Alpaca Owners Association, Inc. and Subsidiary
Lincoln, Nebraska

December 31, 2018 and 2017

Consolidated Financial Statements
and
Independent Auditor's Report

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Alpaca Owners Association, Inc. and Subsidiary

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Alpaca Owners Association, Inc. and Subsidiary
Lincoln, Nebraska

We have audited the accompanying consolidated financial statements of Alpaca Owners Association, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 consolidated 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 audit 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alpaca Owners Association, Inc. and Subsidiary as of December 31, 2018 and 2017, 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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information 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.

HBE LLP

Lincoln, Nebraska
February 26, 2019

Alpaca Owners Association, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents (note A)	$ 611,947	$ 385,726
Certificates of deposit	716,062	822,050
Accounts receivable (note A)	23,806	26,721
Prepaid expenses	19,019	23,673
Total current assets	1,370,834	1,258,170
PROPERTY AND EQUIPMENT, net (notes A and B)	8,359	13,577
OTHER ASSETS		
Association software costs, less accumulated amortization of $1,330,749 (2018) and $1,270,702 (2017) (notes A and C)	187,781	232,678
Deposits	-	3,490
Total other assets	187,781	236,168
Total assets	$ 1,566,974	$ 1,507,915

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$ 10,786	$ 23,793
Accrued payroll	6,261	4,226
Accrued vacation (note A)	24,090	32,345
Deferred revenue (note A)	71,132	75,892
Total current liabilities	112,269	136,256
NET ASSETS (note A)		
Without donor restrictions		
Undesignated	1,454,705	1,371,659
Total liabilities and net assets	$ 1,566,974	$ 1,507,915

See accompanying notes to consolidated financial statements.

Alpaca Owners Association, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended December 31,

	2018	2017
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE		
Registry income	$ 592,886	$ 619,995
National show	375,932	280,924
Show system	146,670	165,671
Member marketing	23,500	25,465
Membership and voting rights	136,405	147,410
Product income	66,937	55,913
Other member services	122,857	110,022
Other business income	2,049	15
Advertising income	143,415	141,564
Interest	15,085	6,672
Total revenue	1,625,736	1,553,651
EXPENSES		
Program services		
DNA testing and registration services	259,568	279,351
National show	296,088	246,326
Show system	212,444	139,723
Other AOA	480,421	328,796
Total program services	1,248,521	994,196
Management and general		
Management and general before depreciation and amortization	284,094	473,356
Depreciation and amortization	10,075	88,607
Total management and general	294,169	561,963
Total expenses	1,542,690	1,556,159
INCREASE (DECREASE) IN NET ASSETS	83,046	(2,508)
Net assets at beginning of year	1,371,659	1,374,167
Net assets at end of year	$ 1,454,705	$ 1,371,659

See accompanying notes to consolidated financial statements.

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Alpaca Owners Association, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31, 2018

	Program Services						
	DNA Testing & Registration Services	National Show	Show System	Other AOA	Total Program Services	Management and General	Total
Wages and benefits	$ 76,167	$ 82,502	$ 99,410	$ 138,240	$ 396,319	$ 129,342	$ 525,661
DNA testing	149,803	-	-	-	149,803	-	149,803
Other member services	-	-	-	141,935	141,935	-	141,935
Member products	-	-	-	32,588	32,588	-	32,588
Conferences and fees	-	100,881	87,808	-	188,689	5,938	194,627
Board and lodging	-	60,765	-	-	60,765	-	60,765
Travel	-	18,036	-	-	18,036	-	18,036
Judges clinic and student design	-	-	-	35,282	35,282	-	35,282
Publication services	-	-	-	77,607	77,607	-	77,607
Professional fees	-	-	-	-	-	74,206	74,206
Board of directors	-	-	-	-	-	16,200	16,200
Rent	5,830	5,883	4,377	9,504	25,594	4,672	30,266
Building maintenance	3,198	3,227	2,401	5,213	14,039	2,563	16,602
Utilities	2,943	2,970	2,210	4,798	12,921	2,359	15,280
Insurance	-	-	-	-	-	7,731	7,731
Office expenses	9,055	9,138	6,799	14,761	39,753	7,257	47,010
Bank charges	-	-	-	-	-	30,508	30,508
Depreciation and amortization	12,572	12,686	9,439	20,493	55,190	10,075	65,265
Other	-	-	-	-	-	3,318	3,318
Total expenses	$ 259,568	$ 296,088	$ 212,444	$ 480,421	$ 1,248,521	$ 294,169	$ 1,542,690

See accompanying notes to consolidated financial statements.

