

AMERICAN SIMMENTAL ASSOCIATION

**Consolidated Financial Statements
with
Independent Auditors' Report**

June 30, 2015 and 2014

AMERICAN SIMMENTAL ASSOCIATION
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June 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
American Simmental Association

We have audited the accompanying consolidated financial statements of American Simmental Association (the "Association") (a nonprofit organization) and its subsidiary and affiliate, which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities, net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial positions of American Simmental Association and its subsidiary and affiliate as of June 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 19 to 39 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Rudd + Company, PLLC

Bozeman, Montana
October 20, 2015

FINANCIAL STATEMENTS

AMERICAN SIMMENTAL ASSOCIATION
Consolidated Statements of Financial Position
As of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,178,729	\$ 1,850,350
Certificates of deposit	252,995	-
Accounts receivable, net of allowance for doubtful accounts of \$11,184 and \$9,169, respectively	431,488	399,447
Inventory	8,356	8,356
Prepaid expenses	104,210	136,941
Prepaid income tax	5,361	-
Deferred income tax assets	10,972	13,003
Total current assets	<u>1,992,111</u>	<u>2,408,097</u>
Foundation Investments	<u>311,284</u>	<u>303,659</u>
Investments	<u>5,373,565</u>	<u>5,222,165</u>
Property and Equipment		
Land	417,768	417,768
Building and improvements	683,126	683,126
Computer hardware	218,282	218,282
Office furniture and fixtures	356,979	356,979
Construction in progress	1,028,904	-
Computer system in progress	166,802	83,356
Less: Accumulated depreciation	<u>(1,128,451)</u>	<u>(1,110,364)</u>
Total property and equipment, net	<u>1,743,410</u>	<u>649,147</u>
Other Assets		
Computer software, net of accumulated amortization of \$241,090 and \$240,313	<u>-</u>	<u>877</u>
	<u>\$ 9,420,370</u>	<u>\$ 8,583,945</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

AMERICAN SIMMENTAL ASSOCIATION
Consolidated Statements of Financial Position (continued)
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 50,559	\$ 236,893
Due to members	67,943	52,899
Wages, commissions and payroll taxes payable	58,458	40,563
Accrued annual leave	142,019	138,728
Income taxes payable	4,577	14,674
Deferred revenue	244,719	263,565
Subscriptions received in advance	3,636	3,830
Advertising received in advance	18,977	21,015
Total current liabilities	<u>590,888</u>	<u>772,167</u>
Net Assets		
Unrestricted		
Parent company's net assets	5,351,396	4,373,460
Subsidiary's accumulated equity	1,030,989	654,105
Foundation's unrestricted net assets	499,511	463,671
Board designated		
Parent company's net assets	1,878,543	2,266,644
Restricted		
Foundation's temporarily restricted net assets	69,043	53,898
Total net assets	<u>8,829,482</u>	<u>7,811,778</u>
	<u>\$ 9,420,370</u>	<u>\$ 8,583,945</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

AMERICAN SIMMENTAL ASSOCIATION
Consolidated Statements of Activities
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Change in Unrestricted Net Assets		
Unrestricted Operating Revenue		
Membership fees and registrations	\$ 1,222,186	\$ 1,054,454
Annual service fee	541,495	542,910
Total herd enrollment	1,112,057	1,009,946
Advertising income	798,152	833,736
Production income	198,094	153,154
Transfers	58,740	53,030
Subscriptions	5,794	5,933
DNA revenue	512,722	371,620
Other operating revenue	286,318	197,371
	<u>4,735,558</u>	<u>4,222,154</u>
Unrestricted Operating Expenses		
Advertising	276,838	217,713
Amortization	877	1,463
Bad debt	3,778	3,095
Depreciation	18,087	21,322
Dues and subscriptions	21,215	16,215
Insurance	47,510	44,254
Maintenance and repairs	23,381	42,403
Miscellaneous	88	-
Office expense	25,934	33,579
Penalties	370	-
Personnel	1,721,451	1,784,287
Postage and freight	85,844	80,461
Printing	17,067	28,318
Production of magazine	528,037	491,110
Professional fees	301,021	412,882
Property taxes	8,012	-
Rent	18,875	6,890
Services	390,990	277,179
Telephone	27,641	34,382
Travel	368,260	359,487
Utilities	16,980	19,057
	<u>3,902,256</u>	<u>3,874,097</u>
Unrestricted operating income	<u>\$ 833,302</u>	<u>\$ 348,057</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

AMERICAN SIMMENTAL ASSOCIATION
Consolidated Statements of Activities (continued)
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Other Income (Expense)		
Interest and dividend income	\$ 200,743	\$ 135,595
Unrealized gain (loss) on investments	(39,534)	516,820
Foundation support	115,056	80,915
Foundation expenses	(86,855)	(56,520)
Royalties	14	-
	<u>189,424</u>	<u>676,810</u>
Income before provision for income taxes	1,022,726	1,024,867
Provision for Income Taxes	<u>(20,167)</u>	<u>(17,111)</u>
Change in Unrestricted Net Assets	<u>1,002,559</u>	<u>1,007,756</u>
Temporarily Restricted Support		
Foundation support	<u>15,145</u>	<u>9,199</u>
Change in Temporarily Restricted Net Assets	<u>15,145</u>	<u>9,199</u>
Total Change in Net Assets	<u>\$ 1,017,704</u>	<u>\$ 1,016,955</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

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AMERICAN SIMMENTAL ASSOCIATION
Consolidated Statements of Net Assets
For the Years Ended June 30, 2015 and 2014

	Parent Company's Equity	Subsidiary's Retained Earnings	Foundation's Equity	Total
Net Asset Balances				
June 30, 2013	\$ 6,043,277	\$ 290,384	\$ 461,162	\$ 6,794,823
Change in unrestricted net assets	(1,669,817)	363,721	47,208	(1,258,888)
Change in board designated net assets	2,266,644	-	-	2,266,644
Change in temporarily restricted net assets	-	-	9,199	9,199
Total change in net assets	596,827	363,721	56,407	1,016,955
Net Asset Balances				
June 30, 2014	6,640,104	654,105	517,569	7,811,778
Change in unrestricted net assets	977,936	376,884	35,840	1,390,660
Change in board designated net assets	(388,101)	-	-	(388,101)
Change in temporarily restricted net assets	-	-	15,145	15,145
Total change in net assets	589,835	376,884	50,985	1,017,704
Net Asset Balances				
June 30, 2015	\$ 7,229,939	\$ 1,030,989	\$ 568,554	\$ 8,829,482

The Notes to the Consolidated Financial Statements are an integral part of these statements.

