

**PACIFIC COAST CUTTING
HORSE ASSOCIATION
YOUTH FUND
CALIFORNIA**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

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PACIFIC CUTTING HORSE ASSOCIATION YOUTH FUND
(A NON PROFIT ORGANIZATION)
YEARS ENDED DECEMBER 31, 2008 AND 2007

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ACCOUNTANTS' REPORT

To the Board of Directors
Pacific Coast Cutting Horse Association Youth Fund
Lockeford, California

We have compiled the accompanying statements of financial position of Pacific Coast Cutting Horse Association Youth Fund (a nonprofit organization) as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The 2007 financial statements of Pacific Coast Cutting Horse Association Youth Fund were compiled by other accountants, whose report dated May 7, 2008, stated that they did not express an opinion or any other form of assurance on those financial statements.

We are not independent with respect to Pacific Coast Cutting Horse Association Youth Fund.



Smith & Newell, CPAs
Yuba City, California
April 21, 2009

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A NONPROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 301,644	\$ 474,646
Accounts receivable	25,000	34,245
Due from PCCHA	182	-
Interfund receivable	27,240	-
Prepaid costs	269	-
Total Current Assets	354,335	508,891
Long Term Assets		
Restricted cash	314,133	96,687
Organization costs	4,785	4,785
Accumulated amortization	(4,785)	(4,785)
Total Assets	<u>\$ 668,468</u>	<u>\$ 605,578</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 165	\$ 1,766
Scholarships payable	242,681	244,369
Interfund payables	27,240	-
Total Current Liabilities	270,086	246,135
Total Liabilities	270,086	246,135
Net Assets		
Temporarily restricted for:		
Clark Miller	3,532	-
Inez Mabie	81,928	90,687
Latigo Canyon	189,378	120,000
PCYCHA	9,968	-
Unrestricted:		
Operations	113,576	148,756
Total Net Assets	398,382	359,443
Total Liabilities and Net Assets	<u>\$ 668,468</u>	<u>\$ 605,578</u>

See accompanying notes and accountants' report.

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A NON PROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
<u>REVENUE</u>		
Auction income	28,939	39,602
Banquet income	9,945	-
Cutter checkoff	420	-
Contributions	14,297	2,012
Event fundraiser	2,745	14,600
Miscellaneous income	10	-
Scholarship forfeitures	4,228	-
Sponsor income	64,000	70,000
Total Revenue	124,584	126,214
<u>EXPENSES</u>		
Program services		
Auction expense	6,162	11,641
Award expense	9,488	3,960
Banquet expense	8,538	-
Cattle expense	12,307	5,858
Scholarships	50,450	48,252
Clinics	259	375
Total Program Services	87,204	70,086
Support services		
Accounting	3,385	2,615
Administration	16,184	15,039
Advertising	243	339
Amortization	-	150
Bank charges	91	-
Fundraising expenses	165	-
Miscellaneous	114	21
Office supplies	135	348
Professional fees	145	-
Total Support Services	20,462	18,512
Total Operating Expenses	107,666	88,598
Operating Income (Loss)	16,918	37,616
Non Operating Revenues (Expenses)		
Interest income	16,645	20,298
Transfer from PCCHA	5,376	-
Change in Net Assets	38,939	57,914
Net Assets - Beginning of Year	359,443	301,529
Net Assets - End of Year	\$ 398,382	\$ 359,443

See accompanying notes and accountants' report.

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES
YEARS ENDED DECEMBER 31, 2008 AND 2007

	Program Services		
	Clark Miller	Inez Mabie	Latigo Canyon
Revenues			
Auction income	-	-	-
Banquet income	-	-	-
Cutter checkoff	-	-	-
Contributions	3,557	-	-
Event fundraiser	-	-	-
Miscellaneous income	-	-	-
Scholarship forfeitures	-	-	-
Sponsor income	-	-	64,000
Total Revenues	3,557	-	64,000
Expenses			
Accounting	-	-	-
Administration	-	-	-
Advertising	-	-	-
Amortization	-	-	-
Auction expense	-	-	-
Award expense	-	-	-
Bank charges	25	-	-
Banquet expense	-	-	-
Cattle expense	-	-	-
Clinics	-	-	-
Fundraising expenses	-	-	-
Miscellaneous	-	-	-
Office supplies	-	-	-
Professional fees	-	-	-
Scholarships	-	12,000	-
Total Operating Expenses	25	12,000	-
Operating Income (Loss)	3,532	(12,000)	64,000
Non Operating Revenues (Expenses)			
Interest income	-	3,241	5,378
Transfer from PCCHA	-	-	-
Change in Net Assets	3,532	(8,759)	69,378
Net Assets - Beginning of Year	-	90,687	120,000
Net Assets - End of Year	\$ 3,532	\$ 81,928	\$ 189,378

See accompanying notes and accountants' report.