Alpaca Owners Association, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31, 2017

	Program Services						
	DNA Testing & Registration Services	National Show	Show System	Other AOA	Total Program Services	Management and General	Total
Wages and benefits	$ 117,324	$ 79,117	$ 76,987	$ 62,852	$ 336,280	$ 176,574	$ 512,854
DNA testing	162,027	-	-	-	162,027	-	162,027
Other member services	-	-	-	149,767	149,767	-	149,767
Member products	-	-	-	12,696	12,696	-	12,696
Conferences and fees	-	126,116	62,736	-	188,852	704	189,556
Board and lodging	-	41,093	-	-	41,093	-	41,093
Judges clinic and student design	-	-	-	14,101	14,101	-	14,101
Publication services	-	-	-	89,380	89,380	-	89,380
Professional fees	-	-	-	-	-	116,534	116,534
Board of directors	-	-	-	-	-	12,682	12,682
Rent	-	-	-	-	-	35,562	35,562
Building maintenance	-	-	-	-	-	9,167	9,167
Utilities	-	-	-	-	-	16,603	16,603
Insurance	-	-	-	-	-	11,232	11,232
Office expenses	-	-	-	-	-	51,690	51,690
Bank charges	-	-	-	-	-	37,474	37,474
Depreciation and amortization	-	-	-	-	-	88,607	88,607
Other	-	-	-	-	-	5,134	5,134
Total expenses	$ 279,351	$ 246,326	$ 139,723	$ 328,796	$ 994,196	$ 561,963	$ 1,556,159

See accompanying notes to consolidated financial statements.

Alpaca Owners Association, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2018	2017
Cash flows from operating activities		
Cash received from members	$ 1,490,709	$ 1,448,689
Cash paid to suppliers and employees	(1,493,268)	(1,505,025)
Miscellaneous services income	122,857	110,022
Investment income	15,085	6,672
Net cash provided by operating activities	135,383	60,358
Cash flows from investing activities		
Purchases of certificates of deposit	(144,012)	(671,943)
Proceeds from maturity or sale of certificates of deposit	250,000	650,000
Purchase of association software	(15,150)	(16,559)
Net cash provided (used) by investing activities	90,838	(38,502)
Net increase in cash and cash equivalents	226,221	21,856
Cash and cash equivalents at beginning of year	385,726	363,870
Cash and cash equivalents at end of year	$ 611,947	$ 385,726
Reconciliation of increase (decrease) in net assets to net cash provided by operating activities		
Increase (decrease) in net assets	$ 83,046	$ (2,508)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	5,218	6,391
Amortization	60,047	82,216
(Increase) decrease in assets		
Receivables	2,915	11,732
Prepaid expenses	4,654	(20,209)
Deposits	3,490	-
Increase (decrease) in liabilities		
Accounts payable	(13,007)	(4,892)
Accrued payroll	2,035	833
Accrued vacation	(8,255)	-
Deferred revenue	(4,760)	(13,205)
Total adjusment to increase (decrease) in net assets	52,337	62,866
Net cash provided by operating activities	$ 135,383	$ 60,358

See accompanying notes to consolidated financial statements.

On January 14, 2014, Alpaca Owners and Breeders Association, Inc. merged with the Alpaca Registry, Inc., who then changed their name to Alpaca Owners Association Inc. (the Association).

The Association was incorporated in the State of Colorado. The Association exists to track the genealogy, blood testing and ownership records of alpacas in North America.

The Association, as a result of the merger, also provides an internationally recognized pedigree registry, judge training program, and magazine (Alpaca Magazine). The Association also provides the industry's largest Expected Progeny Difference (EDP) program, national show system, and national marketing program for alpacas and alpaca fiber products. The Association's main source of revenue from these activities is derived from registration fees, national shows, and membership dues.

In January 2014, the Association also acquired Alpaca Owners and Breeders Association, Inc.'s wholly owned subsidiary, Alpaca Livestock Company, Inc. ("ALCI"). ALCI is a for-profit corporation who is now a wholly owned subsidiary of the Association. ALCI primarily provides advertising to individual and small business customers in the Association's various publications.