AMERICAN SIMMENTAL ASSOCIATION
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 4,703,517	\$ 4,649,371
Cash received from contributions	130,201	41,469
Cash received from credit card royalties	14	-
Cash received from fundraising events	-	48,645
Cash paid to suppliers and employees	(4,025,073)	(4,160,034)
Investment income	200,743	135,595
Income taxes refunded (paid)	(30,264)	(9,720)
Support paid	(52,694)	(48,406)
Miscellaneous expenses paid	(34,161)	(8,114)
Net cash flows from operating activities	<u>892,283</u>	<u>648,806</u>
Cash Flows From Investing Activities		
Purchases of investments	(451,554)	(132,500)
Purchases of property and equipment	(1,112,350)	(460,154)
Net cash flows from investing activities	<u>(1,563,904)</u>	<u>(592,654)</u>
Net change in cash and cash equivalents	(671,621)	56,152
Cash and cash equivalents at beginning of year	<u>1,850,350</u>	<u>1,794,198</u>
Cash and cash equivalents at end of year	<u>\$ 1,178,729</u>	<u>\$ 1,850,350</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

AMERICAN SIMMENTAL ASSOCIATION
Consolidated Statements of Cash Flows (Continued)
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Reconciliation of change in equities to net cash flows from operating activities		
Change in equities	\$ 1,017,704	\$ 1,016,955
Adjustments to reconcile change in equities to net cash flows from operating activities:		
Depreciation and amortization	18,964	22,785
Unrealized and realized gain on investments	39,534	(516,820)
Changes in operating assets and liabilities:		
Accounts receivable	(32,041)	427,217
Inventory	-	(6)
Prepaid expenses	32,731	(64,039)
Deferred income tax assets	2,031	(7,326)
Trade accounts payable	(186,334)	164,943
Due to members	15,044	28,953
Wages, commissions and payroll taxes payable	17,895	13,597
Accrued annual leave	3,291	33,312
Deferred revenues	(18,846)	(483,312)
Subscriptions received in advance	(194)	(783)
Advertising received in advance	(2,038)	5,939
Income taxes payable	(10,097)	7,391
Total adjustments	(125,421)	(368,149)
Net cash flows from operating activities	\$ 892,283	\$ 648,806

The Notes to the Consolidated Financial Statements are an integral part of these statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

1. Summary Of Significant Accounting Policies

Nature of Activities

The American Simmental Association (the "Association" and the "Parent") is a Montana nonprofit corporation. The primary objectives of the Association are the development, registration and promotion of the Simmental and Simbrah breeds of cattle in the United States. During 1987, the Association formed a wholly-owned for-profit subsidiary, ASA Publication, Inc., a Montana corporation. ASA Publication, Inc. (the "Subsidiary") is a publishing company promoting and advertising the Simmental and Simbrah breeds. During 1995, the Association formed a nonprofit organization, the American Simmental/Simbrah Foundation, Inc (the "Foundation" and the "Affiliate"). The Foundation was organized to stimulate and support research, youth programs and education in the beef industry.

Basis of Presentation and Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting standards generally accepted in the United States of America ("GAAP"), as codified by the Financial Accounting Standards Board ("FASB").

The accompanying consolidated financial statements include the accounts of the parent company, American Simmental Association, its wholly owned subsidiary, ASA Publication, Inc., and affiliate, American Simmental/Simbrah Foundation, Inc. The parent company is the sole member of the Foundation and has effective control. Intercompany transactions and balances have been eliminated in the presentation of the consolidated financial statements.

Classification of Net Assets

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Accordingly, net assets of the Foundation and changes therein are classified as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. The Board of Trustees may designate unrestricted net assets for specific purposes or programs.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association or Foundation and/or the passage of time.
- Permanently restricted net assets – Net assets that are contributed with donor stipulations that they be held in perpetuity with use of the income for unrestricted purposes. The corpus of the fund must be maintained by interest and investment income is unrestricted.

There are no permanently restricted net assets as of June 30, 2015 or 2014.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

1. Summary Of Significant Accounting Policies (Continued)

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year consolidated financial statement presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

Cash and Cash Equivalents

The Association considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

ASA has the ability to suspend membership if accounts are not paid so it does not provide for an allowance for doubtful accounts. ASA Publication, Inc., however, does provide for an allowance. This estimate is based on historical collection experience and a review of the current status of accounts receivable.

Accounts receivable are uncollateralized customer obligations under normal trade terms requiring payment within 30 days from the invoice date. It is the policy of ASA Publication, Inc. to assess interest on accounts receivable 30 days past due at a rate of 1.5% per month. If accounts receivable related to the advertising of a sale are paid within 60 days of the sale date, interest charges are reversed. Management individually reviews all delinquent accounts receivable balances. Accounts are written off against the allowance when deemed uncollectible. Recoveries of accounts previously written off are recognized as income when received.

Inventory

Inventory consists of promotional material held for resale, gifts and awards, and general office supplies. Inventories are stated at the lower of cost or market with cost determined using the FIFO (first-in, first-out) method of inventory valuation.

Investments

Investments in marketable debt and equity securities with readily determinable fair values are stated at their fair values based on quoted prices in active markets. Unrealized gains and losses are included in the change in equities.

Property and Equipment

Property and equipment acquisitions and expenditures for betterments, with a cost of \$2,000 or greater and an expected life of at least two years, are recorded at cost. Depreciation of property and equipment is computed using the straight-line method based on estimated useful lives ranging from three to thirty-one and a half years.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

1. Summary Of Significant Accounting Policies (Continued)

Computer Software

Computer software costs are amortized using the straight-line method over the estimated useful life of the software, ranging from four to seven years.