Support Services			
PCYCHA	Admin	Total 2008	Total 2007
-	28,939	28,939	39,602
-	9,945	9,945	-
-	420	420	-
6,075	4,665	14,297	2,012
209	2,536	2,745	14,600
-	10	10	-
-	4,228	4,228	-
-	-	64,000	70,000
6,284	50,743	124,584	126,214
-	3,385	3,385	2,615
1,184	15,000	16,184	15,039
-	243	243	339
-	-	-	150
228	5,934	6,162	11,641
-	9,488	9,488	3,960
66	-	91	-
-	8,538	8,538	-
-	12,307	12,307	5,858
37	222	259	375
101	64	165	-
64	50	114	21
12	123	135	348
-	145	145	-
-	38,450	50,450	48,252
1,692	93,949	107,666	88,598
4,592	(43,206)	16,918	37,616
-	8,026	16,645	20,298
5,376	-	5,376	-
9,968	(35,180)	38,939	57,914
-	148,756	359,443	301,529
\$ 9,968	\$ 113,576	\$ 398,382	\$ 359,443

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A NONPROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 38,939	\$ 57,914
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	-	150
(Increase)Decrease in:		
Accounts receivable	9,245	(9,245)
Prepaid costs	(269)	-
Due from PCCHA	(182)	-
Increase (Decrease) in:		
Accounts payable	(1,601)	1,766
Scholarships payable	(1,688)	20,532
Total Adjustments	<u>5,505</u>	<u>13,203</u>
Net Cash Provided by Operating Activities	<u>44,444</u>	<u>71,117</u>
Net Increase in Cash and Cash Equivalents	44,444	71,117
Cash and Cash Equivalents, Beginning of Year	<u>571,333</u>	<u>500,216</u>
Cash and Cash Equivalents, End of Year	<u>\$ 615,777</u>	<u>\$ 571,333</u>

See accompanying notes and accountants' report.

NOTES TO FINANCIAL STATEMENTS

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PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A NON PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Pacific Coast Cutting Horse Association Youth Fund (the Association) is the official youth cutting horse Association for nine western states within Association territory and is dedicated to maintaining the standards of cutting and attracting new youth participants to the sport. The Association's support comes primarily from individual sponsor contributions and fundraising events.

The Association is a nonprofit organization as described in Section 501(c)(7) of the Internal Revenue Code and is exempt from federal and state income taxes.

Public Support and Revenue

Annual contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Unconditional promises to give are recognized as revenue.

Contributed Services

During the years ended December 31, 2007 and 2008, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Association, but these services do not meet the criteria for recognition as contributed services under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*.

Estimates

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

Income Tax

The Association is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(7) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Cash and Cash Equivalents

The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Prepaid Costs

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs.

Property and Equipment

The Association does not own any property or equipment

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents, including restricted cash, as of December 31, 2008 is summarized as follows:

	<u>December 31, 2008</u>
Cash in Banks	\$ 615,678
Cash in Cash Box	<u>99</u>
Total Cash and Cash Equivalents	<u>\$ 615,777</u>

PACIFIC COAST CUTTING HORSE ASSOCIATION
(A NON PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

All cash and cash equivalent amounts, other than petty cash, are held in bank checking accounts, savings accounts and certificates of deposit. At December 31, 2008, \$365,382 was held in accounts in excess of the Federal Deposit Insurance Corporation limits.

Restricted cash in the amount of \$314,133 at December 31, 2008 consists of cash balances restricted for:

Clark Miller	\$ 3,557
Inez Mabie	95,705
Latigo Canyon	214,378
PCYCHA	<u>493</u>
Total Restricted Cash	<u><u>\$ 314,133</u></u>

NOTE 3: ORGANIZATIONAL COST

The following is a summary of organizational costs and accumulated amortization as of December 31, 2008:

Organizational costs	<u>\$ 4,785</u>
Total Organizational Costs	4,785
Less Accumulated Amortization	<u>(4,785)</u>
Organization Costs, Net of Accumulated Amortization	<u><u>\$ -</u></u>

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Clark Miller	\$ 3,532	\$ -
Inez Mabie	81,928	90,687
Latigo Canyon	189,378	120,000
PCYCHA	<u>9,968</u>	<u>-</u>
Total	<u><u>\$ 284,806</u></u>	<u><u>\$ 210,687</u></u>

The temporarily restricted net asset balance in Latigo Canyon is available for prior and current year scholarship expenses.

NOTE 6: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.