASE) IN ASSETS HELD FOR THE BENEFIT OF PRIZE MONEY PROGRAM</b>	<b>(76,384)</b>	<b>(65,875)</b>
Amounts Retained for Future Payout, Beginning of Period	8,939,959	9,005,834
Amounts Retained for Future Payout, End of Period	\$ 8,863,575	\$ 8,939,959

(3) Prize money expenditures, reported on a fiscal year basis, may show variances resulting from timing differences in reporting show results and the payout of prize money.

## ARABIAN BREEDERS SWEEPSTAKES TRUST

## Sweepstakes Investments

As of March 31, 2024

<u>Description</u>	<u>Maturity Date</u>	<u>Face Value or Cost Basis</u>	<u>Face Yield</u>
Cash	n/a	\$ 370,032	0.00%
Money Market	next day	\$ 449,347	0.03%
U. S. Treasuries:			
\$200,000 T-bill		427,883	0.00%
\$200,000 T-bill		199,355	0.00%
\$200,000 T-bill		209,510	0.00%
\$200,000 T-bill		370,861	0.00%
\$200,000 T-bill		235,689	0.00%
\$200,000 T-bill		230,720	0.00%
\$200,000 T-bill		216,720	0.00%
\$200,000 T-bill		299,418	0.00%
\$200,000 T-bill		199,916	0.00%
\$200,000 T-note		370,712	0.25%
Total treasuries		\$ 2,760,783	
Exchange Traded Funds			
Preferred -- PFF		1,407,619	
Low Volatility S&P 500 -- SPLV		483,647	
SPDR S&P500 ETF -- SPY		381,273	
ishares 3-7 year treasury bonds		750,624	
ishares treasury inflation protected bonds		853,201	
ishares 0-5 year corporate bonds		804,399	
Pimco investment corporate bonds		805,548	
Vanguard mortgage backed bonds		699,274	
Total mutual funds		\$ 6,185,585	
<b>Total Cash and Investments</b>		<b>\$ 9,765,748</b>	

ARABIAN HORSE ASSOCIATION  
Halter Futurity Supplemental Schedule of Financial Position  
As of March 31, 2024 and March 31, 2023

	Balance as of Mar-24	Balance as of Mar-23
<b><u>ASSETS</u></b>		
Cash	\$ 5,582	\$ 24,714
Cash Investments	695,553	671,768
Interfund Receivable	(108,453)	(70,127)
<b>TOTAL ASSETS</b>	<b>\$ 592,682</b>	<b>\$ 626,355</b>
<b><u>LIABILITIES</u></b>		
Accounts Payable	\$ 11,759	\$ 13,148
Amounts Retained for Future Payout	580,923	613,207
<b>TOTAL LIABILITIES</b>	<b>\$ 592,682</b>	<b>\$ 626,355</b>

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ARABIAN HORSE ASSOCIATION  
Halter Futurity Supplemental Schedule of Activities  
For the periods ended March 31, 2024 and March 31, 2023

	Balance as of Mar-24	Balance as of Mar-23
<b><u>RECEIPTS</u></b>		
Nominations	\$ 17,160	\$ 34,470
Renominations	46,690	65,135
Late Fees	13,500	25,750
Show fees	6,700	9,400
<b>TOTAL RECEIPTS</b>	<b>84,050</b>	<b>134,755</b>
<b><u>EXPENDITURES</u></b>		
Trophies and awards	-	-
Prize Money	116,334	131,456
<b>TOTAL EXPENDITURES</b>	<b>116,334</b>	<b>131,456</b>
<b>INCREASE/(DECREASE) IN ASSETS HELD FOR THE BENEFIT OF PRIZE MONEY PROGRAM</b>	<b>(32,284)</b>	<b>3,299</b>
Amounts Retained for Future Payout, Beginning of Period	613,207	609,908
Amounts Retained for Future Payout, End of Period	<b>\$ 580,923</b>	<b>\$ 613,207</b>



ARABIAN HORSE ASSOCIATION  
Yearling Jackpot Supplemental Schedule of Financial Position  
As of March 31, 2024 and March 31, 2023

	Balance as of Mar-24	Balance as of Mar-23
<u>ASSETS</u>		
Cash & Investments	\$ -	\$ -
Interfund Receivable	21,547	19,850
Accrued Interest	-	-
	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 21,547</u>	<u>\$ 19,850</u>
 <u>LIABILITIES</u>		
Amounts Retained for Future Payout	\$ 21,547	\$ 19,850
TOTAL LIABILITIES	<u>\$ 21,547</u>	<u>\$ 19,850</u>

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ARABIAN HORSE ASSOCIATION  
Yearling Jackpot Supplemental Schedule of Activities  
For the periods ended March 31, 2024 and March 31, 2023

	Balance as of Mar-24	Balance as of Mar-23
<u>RECEIPTS</u>		
Entries	\$ -	\$ -
Interest	1,823	1,797
	<u>1,823</u>	<u>1,797</u>
TOTAL RECEIPTS	<u>1,823</u>	<u>1,797</u>
 <u>EXPENDITURES</u>		
Bank Fee	126	
Prize Money	-	-
	<u>-</u>	<u>-</u>
INCREASE/(DECREASE) IN ASSETS HELD FOR THE BENEFIT OF PRIZE MONEY PROGRAM	1,697	1,797
Amounts Retained for Future Payout, Beginning of Period	<u>19,850</u>	<u>18,053</u>
Amounts Retained for Future Payout, End of Period	<u>\$ 21,547</u>	<u>\$ 19,850</u>

ARABIAN HORSE ASSOCIATION  
Performance Futurity Supplemental Schedule of Financial Position  
As of March 31, 2024 and March 31, 2023

	Balance as of Mar-24	Balance as of Mar-23
<u>ASSETS</u>		
Cash & Investments	\$ -	\$ -
Interfund Receivable	161,051	161,427
<b>TOTAL ASSETS</b>	<u>\$ 161,051</u>	<u>\$ 161,427</u>
 <u>LIABILITIES</u>		
Amounts Retained for Future Payout	\$ 161,051	\$ 161,427
<b>TOTAL LIABILITIES</b>	<u>\$ 161,051</u>	<u>\$ 161,427</u>

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ARABIAN HORSE ASSOCIATION  
Performance Futurity Supplemental Schedule of Activities  
For the periods ended March 31, 2024 and March 31, 2023

	Balance as of Mar-24	Balance as of Mar-23
<u>RECEIPTS</u>		
Entries	\$ 351,500	\$ 361,801
Late Fees & Interest	21,750	24,250
<b>TOTAL RECEIPTS</b>	<u>373,250</u>	<u>386,051</u>
 <u>EXPENDITURES</u>		
Trophies and awards	-	-
Prize Money	373,626	390,950
<b>TOTAL EXPENDITURES</b>	<u>373,626</u>	<u>390,950</u>
 <b>INCREASE/(DECREASE) IN ASSETS HELD FOR THE BENEFIT OF PRIZE MONEY PROGRAM</b>	 (376)	 (4,899)
 Amounts Retained for Future Payout, Beginning of Period	 <u>161,427</u>	 <u>166,326</u>
 Amounts Retained for Future Payout, End of Period	 <u>\$ 161,051</u>	 <u>\$ 161,427</u>