Deferred Revenue

Recognition of revenue associated with work-in-progress at June 30, 2015 and 2014 is deferred in the accompanying consolidated financial statements until services have been performed.

Fair Value

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs, using the market value approach. GAAP established a fair value hierarchy which prioritizes the valuation inputs into three broad levels:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The Association and Foundation's policy for determining the timing of significant transfers between levels 1, 2 and 3 is at the end of the reporting period.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 and 2014.

Mutual funds: Valued at the net asset value (NAV) of shares held by at year end.

Common stock: Valued at the closing price reported in the active market in which the individual securities are traded.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

1. Summary Of Significant Accounting Policies (Continued)

Fair Value (continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association and Foundation believe their 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.

Membership Dues and Annual Service Fees

There is a one-time setup fee of \$50 for all new adult members. In addition, there is an annual service fee of \$110, based on the Association's fiscal year of July 1 – June 30. If a member joins ASA in the second half of the fiscal year (January 1 – June 30), the member is charged \$55, half of the service fee. The Association also offers junior memberships which charge an annual service fee of \$50. Similar to adult memberships, a junior member is only charged \$25, half the service fee, if they join in the second half of the fiscal year. Annual service fees are billed to active members at the start of the fiscal year on July 1.

Foundation Support

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenue and expenses as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Affiliate reports that support as unrestricted.

Advertising Costs

Advertising costs are charged to expense when incurred.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

1. Summary Of Significant Accounting Policies (Continued)

Income Taxes

The Association is exempt from income taxes pursuant to Section 501(c)(5) of the Internal Revenue Code. The Foundation is exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Association's or Foundation's tax-exempt purpose is subject to taxation as unrelated business income. ASA Publication, Inc. does not file a consolidated federal income tax return with the Association, as the Association is a tax exempt corporation.

With respect to ASA Publication, Inc., income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of current and deferred income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the statutory income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. When applicable, a valuation allowance is established to reduce any deferred income tax asset when it is determined that it is more likely than not that some portion of the deferred income tax asset will not be realized.

Subsequent Events

Management has evaluated subsequent events through October 20, 2015, the date which the consolidated financial statements were available for issue.

2. Cash And Cash Equivalents

Cash and cash equivalents consist of the following:

	<u>2015</u>	<u>2014</u>
Cash - Association	\$ 261,523	\$ 1,273,856
Certificates of deposit - Association	250,670	-
Cash - Subsidiary	342,444	314,453
Undeposited funds - Subsidiary	18,667	-
Money market accounts - Subsidiary	48,155	48,131
Cash - Foundation	<u>257,270</u>	<u>213,910</u>
	<u>\$ 1,178,729</u>	<u>\$ 1,850,350</u>

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

2. Cash And Cash Equivalents (Continued)

The Association, the Subsidiary, and the Foundation maintain cash balances at several banks. The non-interest and interest bearing accounts were insured up to \$250,000 by the FDIC. The uninsured balances totaled \$54,452 for the Association, \$164,403 for the Subsidiary, and \$22,570 for the Affiliate as of June 30, 2015, respectively. For the year ended June 30, 2014, the Association and the Subsidiary held \$220,670 and \$64,413, respectively in excess of the federally insured limits.

3. Investments

The Association and Foundation maintain investments with a financial institution under the management of third parties in accordance with its investment policy.

The following table represents the Association's and Foundation's investment assets measured at fair value on a recurring basis as of June 30, 2015 and 2014:

<u>Description</u>	<u>June 30, 2015</u>		<u>June 30, 2014</u>	
	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>
Mutual funds				
Conservative Growth	\$ 2,849,972	\$ 2,849,972	\$ 2,772,793	\$ 2,772,793
Growth	1,614,674	1,614,674	1,562,716	1,562,716
Income	1,220,203	1,220,203	1,190,315	1,190,315
Total assets at fair value	<u>\$ 5,684,849</u>	<u>\$ 5,684,849</u>	<u>\$ 5,525,824</u>	<u>\$ 5,525,824</u>

4. Due To Members

Due to members consists of member accounts with credit balances. Most of these balances are due to voluntary deposits placed by the members for future services. Other credit balances are due to incomplete services in progress. Pursuant to Rule V of the Association's Rules and Bylaws, any request for services must be accompanied by the appropriate fee payment. Due to incomplete documents, unqualified animals and other reasons, the Association may not be able to render the service requested. If the service cannot be rendered, the fees are credited to the member's account and the papers returned to the member for appropriate action. It is the Association's policy to retain such fees as a credit in the member's account unless a refund is requested.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

5. Deferred Revenues

Deferred revenues as of June 30, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Summer Classic revenues	\$ 72,800	\$ 109,343
Total herd enrollment payments for fall	154,519	154,222
Other registrations	17,400	-
	<u>\$ 244,719</u>	<u>\$ 263,565</u>

6. Foundation Temporarily Restricted Assets

The Foundation's temporarily restricted assets are restricted for the following:

	<u>2015</u>	<u>2014</u>
AJSA Board	\$ -	\$ 16,565
Eastern Regional	35,601	28,191
Bob Walton Scholarship	4,806	9,142
Research & Technology	3,875	-
Feed Intake Project	8,900	-
Fall Focus - Educational	5,525	-
Saddle & Sirloin	10,336	-
Total	<u>\$ 69,043</u>	<u>\$ 53,898</u>

7. Retirement Plan

The Association has a contributory retirement plan covering substantially all of its permanent employees. ASA Publication, Inc., through the Association, sponsors a contributory retirement plan that covers employees who work at least 500 hours per calendar year. Contributions are determined annually by the Board of Trustees and totaled \$88,915 and \$84,673 for the years ended June 30, 2015 and 2014, respectively.

