

Indiana HBPA Benefit Trust
Accounting, Auditing, Internal Control and Reporting Procedures for
Funds Received under IC 4-35-7-12
Revised August, 2011

This document contains the accounting, auditing, internal control and reporting procedures for the Indiana HBPA Benefit Trust (the "Trust") for funds collected by Indiana Horsemen's Benevolent & Protective Association, Inc. ("IHBPA") for backside benevolence pursuant to IC 4-35-7-12 (b) (2) (the "Funds").

All funds collected by IHBPA for backside benevolence pursuant to IC 4-35-7-12 (b) (2) are transferred to the Trust by electronic transfer. The funds received by the Trust pursuant to IC 4-35-7-12 (b) (2) for backside benevolence are disbursed by the Trust for backside benevolence, as provided in IC 4-35-7-12 (c).

The services of Hash CPA Group, LLC ("Hash") are used for bookkeeping and accounting purposes. Hash uses QuickBooks accounting software licensed to IHBPA to process the transactions and maintain the accounting records of the Trust.

TRUST OFFICERS AND STAFF

President: Randy Klopp
Executive Director: Michael Brown
Benevolence Director: Steven Stults
Administrative Assistant: Lisa Stephens

HASH STAFF

Hash Partner in Charge: Dennis Hash
Hash Accountant: Ryan Roberts

ACCOUNTING AND INTERNAL CONTROL PROCEDURES

General Provisions

A separate checking account is approved by the Trust's Board of Directors and is set up for funds received by the Trust from IHBPA for backside benevolence pursuant to IC 4-35-7-12 (b) (2).

All authorized check signers as provided for in this document are authorized by the Board of Directors, and the bank is immediately notified of all changes to authorized check signers.

All officers, directors, and employees of the Trust who have access to the Funds (as the phrase "access to any funds received pursuant to IC 4-35-7-12" is defined in 71

IAC 13-1-2 (b) (2)) are licensed and in good standing with the Commission in accordance with 71 IAC 13-1-5 and bonded or insured in accordance with 71 IAC 13-1-9.

Cash Receipts

The Trust receives all funds pursuant to IC 4-35-7-12 (b) (2) by electronic transfer from the IHBPA authorized by the Benevolence Director. The Benevolence Director forwards the electronic transfer information to Hash Accountant. Hash Accountant enters the electronic transfer in the QuickBooks accounting system and saves the supporting documentation for audit purposes. The receipts ledger is maintained in the QuickBooks accounting system.

Cash Disbursements

The disbursement of all Funds received by IHBPA, pursuant to IC 4-35-7-12 and transferred to the Trust, is made by check or electronic transfer.

All checks are pre-numbered and used in sequence. All blank checks are kept in a locked filing cabinet that is assessable by Hash Accountant and the Administrative Assistant.

All vendor invoices or vendor statements are approved by the Benevolence Director who initials the approved invoices or statements and forwards them to Hash Accountant for check preparation.

All benevolence requests are processed by the Administrative Assistant for approval by the Benevolence Director following the Trust's benevolence guidelines. The approved benevolence requests are forwarded to Hash Accountant for check preparation.

Vendor setup and maintenance in the QuickBooks accounting system is performed by the Benevolence Director. Hash Accountant is restricted from vendor setup and maintenance in the QuickBooks accounting system.

Hash Accountant prepares checks only from approved original invoices, approved vendor statements, or approved benevolence requests. Paid invoices, vendor statements, and benevolence requests are marked paid by Hash Accountant to avoid duplication of payment. All checks are made to specified payees and never to cash or bearer.

All checks are automatically entered into the QuickBooks accounting system when prepared.

All check numbers are accounted for, and voided or spoiled checks are properly mutilated and retained.

The prepared checks and supporting invoices, vendor statements, or benevolence requests are forwarded by Hash Accountant to the Benevolence Director or Executive Director. The Benevolence Director or Executive Director compares the invoices, vendor statements, and benevolence requests to the checks. All checks require two signatures. The authorized check signers are the Benevolence Director, Executive Director, and Hash Accountant. The

Indiana HBPA Board Meeting

August 18, 2011

Hoosier Park

Not Attending – Terry Meek, Jim Riddle

Minutes -- Kim Hammond made a motion to approve the minutes from the 5/13/2011 meeting (noting the correction of the date from 5/23/2011 to 5/13/2011). Larry Smallwood 2nd. Motion carried.