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

Basis of Accounting. The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

Principles of Consolidation. The accompanying consolidated financial statements include the accounts of Alpaca Owners Association, Inc. and its wholly owned subsidiary, Alpaca Livestock Company, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

New Accounting Pronouncement. On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Cash and Cash Equivalents. For purposes of the consolidated statements of cash flows, the Association considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounts Receivables. Receivables are stated at the amount management expects to collect from outstanding balances at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has been concluded that realized losses on balances outstanding at year-end will be immaterial.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Property and Equipment and Depreciation. Property and equipment are carried at cost, if purchased and at fair market value at the date of contribution, if received by donation, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives computed on the straight-line method. Equipment and furniture and fixtures are depreciated over estimated useful lives from five to seven years. It is the Association's policy to capitalize property and equipment over $2,500. Lesser amounts are expensed.

Association Software Costs. The Association's software costs are amortized over five to ten years using the straight-line method.

Paid Time Off Policy. During the first year of employment, a salaried employee earns 120 hours of paid time off, and an hourly employee earns 80 hours of paid time off. The second through the fourth years of employment, a salaried and hourly employee earns 160 hours and 120 hours of paid time off per year, respectively. Beginning with the fifth year, a salaried employee earns 200 hours of paid time off per year, and an hourly employee earns 160 hours of paid time off per year. Employees may accumulate paid time off up to 240 hours for a salaried employee and up to 200 hours for an hourly employee. The Association's policy is to pay this liability in the event of voluntary or involuntary termination.

Deferred Revenue. Unearned income consists of membership dues, registration, and DNA testing fees paid in advance of the period in which they are earned.

Net Asset Classification. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without donor restrictions. Net assets available for use in general operations and not subject to donor or grantor restrictions.

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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions. The Association has not received any funds subject to donor imposed restrictions.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Income Taxes. The Association is exempt from Federal income taxes under Section 501(c)(5) of the Internal Revenue Code. As such, income earned in the performance of their exempt purpose is not subject to income tax. Any income earned through activities not related to their exempt purpose is subject to income tax at normal corporate rates. The Organization has advertising income, which is subject to tax on unrelated business income. For the years ended December 31, 2018 and 2017, the Association had no tax liability on unrelated business activity. The Association believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements.

ALCI accounts for income taxes using the "balance sheet method" of accounting for income taxes. Accordingly, deferred assets and liabilities are determined based on the difference between the financial statement and income tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Functional Allocation of Expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, as well as salaries and wages, benefits, payroll taxes, and insurance, and other, which are allocated on the basis of estimates of time and effort.

Advertising and Promotion. The Association expenses advertising costs when incurred. The accompanying consolidated financial statements include advertising expense of $34,409 and $69,623 for the years ended December 31, 2018 and 2017, respectively.

Shipping and Handling Costs. Freight billed to customers is considered sales revenue and the related freight costs as a cost of sales.

Use of Estimates. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2018	2017
Equipment	$ 77,787	$ 77,787
Furniture and fixtures	57,440	57,440
	135,227	135,227
Less accumulated depreciation	(126,868)	(121,650)
	$ 8,359	$ 13,577

Depreciation expense for the years ended December 31, 2018 and 2017 was $5,218 and $6,391, respectively.

NOTE C - ASSOCIATION SOFTWARE COSTS

The Association's software costs are amortized over five to ten years using the straight-line method. Amortization expense for the years ended December 31, 2018 and 2017 were $60,047 and $82,216, respectively.

Minimum amortization expense for the years following December 31, 2018 is as follows:

Year ending December 31,	
2019	$ 55,681
2020	55,681
2021	52,736
2022	11,123
2023	7,392
Thereafter	5,168
	$ 187,781

NOTE D - LEASES

On January 16, 2013, the Association entered into a 60-month lease effective April 25, 2013 with payments to begin on May 1, 2013 for its operating premises. On May 8, 2018, the lease was renewed for an additional 36-month period. The renewed lease requires monthly payments of $2,253.

On November 8, 2016, the Association entered into a 63-month lease for a postage meter. The lease requires quarterly payments of $1,242 plus applicable taxes.