8. Operating Lease Obligations

ASA Publications, Inc. entered into a five year operating lease agreement for a copier in January 2014. Future minimum lease payments due under the lease are \$7,020 for 2016 through 2018 and \$4,095 for 2019. Rent expense for the fiscal years ended June 30, 2015 and 2014 was \$7,020 and \$4,400, respectively.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

9. Income Taxes

The Association's provision for income taxes differs from applying the statutory U.S federal income tax rate to income before taxes. The primary differences result from providing for state income taxes and from deducting certain expenses for financial statement purposes but not for federal income tax purposes. A provision for income taxes has been presented in the accompanying consolidated financial statements as a result of the operations of ASA Publication, Inc. and the unrelated business activities of the Association.

The components of the benefit (provision) from continuing operations for income taxes for the years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Current income tax expense		
Federal	\$ (12,136)	\$ (17,759)
State	<u>(6,000)</u>	<u>(6,678)</u>
Total current	<u>(18,136)</u>	<u>(24,437)</u>
Deferred income tax expense		
Federal	(1,599)	6,112
State	<u>(432)</u>	<u>1,214</u>
Total deferred	<u>(2,031)</u>	<u>7,326</u>
Total provision for income taxes	<u>\$ (20,167)</u>	<u>\$ (17,111)</u>

Deferred income tax assets consist of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Deferred income tax assets		
Accrued annual leave	\$ 7,229	\$ 8,446
Allowance for doubtful accounts	<u>3,743</u>	<u>4,557</u>
	<u>\$ 10,972</u>	<u>\$ 13,003</u>

The deferred tax provisions as of June 30, 2015 and 2014 relate to the cumulative timing differences for accrued annual leave and the allowance for doubtful accounts. Federal estimated tax payments paid by the Subsidiary for the year ended June 30, 2015 were \$13,600 for federal and \$5,320 for state. For the year ended June 30, 2014, \$6,880 was paid for federal estimates and \$0 was paid for state estimates.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

9. Income Taxes (Continued)

The Association paid \$0 in federal and state estimated tax payments for fiscal year 2015 and paid \$2,884 in federal estimates and \$0 for state estimates for fiscal year 2014.

The reconciliation of income tax attributable to operations computed at the U.S. Federal statutory income tax rate of 25% and state tax rate of 6.75% to income tax expense is as follows:

	<u>2015</u>	<u>2014</u>
Statutory federal rate	\$ 14,920	13,567
State income taxes	4,028	4,820
Meals and entertainment	367	285
Nondeductible expenses	91	
Rate adjustment/other/tax credits	(3,816)	(5,830)
UBIT from related organization	<u>4,577</u>	<u>4,269</u>
Actual tax	<u>\$ 20,167</u>	<u>\$ 17,111</u>

Management has determined no valuation allowance related to deferred tax assets is necessary at June 30, 2015 or 2014. The deferred tax asset for accrued annual leave and the allowance for doubtful accounts is expected to be realized.

The Association and the Subsidiary did incur late payment penalties and interest associated with income taxes for the years ended June 30, 2015 and 2014. For the Association, the penalties were \$84 and for the Subsidiary they were \$286. With few exceptions, the Association, Subsidiary or Affiliate is no longer subject to examinations by federal tax authorities for years before fiscal year 2012 and by Montana state tax authorities for fiscal years before 2010.

10. Customers And Credit Concentrations

Substantially all of ASA Publication, Inc's subscription revenue, and a portion of its advertising and catalog and brochure revenue are derived from sales to the Association. The intercompany revenue has been eliminated and is not reflected in the accompanying consolidated financial statements. Except for these transactions, no ASA Publication customer accounted for 10% or more of the net revenues earned during the years ended June 30, 2015 and 2014. Concentration of credit risk with respect to receivables is limited due to the large number of customers comprising the customer base. Since the Association's objective is the development, registration, and promotion of Simmental and Simbrah breeds of cattle, fluctuations in the cattle market can affect revenue and receivables.

American Simmental Association

Supplementary Schedules I-VI

Parent Company

AMERICAN SIMMENTAL ASSOCIATION
Schedule I – Schedules of Financial Position
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 512,193	\$ 1,273,856
Certificates of deposit	252,995	-
Accounts receivable	378,060	361,815
Accounts receivable from subsidiary	83,652	63,128
Inventory	8,356	8,356
Prepaid expenses	98,246	130,871
Total current assets	<u>1,333,502</u>	<u>1,838,026</u>
Investments	<u>5,373,565</u>	<u>5,222,165</u>
Property and Equipment		
Land	417,768	417,768
Building and Improvements	683,126	683,126
Computer hardware	218,282	218,282
Office furniture and fixtures	298,976	298,976
Construction in progress	1,028,904	-
Computer system in progress	166,802	83,356
Less: Accumulated depreciation	<u>(1,071,784)</u>	<u>(1,055,032)</u>
Total property and equipment, net	<u>1,742,074</u>	<u>646,476</u>
Other Assets		
Investment in subsidiary company	176,000	176,000
Computer software, net of accumulated amortization of \$219,918 and \$219,360	<u>-</u>	<u>558</u>
Total other assets	<u>176,000</u>	<u>176,558</u>
Total Assets	<u>\$ 8,625,141</u>	<u>\$ 7,883,225</u>
Liabilities and Net Assets		
Current Liabilities		
Trade accounts payable	50,559	236,468
Due to members	67,943	52,899
Income tax payable	4,577	1,386
Wages and payroll taxes payable	41,415	34,811
Accrued annual leave	96,481	97,278
Deferred revenues	244,719	263,565
Total current liabilities	<u>505,694</u>	<u>686,407</u>
Net Assets		
Unrestricted	6,240,904	4,930,174
Board designated	<u>1,878,543</u>	<u>2,266,644</u>
Total net assets	<u>8,119,447</u>	<u>7,196,818</u>
Total Liabilities and Net Assets	<u>\$ 8,625,141</u>	<u>\$ 7,883,225</u>

See Independent Auditors' Report.