Financial Report -- \$50,000 transferred from Association funds to Benevolence, so far. It is likely that the entire budgeted \$100,000 transfer will be needed. Additional checks were needed for the gate crew at Indiana Downs (for extra schooling time, and for an additional EMT on the track.)

2012 Budget – As in 2011, the 2012 budget will be a true reflection of available revenue. Will try to project as close to balanced budget as possible, but Benevolence will still require a projected infusion of Association funds.

Scholarship Requests-Three requests have been received. Randy Klopp made a motion to approve requests for Lauer family, West family and Huber family. Joe Davis 2nd. Motion carried.

Jockey issues – We are still working through proposals with the jockeys on insurance issues. Eligibility standards – minimum in-state mounts – and payout schedules continue to be unresolved, but conversations are proceeding. The weights issue is continuing to be sticky. We polled on-track membership, as we agreed to, and discussed the matter at our board meeting. Jockeys took the matter to the Commission in a conversation with Joe Gorajec. No change is expected during Hoosier Park meet.

Trainers Seminar – Discussed the 1st seminar at Indiana Downs. Mike Lauer moved to invite racing officials, stewards and jockey agents to next seminar. Jim Hauswald 2nd. Motion carried. Everett Hammond made a motion to have a 2nd Seminar at Hoosier Park. Jim Hauswald 2nd. Motion carried.

Horsemen's Promotion Day – Horsemen's Day will be coordinated with Hoosier Park. Likely to include trick riding between races, stuffed horse giveaways for kids, and computer giveaways. Evening picnic would feature a dinner and a band, in a tent between the grandstand and the casino. Everett Hammond made a motion to go forward with Promotional Day. Penny Lauer 2nd. Motion carried.

National HBPA Convention – Attendees reported on activities and topics at the National HBPA Convention in Seattle. One major topic continues to be medications, with discussions centering on elimination of bute and strict limitations or elimination of

Backside Benevolence Pursuant to IC 4-35-7-12(b)(2)
General Ledger
As of December 31, 2011