On October 23, 2017, the Association entered into a 63-month lease for a copier. The lease requires monthly payments of $389 plus applicable taxes.

Minimum lease payments for the years following December 31, 2018 are as follows:

Year ending December 31,	
2019	$ 36,674
2020	36,674
2021	18,649
2022	5,082
2023	778
	$ 97,857

Rent expense for the years ended December 31, 2018 and 2017 was $30,266 and $35,562, respectively.

NOTE E - RETIREMENT PLAN

Effective May 1, 2006, the Association provided a 401(k) deferred compensation plan for the benefit of eligible employees. The plan allows eligible employees to defer a portion of their annual compensation, not to exceed Internal Revenue Code limits. The Association matches 100% of employee contributions to the 401(k) plan up to a maximum of 5% of the employee's salary. Contributions expense to the 401(k) plan for the years ended December 31, 2018 and 2017 were $19,170 and $16,140, respectively.

NOTE F - INCOME TAXES

At December 31, 2018, ALCI has a net operating loss carry forward of $689,742 to offset future taxable income. This net operating loss will begin to expire for Federal income tax purposes in 2027.

A deferred tax asset for the years ended December 31, 2018 and 2017 has been provided for a timing difference for a Federal net operating loss carryforward of $186,230 and $186,225, net of a valuation allowance of $186,230 and $186,225 for the years ended December 31, 2018 and 2017, respectively.

ALCI believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements.

The Association's Federal Exempt Organization Business Income Tax Returns (990 and 990-T) and ALCI's U.S. Federal and State of Tennessee income tax returns for December 31, 2018, 2017 and 2016 are subject to examination by the IRS generally for three years after they were filed.

NOTE G - LIQUIDITY AND AVAILABILITY

The following represents the Association's financial assets at December 31, 2018 and 2017:

	2018	2017
Cash and cash equivalents	$ 611,947	$ 385,726
Certificates of deposit	716,062	822,050
Accounts receivable	23,806	26,721
Total financial assets available to meet general expenditures over the next year	$ 1,351,815	$ 1,234,497

As part of the Association'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. In addition, the Association strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit and money market funds.

NOTE H - RECLASSIFICATIONS

Certain amounts in the year ended December 31, 2017 financial statements have been reclassified to conform with current year presentation. These reclassifications had no effect on the 2017 statement of activities.

NOTE I - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, the date the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

Alpaca Owners Association, Inc. and Subsidiary

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2018

ASSETS

	Alpaca Owners Association, Inc.	Alpaca Livestock Company, Inc.	Consolidated
CURRENT ASSETS			
Cash and cash equivalents	$ 607,494	$ 4,453	$ 611,947
Certificates of deposit	716,062	-	716,062
Accounts receivable	23,806	-	23,806
Prepaid expenses	19,019	-	19,019
Total current assets	1,366,381	4,453	1,370,834
PROPERTY AND EQUIPMENT, net	8,359	-	8,359
OTHER ASSETS			
Association software costs, less accumulated amortization of $1,330,749	187,781	-	187,781
Total assets	$ 1,562,521	$ 4,453	$ 1,566,974

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Accounts payable	$ 10,786	$ -	$ 10,786
Accrued payroll	6,261	-	6,261
Accrued vacation	24,090	-	24,090
Deferred revenue	71,132	-	71,132
Total current liabilities	112,269	-	112,269
NET ASSETS, WITHOUT DONOR RESTRICTIONS	1,450,252	4,453	1,454,705
Total liabilities and net assets	$ 1,562,521	$ 4,453	$ 1,566,974

Alpaca Owners Association, Inc. and Subsidiary

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2017

ASSETS

	Alpaca Owners Association, Inc.	Alpaca Livestock Company, Inc.	Consolidated
CURRENT ASSETS			
Cash and cash equivalents	$ 381,221	$ 4,505	$ 385,726
Certificates of deposit	822,050	-	822,050
Accounts receivable	26,721	-	26,721
Prepaid expenses	23,673	-	23,673
Total current assets	1,253,665	4,505	1,258,170
PROPERTY AND EQUIPMENT, net	13,577	-	13,577
OTHER ASSETS			
Association software costs, less accumulated amortization of $1,270,702	232,678	-	232,678
Deposits	3,490	-	3,490
Total other assets	236,168	-	236,168
Total assets	$ 1,503,410	$ 4,505	$ 1,507,915