AMERICAN SIMMENTAL ASSOCIATION
Schedule II – Schedules of Activities
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Changes in Unrestricted Net Assets		
Operating Revenue		
Membership fees	\$ 47,075	\$ 40,050
Simmental and Simbrah registration	1,103,291	939,844
Transfers	58,740	53,030
Registrations, other breeds, foreign	54,485	57,355
Registration related income	17,335	17,205
Other income	40,348	3,963
Annual service fee	541,495	542,910
DNA revenue	512,722	371,620
Youth program revenue	122,785	113,865
Genetic evaluation services	114,879	69,379
Carcass merit	34,000	79,500
Total herd enrollment	<u>1,112,057</u>	<u>1,009,946</u>
	<u>3,759,212</u>	<u>3,298,667</u>
Operating Expenses		
Personnel	1,270,355	1,378,296
Services	390,990	277,179
Professional fees	248,625	349,377
Office expense	237,786	237,027
Maintenance and repairs	21,165	36,472
Travel	348,845	344,653
Advertising and promotion	<u>497,824</u>	<u>429,015</u>
	<u>3,015,590</u>	<u>3,052,019</u>
Operating income	<u>743,622</u>	<u>246,648</u>
Other Income (Expense)		
Interest and dividend income	193,073	127,960
Rent income	30,000	30,000
Unrealized gain (loss) on investments	<u>(39,489)</u>	<u>501,642</u>
	<u>183,584</u>	<u>659,602</u>
Income before provision for income taxes	927,206	906,250
Provision for Income Taxes	<u>(4,577)</u>	<u>(4,269)</u>
Change in Unrestricted Net Assets	<u>\$ 922,629</u>	<u>\$ 901,981</u>

See Independent Auditors' Report.

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AMERICAN SIMMENTAL ASSOCIATION
Schedule III – Schedules of Changes in Net Assets
For the Years Ended June 30, 2015 and 2014

	<u>Unrestricted</u>	<u>Board Designated</u>	<u>Total</u>
Net Assets, July 1, 2013	\$ 6,294,837	-	\$ 6,294,837
Change in net assets	901,981	-	901,981
Transfers	<u>(2,266,644)</u>	<u>2,266,644</u>	<u>-</u>
Net Assets, June 30, 2014	4,930,174	2,266,644	7,196,818
Change in net assets	922,629	-	922,629
Transfers	<u>388,101</u>	<u>(388,101)</u>	<u>-</u>
Net Assets, June 30, 2015	<u>\$ 6,240,904</u>	<u>\$ 1,878,543</u>	<u>\$ 8,119,447</u>

See Independent Auditors' Report.

AMERICAN SIMMENTAL ASSOCIATION
Schedule IV – Schedules of Cash Flows
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 3,742,967	\$ 3,711,410
Cash paid to suppliers and employees	(3,170,083)	(3,344,067)
Investment income	193,073	127,960
Rent income	30,000	30,000
Income taxes paid	(1,386)	(4,174)
Net cash flows from operating activities	<u>794,571</u>	<u>521,129</u>
Cash Flows From Investing Activities		
Purchases of investments	(443,884)	(124,866)
Purchases of property, plant and equipment	(1,112,350)	(460,154)
Net cash flows from investing activities	<u>(1,556,234)</u>	<u>(585,020)</u>
Net change in cash and cash equivalents	(761,663)	(63,891)
Cash and cash equivalents at beginning of year	<u>1,273,856</u>	<u>1,337,747</u>
Cash and cash equivalents at end of year	<u>\$ 512,193</u>	<u>\$ 1,273,856</u>

See Independent Auditors' Report.

AMERICAN SIMMENTAL ASSOCIATION
Schedule IV – Schedules of Cash Flows (Continued)
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Reconciliation of Change in Unrestricted Net Assets to		
Net Cash Flows from Operating Activities		
Change in unrestricted equity	\$ 922,629	\$ 901,981
Adjustments to reconcile change in unrestricted equity		
to net cash flows from operating activities:		
Depreciation and amortization	17,310	21,100
Net unrealized and realized gain on		
investments	39,489	(501,642)
Changes in operating assets and liabilities:		
Accounts receivable	(16,245)	412,743
Accounts receivable from subsidiary	(20,524)	2,013
Inventory	-	(6)
Prepaid expenses	32,625	(71,791)
Trade accounts payable	(185,909)	173,505
Due to members	15,044	28,953
Wages and payroll taxes payable	6,604	11,765
Accrued annual leave	(797)	25,725
Deferred revenues	(18,846)	(483,312)
Income taxes payable	3,191	95
Total adjustments	<u>(128,058)</u>	<u>(380,852)</u>
Net cash flows from operating activities	<u>\$ 794,571</u>	<u>\$ 521,129</u>

See Independent Auditors' Report.

AMERICAN SIMMENTAL ASSOCIATION
Schedule V – Schedules of Revenues
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenue		
Membership fees	\$ 47,075	\$ 40,050
Simmental registration-domestic:		
Purebred males	125,660	109,628
Purebred females	287,760	248,190
Percentage males	214,894	186,154
Percentage females	438,347	366,654
	<u>1,066,661</u>	<u>910,626</u>
Simbrah registration:		
Purebred males	5,596	4,724
Purebred females	24,454	20,226
Percentage males	982	846
Percentage females	5,598	3,422
	<u>36,630</u>	<u>29,218</u>
Transfers-ASA	<u>58,740</u>	<u>53,030</u>
Registrations-other breeds:		
Foundation males	175	375
Foundation females	272	714
Male foreign herdbook	14,700	12,525
Female foreign herdbook	39,338	43,741
	<u>54,485</u>	<u>57,355</u>
Registration related income:		
Animal name change	645	3,000
Database entry fee	930	1,970
Corrections or duplicates	5,035	3,960
Priority handling	10,475	7,625
Miscellaneous	250	650
	<u>17,335</u>	<u>17,205</u>

See Independent Auditors' Report.