Type	Date	Num	Name	Memo	Amount	Balance
Check	10/25/2011	3598	OnSiteSolutions, LLC	dos 10-7-11	1,350.00	72,459.52
Check	10/25/2011	3598	OnSiteSolutions, LLC	dos 10-13-11	1,350.00	73,809.52
Check	10/25/2011	3598	OnSiteSolutions, LLC	dos 10-21-11	1,350.00	75,159.52
Total 5080 · Medical Clinics/Doctor					75,159.52	75,159.52
5100 · Education						0.00
Check	09/06/2011	3375	Marcos Ortiz	date 6-25-11, 6-27-11 & 7-16-11 - translator services	17.50	17.50
Check	09/06/2011	3379	Ethan West	Scholarship	1,543.41	1,560.91
Check	09/06/2011	3380	Debra Hawkins	Scholarship	2,500.00	4,060.91
Check	09/06/2011	3381	Megan Larimore	Scholarship	2,500.00	6,560.91
Check	09/13/2011	3410	Sara J. Lauer	2011 Scholarship	995.00	7,555.91
Check	09/13/2011	3411	Debbie Huber	Scholarship - Amber Huber	1,722.85	9,278.76
Check	09/20/2011	3437	Sara J. Lauer	Remaining Scholarship Award	1,505.00	10,783.76
Check	10/06/2011	3503	Nova Southeastern University	Rebecca Heniser scholarship	2,500.00	13,283.76
Total 5100 · Education					13,283.76	13,283.76
5110 · Depreciation Expense						0.00
General Journal	12/31/2011	12-6		RECORD 2011 DEPRECIATION EXPENSE	12,197.02	12,197.02
Total 5110 · Depreciation Expense					12,197.02	12,197.02
5140 · Daycare						0.00
Check	04/18/2011	2923	KinderCare Learning Centers LLC	March 2011	2,625.00	2,625.00
Check	05/11/2011	3019	KinderCare Learning Centers LLC		3,875.00	6,500.00
Check	06/16/2011	3127	KinderCare Learning Centers LLC	May 5-28, 2011 daycare	3,000.00	9,500.00
Check	07/28/2011	3225	KinderCare Learning Centers LLC	Petra Encarnacion, Noelia Encarnacion, Makayla Jonas, Brianna Jonas, Fawn Jonas, Jacini	5,000.00	14,500.00
Check	07/28/2011	3226	KinderCare Learning Centers LLC	Petra Encarnacion, Noelia Encarnacion, Jacinta Zuniga, Clarissa Kepener, Emily Johns, Eth	3,500.00	18,000.00
Check	08/09/2011	3255	Bright Impressions	August 1-5 - Saydey Dalton	125.00	18,125.00
Check	08/09/2011	3255	Bright Impressions	August 1-5 - Sydney Dalton	125.00	18,250.00
Check	08/09/2011	3255	Bright Impressions	August 1-5 - Sophey Dalton	125.00	18,375.00
Check	08/09/2011	3255	Bright Impressions	July 25-29 & August 1-5 - Clarissa Kepner	250.00	18,625.00
Check	08/09/2011	3255	Bright Impressions	July 25-29 & August 1-5 - Emily Johns	250.00	18,875.00
Check	08/09/2011	3255	Bright Impressions	July 25-29 & August 1-5 - Jacinta Zuniga	250.00	19,125.00
Check	08/09/2011	3257	Bright Impressions	July 25-29 & August 1-5 - Coby Zehnder	250.00	19,375.00
Check	08/09/2011	3257	Bright Impressions	July 25-29 & August 1-5 - Ethan Estvanko	250.00	19,625.00

SCHEDULE L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions With Interested Persons

▶ Complete if the organization answered
"Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c,
or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047

2011

Open To Public
Inspection

Name of the organization

**THE INDIANA HORSEMEN'S BENEVOLENT &
PROTECTIVE ASSOC. BENEFIT TRUST**

Employer identification number

35-2013393

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected?	
			Yes	No
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

- 2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 ▶ \$ _____
- 3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$ _____

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a.

1	(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
		To	From			Yes	No	Yes	No	Yes	No
		(1)									
(2)											
(3)											
(4)											
(5)											
(6)											
(7)											
(8)											
(9)											
(10)											
Total						▶ \$ _____					

Part III Grants or Assistance Benefiting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

1	(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount and type of assistance
(1)	AMBER HUBER	CHILD OF DALE HUBER	1,723 SCHOLARSHIP
(2)	SARA J. LAUER	CHILD OF PENNY LAUER	2,500 SCHOLARSHIP
(3)			
(4)			
(5)			
(6)			
(7)			
(8)			
(9)			
(10)			

Indiana HBPA Benefit Trust
Scholarship Information
For 2011 and 2012

<u>Recipient</u>	<u>Amount</u>	<u>School Attended</u>	<u>Name & License #</u>
<u>2011</u>			
Amber Huber	\$1,772.85	University of Kentucky	Dale Huber - 953827
Debra Hawkins	\$2,500.00	Alabama School of Sleep Science Medicine	Debra Hawkins - 101244
Ethan West	\$1,543.41	Indiana University - East	Ethan West - 281405
Megan Larimore	\$2,500.00	Alabama School of Sleep Science Medicine	Lisa Stephens - 990495
Rebecca Heniser	\$2,500.00	Nova Southeastern University	Timothy Heniser - 952372
Sara Lauer	\$2,500.00	Morehead State	Micahel Lauer - 953821
<u>2012</u>			
Rebecca Heniser	\$2,500.00	Nova Southeastern University	Timothy Heniser - 952372
Austin Dunn	\$2,500.00	University of Kentucky	Steve Dunn - 953759
Kaci Talbert	\$2,500.00	Ivy Tech Community College	Kaci Talbert - 251032
Amber Huber	\$777.15	University of Kentucky	Dale Huber - 953827