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Accounts payable	$ 23,793	$ -	$ 23,793
Accrued payroll	4,226	-	4,226
Accrued vacation	32,345	-	32,345
Deferred revenue	75,892	-	75,892
Total current liabilities	136,256	-	136,256
NET ASSETS, WITHOUT DONOR RESTRICTIONS	1,367,154	4,505	1,371,659
Total liabilities and net assets	$ 1,503,410	$ 4,505	$ 1,507,915

Alpaca Owners Association, Inc. and Subsidiary

CONSOLIDATING STATEMENT OF ACTIVITIES

Year ended December 31, 2018

	Alpaca Owners Association, Inc.	Alpaca Livestock Company, Inc.	Consolidated
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS			
Revenue and support			
Registry income	$ 592,886	$ -	$ 592,886
National show	375,932	-	375,932
Show system	146,670	-	146,670
Member marketing	23,500	-	23,500
Membership and voting rights	136,405	-	136,405
Product income	66,937	-	66,937
Other member services	122,857	-	122,857
Other business income	2,049	-	2,049
Advertising income	143,415	-	143,415
Interest	15,085	-	15,085
Total revenue and support	1,625,736	-	1,625,736
Expenses			
Program services			
DNA testing and registration services	259,568	-	259,568
National show	296,088	-	296,088
Show system	212,444	-	212,444
Other AOA	480,421	-	480,421
Total program services	1,248,521	-	1,248,521
Management and general			
Management and general before depreciation and amortization			
Wages and benefits	129,342	-	129,342
Professional fees	74,206	-	74,206
Board of directors	16,200	-	16,200
Conferences and fees	5,938	-	5,938
Rent	4,672	-	4,672
Building maintenance	2,563	-	2,563
Utilities	2,359	-	2,359
Insurance	7,731	-	7,731
Office expenses	7,257	-	7,257
Bank charges	30,508	-	30,508
Other	3,266	52	3,318
Total management and general before depreciation and amortization	284,042	52	284,094
Depreciation and amortization	10,075	-	10,075
Total management and general	294,117	52	294,169
Total expenses	1,542,638	52	1,542,690
INCREASE (DECREASE) IN NET ASSETS	83,098	(52)	83,046
Net assets at beginning of year	1,367,154	4,505	1,371,659
Net assets at end of year	$ 1,450,252	$ 4,453	$ 1,454,705

Alpaca Owners Association, Inc. and Subsidiary

CONSOLIDATING STATEMENT OF ACTIVITIES

Year ended December 31, 2017

	Alpaca Owners Association, Inc.	Alpaca Livestock Company, Inc.	Consolidated
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS			
Revenue and support			
Registry income	$ 619,995	$ -	$ 619,995
National show	280,924	-	280,924
Show system	165,671	-	165,671
Member marketing	25,465	-	25,465
Membership and voting rights	147,410	-	147,410
Product income	55,913	-	55,913
Other member services	110,022	-	110,022
Other business income	15	-	15
Advertising income	141,564	-	141,564
Interest	6,672	-	6,672
Total revenue and support	1,553,651	-	1,553,651
Expenses			
Program services			
DNA testing and registration services	279,351	-	279,351
National show	246,326	-	246,326
Show system	139,723	-	139,723
Other AOA	328,796	-	328,796
Total program services	994,196	-	994,196
Management and general			
Management and general before depreciation and amortization			
Wages and benefits	176,574	-	176,574
Professional fees	116,534	-	116,534
Board of directors	12,682	-	12,682
Conference and fees	704	-	704
Rent	35,562	-	35,562
Building maintenance	9,167	-	9,167
Utilities	16,603	-	16,603
Insurance	11,232	-	11,232
Office expenses	51,690	-	51,690
Bank charges	37,474	-	37,474
Other	5,114	20	5,134
Total management and general before depreciation and amortization	473,336	20	473,356
Depreciation and amortization	88,607	-	88,607
Total management and general	561,943	20	561,963
Total expenses	1,556,139	20	1,556,159
DECREASE IN NET ASSETS	(2,488)	(20)	(2,508)
Net assets at beginning of year	1,369,642	4,525	1,374,167
Net assets at end of year	$ 1,367,154	$ 4,505	$ 1,371,659