AMERICAN SIMMENTAL ASSOCIATION
Schedule V – Schedules of Revenues (Continued)
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Other Operating Revenue		
Membership lists	\$ 7,372	\$ 3,859
Herd letter prefix	6,510	5,330
Credit card discount fee	(72,038)	(59,042)
Herdbook services licensing	48,330	48,330
Conference registrations	-	5,672
Miscellaneous	50,174	(396)
	<u>40,348</u>	<u>3,753</u>
Annual Service Fees	<u>541,495</u>	<u>542,910</u>
DNA Revenue		
DNA analysis-voluntary	174,882	164,750
DNA - Horn Polled	78,400	46,000
DNA - Dilutor	4,820	2,080
DNA - coat color	49,080	28,240
DNA - genetic defect test	49,450	46,865
SNP Analysis	123,385	83,325
Other Testing	32,705	570
	<u>512,722</u>	<u>371,830</u>
Youth Programs		
Youth & Education Programs	120,243	101,444
AJSA Sales	2,542	12,421
	<u>122,785</u>	<u>113,865</u>
Genetic Evaluation Services	<u>114,879</u>	<u>69,379</u>
Services and Carcass Merit	<u>34,000</u>	<u>79,500</u>
Total Herd Enrollment	<u>1,112,057</u>	<u>1,009,946</u>
Total operating revenue	<u>3,759,212</u>	<u>3,298,667</u>
Other Revenue		
Interest and dividend income	193,073	127,960
Rent income	30,000	30,000
Unrealized gain (loss) on investments	(39,489)	501,642
	<u>183,584</u>	<u>659,602</u>
Total Revenue	<u>\$ 3,942,796</u>	<u>\$ 3,958,269</u>

See Independent Auditors' Report.

AMERICAN SIMMENTAL ASSOCIATION
Schedule VI – Schedules of Expenses
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Expenses		
Personnel		
Salaries	\$ 1,179,005	\$ 1,217,971
Services provided to ASA Publication, Inc.	(225,278)	(188,168)
Health, life, LTD insurance	139,990	140,616
Payroll taxes	101,866	109,748
Retirement contributions and other employee benefits	75,568	72,404
Annual leave	(796)	25,725
	<u>1,270,355</u>	<u>1,378,296</u>
Service		
DNA-50k/HD	217,092	153,139
DNA analysis	27,937	31,634
DNA/hair sample collectors	2,288	4,540
DNA - coat expense	14,346	8,725
DNA - genetic defects	69,875	37,768
DNA - horned/polled	3,716	18,470
DNA-comb test	47,869	17,182
SimChoice	592	1,173
Karyotyping	970	940
Software expense	6,305	3,608
	<u>390,990</u>	<u>277,179</u>
Professional Fees		
Accounting	14,975	13,563
Legal	210,363	286,224
Research	16,329	36,005
Professional	6,958	13,585
	<u>248,625</u>	<u>349,377</u>

See Independent Auditors' Report.

AMERICAN SIMMENTAL ASSOCIATION
Schedule VI – Schedules of Expenses (Continued)
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Office Expenses		
Bad debt	\$ 3,173	\$ 4
Dues and subscriptions	19,636	14,376
Insurance	39,120	34,232
Office expense	17,186	21,211
Postage and freight	79,652	75,156
Penalties and interest	84	-
Printing	15,285	24,134
Property tax	8,012	-
Telephone	21,348	27,757
Utilities	16,980	19,057
Depreciation	16,752	19,986
Amortization	558	1,114
	<u>237,786</u>	<u>237,027</u>
Maintenance and Repairs		
Building and ground	5,462	14,601
Equipment	15,703	21,871
	<u>21,165</u>	<u>36,472</u>
Travel		
Meals, lodging, transportation and facilities	348,845	344,653
Advertising and Promotions		
Advertising	95,881	95,129
Gifts and awards	48,865	35,416
Carcass Merit Project	32,018	30,422
State check-off and cost share dollars	100,345	83,997
Advertising and promotion development	70,715	34,051
Subscriptions	150,000	150,000
	<u>497,824</u>	<u>429,015</u>
Total Expenses	<u>\$ 3,015,590</u>	<u>\$ 3,052,019</u>

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ASA Publications, Inc.

Supplementary Schedules VII-XII

Subsidiary Company

AMERICAN SIMMENTAL ASSOCIATION
Schedule VII – Schedules of Assets, Liabilities, and Equity
Subsidiary Company
As of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 409,266	\$ 362,584
Accounts receivable, net of allowance for doubtful accounts of \$11,789 and \$11,184	53,428	37,632
Prepaid expenses	5,964	6,070
Prepaid income tax	5,361	-
Deferred income tax assets	10,972	13,003
Total current assets	<u>484,991</u>	<u>419,289</u>
Property and Equipment		
Office furniture and fixtures and computer hardware	58,003	58,003
Less: Accumulated depreciation	<u>(56,667)</u>	<u>(55,332)</u>
Total property and equipment, net	<u>1,336</u>	<u>2,671</u>
Other Assets		
Computer software, net of accumulated amortization of \$21,172 and \$20,953	-	319
Total Assets	<u>\$ 486,327</u>	<u>\$ 422,279</u>
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ -	\$ 425
Accounts payable to parent company	83,652	63,128
Income taxes payable	-	13,288
Wages, commissions and payroll taxes payable	17,043	5,752
Accrued annual leave	45,538	41,450
Subscriptions received in advance	3,636	3,830
Advertising received in advance	18,977	21,015
Total current liabilities	<u>168,846</u>	<u>148,888</u>
Equity		
Common stock, \$1 par value; 50,000 shares authorized; 1,000 shares issued and outstanding	1,000	1,000
Paid-in capital	175,000	175,000
Retained earnings	141,481	97,391
Total equity	<u>317,481</u>	<u>273,391</u>
Total Liabilities and Equity	<u>\$ 486,327</u>	<u>\$ 422,279</u>

See Independent Auditors' Report.

AMERICAN SIMMENTAL ASSOCIATION
Schedule VIII – Schedules of Revenues and Expenses
Subsidiary Company
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenue		
Subscriptions	\$ 155,794	\$ 155,933
Advertising income	370,638	436,786
Production income	198,094	153,154
Advertising income, other publications	499,998	459,964
Other operation revenue, including discounts	<u>(25,694)</u>	<u>(69,336)</u>
	<u>1,198,830</u>	<u>1,136,501</u>
Operating Expenses		
Personnel	451,096	405,991
Professional fees	52,396	63,505
Office expense	33,692	46,130
Rent	48,875	36,890
Travel	19,415	14,834
Production expenses	322,919	306,248
Mailing expenses	205,118	184,862
Other operating expenses	<u>5,639</u>	<u>6,632</u>
	<u>1,139,150</u>	<u>1,065,092</u>
Operating income	<u>59,680</u>	<u>71,409</u>
Income before provision for income taxes	59,680	71,409
Provision for Income Taxes	<u>(15,590)</u>	<u>(12,842)</u>
Net Income	<u>\$ 44,090</u>	<u>\$ 58,567</u>

See Independent Auditors' Report.

AMERICAN SIMMENTAL ASSOCIATION
Schedule IX– Schedules of Changes in Equity
Subsidiary Company
For the Years Ended June 30, 2015 and 2014

	<u>Capital Stock</u>	<u>Paid-in Capital</u>	<u>Accumulated Earnings</u>	<u>Total</u>
Balance, June 30, 2013	\$ 1,000	\$ 175,000	\$ 38,824	\$ 214,824
Net Income	-	-	58,567	58,567
Balance, June 30, 2014	1,000	175,000	97,391	273,391
Net Income	-	-	44,090	44,090
Balance, June 30, 2015	<u>\$ 1,000</u>	<u>\$ 175,000</u>	<u>\$ 141,481</u>	<u>\$ 317,481</u>

See Independent Auditors' Report.

AMERICAN SIMMENTAL ASSOCIATION
Schedule X– Schedules of Cash Flows
Subsidiary Company
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 1,183,034	\$ 1,150,975
Cash paid to suppliers and employees	(1,107,474)	(1,058,981)
Income taxes refunded (paid)	(28,878)	(5,546)
Net cash flows from operating activities	<u>46,682</u>	<u>86,448</u>
Net change in cash and cash equivalents	46,682	86,448
Cash and cash equivalents at beginning of year	<u>362,584</u>	<u>276,136</u>
Cash and cash equivalents at end of year	<u>\$ 409,266</u>	<u>\$ 362,584</u>
Reconciliation of Net Income to Net Cash Flows from Operating Activities		
Net Income	<u>\$ 44,090</u>	<u>\$ 58,567</u>
Adjustments to reconcile change in equity to net cash flows from operating activities:		
Depreciation and amortization	1,654	1,685
Changes in operating assets and liabilities:		
Accounts receivable	(15,796)	14,474
Prepaid expenses	106	7,752
Deferred tax asset	2,031	(7,326)
Trade accounts payable	(425)	(8,562)
Due to parent	20,524	(2,013)
Wages, commissions and payroll taxes payable	11,291	1,832
Accrued annual leave	4,088	7,587
Income taxes payable	(13,288)	7,296
Subscriptions received in advance	(194)	(783)
Advertising received in advance	(2,038)	5,939
Net cash flows from operating activities	<u>2,592</u>	<u>27,881</u>
Total adjustments	<u>\$ 46,682</u>	<u>\$ 86,448</u>

See Independent Auditors' Report.

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AMERICAN SIMMENTAL ASSOCIATION
Schedule XI– Schedules of Revenues
Subsidiary Company
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenue		
Subscriptions		
Domestic - parent company	\$ 148,000	\$ 148,000
Foreign - parent company	2,000	2,000
Domestic - other	5,118	5,270
Foreign - other	676	663
	<u>155,794</u>	<u>155,933</u>
Advertising Income		
AD - 1 page	150,490	152,855
AD - 2/3 page	6,300	7,740
AD - 1/2 page	19,660	27,680
AD - 1/3 page	10,530	9,630
AD - 1/4 page	4,040	6,860
AD- 1 inch	40,798	31,951
AD- 2 inch	900	900
AD - cover, preferential pages	70,937	70,625
Advertising income non-space	59,685	117,930
Catalogs and brochures	7,298	10,615
	<u>370,638</u>	<u>436,786</u>
Production Income	<u>198,094</u>	<u>153,154</u>
Advertising Income, Simtalk	<u>499,998</u>	<u>459,964</u>
Other Operating Revenue		
Internet advertising	26,763	21,274
Late fees	-	11,527
Reversed charges and discounts	(53,516)	(103,504)
Interest income	24	37
Other	1,035	1,330
	<u>(25,694)</u>	<u>(69,336)</u>
Total Revenue	<u>\$ 1,198,830</u>	<u>\$ 1,136,501</u>

See Independent Auditors' Report.

AMERICAN SIMMENTAL ASSOCIATION
Schedule XII– Schedules of Expenses
Subsidiary Company
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Expenses		
Personnel		
Salaries	\$ 184,901	\$ 158,211
Salaries provided by American Simmental Association	194,262	135,319
Commissions	10,452	28,320
Health, life and LTD insurance	38,094	38,806
Payroll taxes	5,952	25,479
Retirement contributions	13,347	12,269
Annual leave	4,088	7,587
	<u>451,096</u>	<u>405,991</u>
Professional Fees		
Accounting	5,500	6,388
Legal	46,196	55,767
Other	700	1,350
	<u>52,396</u>	<u>63,505</u>
Office Expenses		
Advertising and contributions	1,498	1,712
Dues and subscriptions	1,579	1,839
Equipment maintenance and rent	2,216	5,931
Insurance	8,390	10,022
Office expense	5,742	10,512
Postage and freight	6,192	5,305
Printing	1,782	4,184
Telephone	6,293	6,625
	<u>33,692</u>	<u>46,130</u>
Rent	<u>48,875</u>	<u>36,890</u>
Travel		
Meals	2,314	2,215
Lodging	3,254	2,862
Transportation	13,847	9,425
Telephone and miscellaneous - sales	-	332
	<u>\$ 19,415</u>	<u>\$ 14,834</u>

See Independent Auditors' Report.

AMERICAN SIMMENTAL ASSOCIATION
Schedule XII– Schedules of Expenses
Subsidiary Company
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Production of Magazine		
Printing	\$ 322,919	\$ 306,348
Postage	205,118	184,862
	<u>528,037</u>	<u>491,210</u>
Miscellaneous Expenses		
Internet/web services	3,006	1,856
Penalties and interest	286	-
Bad debts	605	3,091
Depreciation	1,335	1,336
Amortization	319	349
Miscellaneous sale	88	-
	<u>5,639</u>	<u>6,632</u>
Total Expenses	<u>\$ 1,139,150</u>	<u>\$ 1,065,192</u>

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American Simmental/Simbrah Foundation, Inc.

SUPPLEMENTARY SCHEDULES XIII-XVI

Affiliate Company

AMERICAN SIMMENTAL ASSOCIATION
Schedule XIII– Schedules of Assets, Liabilities and Equity
Affiliate Company
As of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash	\$ 257,270	\$ 213,910
Investments	<u>311,284</u>	<u>303,659</u>
Total Assets	<u>\$ 568,554</u>	<u>\$ 517,569</u>
Liabilities and Net Assets		
Net Assets		
Unrestricted net assets	\$ 499,511	\$ 463,671
Temporarily restricted net assets	<u>69,043</u>	<u>53,898</u>
Total Liabilities and Net Assets	<u>\$ 568,554</u>	<u>\$ 517,569</u>

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AMERICAN SIMMENTAL ASSOCIATION
Schedule XIV – Schedule of Revenue, Expenses and Equity
Affiliate Company
For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Contributions	\$ 66,805	\$ 63,396	\$ 130,201
Investment income	7,670	-	7,670
Unrealized loss on investment	(45)	-	(45)
Credit card royalties	14	-	14
	<u>74,444</u>	<u>63,396</u>	<u>137,840</u>
Satisfaction of Temporary Restrictions	<u>48,251</u>	<u>(48,251)</u>	<u>-</u>
Expenses			
Regional Classic support	25,344	-	25,344
Scholarships paid	27,350	-	27,350
Internships and junior travel	250	-	250
Banquets expense	4,000	-	4,000
Event expense	23,100	-	23,100
Miscellaneous expenses	3,311	-	3,311
YBIC expenses	3,500	-	3,500
	<u>86,855</u>	<u>-</u>	<u>86,855</u>
Change in Net Assets	35,840	15,145	50,985
Net Assets at beginning of year	<u>463,671</u>	<u>53,898</u>	<u>517,569</u>
Net Assets at end of year	<u>\$ 499,511</u>	<u>\$ 69,043</u>	<u>\$ 568,554</u>

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AMERICAN SIMMENTAL ASSOCIATION
Schedule XV – Schedule of Revenue, Expenses and Equity
Affiliate Company
For the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Contributions	\$ 11,070	\$ 30,399	\$ 41,469
Investment income	7,635	-	7,635
Unrealized loss on investment	15,178		15,178
Auction income	48,645	-	48,645
	<u>82,528</u>	<u>30,399</u>	<u>112,927</u>
Satisfaction of Temporary Restrictions	<u>21,200</u>	<u>(21,200)</u>	<u>-</u>
Expenses			
Regional Classic support	27,906	-	27,906
Scholarships paid	19,250	-	19,250
Internships and junior travel	1,250	-	1,250
Banquets expense	4,000	-	4,000
Event expense	3,600		3,600
Accounting expense	500	-	500
Miscellaneous expenses	14	-	14
	<u>56,520</u>	<u>-</u>	<u>56,520</u>
Change in Net Assets	47,208	9,199	56,407
Net Assets at beginning of year	<u>416,463</u>	<u>44,699</u>	<u>461,162</u>
Net Assets at end of year	<u>\$ 463,671</u>	<u>\$ 53,898</u>	<u>\$ 517,569</u>

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AMERICAN SIMMENTAL ASSOCIATION
Schedule XVI – Schedule of Cash Flows
Affiliate Company
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Cash received from contributions	\$ 130,201	\$ 41,469
Investment income	7,670	7,635
Cash received from credit card royalties	14	-
Cash received from fundraiser events	-	48,645
Support paid	(52,694)	(48,406)
Miscellaneous expenses paid	<u>(34,161)</u>	<u>(8,114)</u>
Net cash flows from operating activities	<u>51,030</u>	<u>41,229</u>
Cash Flows From Investing Activities		
Purchases of investments	<u>(7,670)</u>	<u>(7,634)</u>
Net cash flows from investing activities	<u>(7,670)</u>	<u>(7,634)</u>
Net change in cash and cash equivalents	43,360	33,595
Cash and cash equivalents at beginning of year	<u>213,910</u>	<u>180,315</u>
Cash and cash equivalents at end of year	<u>\$ 257,270</u>	<u>\$ 213,910</u>
Reconciliation of Change in Net Assets to		
Net Cash Flows from Operating Activities		
Change in net assets	\$ 50,985	\$ 56,407
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net unrealized and realized gain (loss) on investments	<u>45</u>	<u>(15,178)</u>
Net cash flows from operating activities	<u>\$ 51,030</u>	<u>\$ 41,229</u>

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American Simmental Association
SUPPLEMENTARY SCHEDULE XVII
Intercompany Balances and Transactions

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AMERICAN SIMMENTAL ASSOCIATION
Schedule XVII – Intercompany Balances and Transactions
As of and For the Years Ended June 30, 2015 and 2014

Balances	2015	2014
American Simmental Association		
accounts receivable due from ASA Publications, Inc.	\$ 83,652	\$ 63,128
American Simmental Association		
investment in ASA Publication, Inc.	\$ 176,000	\$ 176,000
Transactions		
ASA Publication, Inc. revenue from		
American Simmental Association:		
Subscription	\$ 150,000	\$ 150,000
Advertising	\$ 72,484	\$ 63,014
American Simmental Association		
revenue from ASA Publication, Inc.:		
Personnel services	\$ 225,278	\$ 188,168
Rent income	\$ 30,000	\$ 30,000

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