

**PACIFIC COAST CUTTING
HORSE ASSOCIATION
YOUTH FUND
(A Nonprofit Organization)**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2018**

THIS PAGE INTENTIONALLY LEFT BLANK

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Nonprofit Organization)
For the Year Ended December 31, 2018

Table of Contents

	Page
INDEPENDENT ACCOUNTANT’S COMPILATION REPORT.....	1
FINANCIAL STATEMENTS:	
Statement of Financial Position.	2
Statement of Activities.	3
Statement of Functional Expenses.	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6-10

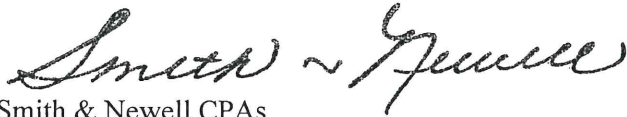
THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of Pacific Coast Cutting Horse Association Youth Fund (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The prior year summarized comparative information has been derived from the Youth Fund's 2017 financial statements, and, in our report dated June 14, 2018, we stated that we have not audited or reviewed the 2017 financial statements and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.



Smith & Newell CPAs
Yuba City, California
July 31, 2019

THIS PAGE INTENTIONALLY LEFT BLANK

Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Nonprofit Organization)
Statement of Financial Position
December 31, 2018
(With summarized comparative totals for December 31, 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 492,730	\$ 501,293
Accounts receivable	500	1,100
	<u>493,230</u>	<u>502,393</u>
Total Current Assets	493,230	502,393
Long Term Assets		
Organization costs	4,785	4,785
Accumulated amortization	(4,785)	(4,785)
	<u>4,785</u>	<u>(4,785)</u>
Total Assets	<u>\$ 493,230</u>	<u>\$ 502,393</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Scholarships payable:		
Inez Mabie	\$ 3,226	\$ 5,463
Latigo Canyon	36,478	35,438
Administration	48,747	56,202
	<u>88,451</u>	<u>97,103</u>
Total Liabilities	88,451	97,103
Net Assets		
Without donor restrictions	132,366	121,177
With donor restrictions:		
Clark Miller	1,445	1,445
Inez Mabie	34,006	40,006
Latigo Canyon	236,962	242,662
	<u>404,779</u>	<u>405,290</u>
Total Net Assets	404,779	405,290
Total Liabilities and Net Assets	<u>\$ 493,230</u>	<u>\$ 502,393</u>

See accompanying notes and accountant's compilation report.

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Nonprofit Organization)
Statement of Activities
For the Year Ended December 31, 2018
(With summarized comparative totals for December 31, 2017)

		With Donor Restrictions				
	Without Donor Restrictions	Clark Miller	Inez Mabie	Latigo Canyon	Total 2018	
REVENUES, GAINS AND OTHER SUPPORT						
Auction income	\$ 16,405	\$ -	\$ -	\$ -	\$ 16,405	
Cutter checkoff	15	-	-	-	15	
Contributions	3,275	-	-	-	3,275	
Event fundraiser	1,152	-	-	-	1,152	
Scholarship forfeitures	4,198	-	-	-	4,198	
Interest and dividend income	5,042	-	-	-	5,042	
Net assets released from restrictions:						
Restrictions satisfied by donor stipulations	11,700	-	(6,000)	(5,700)	-	
Total Revenues, Gains and Other Support	41,787	-	(6,000)	(5,700)	30,087	
EXPENSES						
Program services						
Clinics	472	-	-	-	472	
Scholarships	20,350	-	-	-	20,350	
Support Services						
Management and general	9,703	-	-	-	9,703	
Fundraising expenses	73	-	-	-	73	
Total Expenses	30,598	-	-	-	30,598	
Change in Net Assets	11,189	-	(6,000)	(5,700)	(511)	
Net Assets at Beginning of Year	121,177	1,445	40,006	242,662	405,290	
Net Assets at End of Year	\$ 132,366	\$ 1,445	\$ 34,006	\$ 236,962	\$ 404,779	

See accompanying notes and accountant's compilation report.

**Total
2017**

\$ 16,389
745
4,340
2,964
12,957
554

-

37,949

-

18,550

15,983

-

34,533

3,416

401,874

\$ 405,290

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Nonprofit Organization)
Statement of Functional Expenses
For the Year Ended December 31, 2018
(With summarized comparative totals for December 31, 2017)

	<u>Program Services</u>		<u>Supporting Services</u>			
	<u>Clinics</u>	<u>Scholarships</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2018</u>	<u>Total 2017</u>
Accounting	\$ -	\$ -	\$ 1,730	\$ -	\$ 1,730	\$ 1,700
Administration	472	-	7,510	-	7,982	10,000
Advertising	-	-	-	-	-	75
Bank service charge	-	-	403	-	403	42
Donations	-	-	-	-	-	4,131
Miscellaneous	-	-	60	-	60	35
Scholarships	-	20,350	-	-	20,350	18,550
Fundraising expenses	-	-	-	73	73	-
	<u>\$ 472</u>	<u>\$ 20,350</u>	<u>\$ 9,703</u>	<u>\$ 73</u>	<u>\$ 30,598</u>	<u>\$ 34,533</u>

See accompanying notes and accountant's compilation report.

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Nonprofit Organization)
Statement of Cash Flows
For the Year Ended December 31, 2018
(With summarized comparative totals for December 31, 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (511)	\$ 3,416
Adjustments to reconcile increase (decrease) in net assets to cash provided by operating activities:		
Scholarship forfeitures	(4,198)	(12,957)
(Increase) decrease in operating assets:		
Accounts receivable	600	375
Increase (decrease) in operating liabilities:		
Accounts payable	-	(5,738)
Scholarships payable	(8,652)	(16,920)
	<u>(12,761)</u>	<u>(31,824)</u>
Net Cash Provided (Used) by Operating Activities	<u>(12,761)</u>	<u>(31,824)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due to PCCHA	-	(215)
Scholarship forfeitures	4,198	12,957
	<u>4,198</u>	<u>12,742</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>4,198</u>	<u>12,742</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(8,563)	(19,082)
Balances - Beginning of the Year	<u>501,293</u>	<u>520,375</u>
Balances - End of the Year	<u><u>\$ 492,730</u></u>	<u><u>\$ 501,293</u></u>

See accompanying notes and accountant's compilation report.

THIS PAGE INTENTIONALLY LEFT BLANK

Notes to Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Nonprofit Organization)
Notes to Financial Statements
For the Year Ended December 31, 2018

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Nature of Activities

The Pacific Coast Cutting Horse Association Youth Fund (Youth Fund) 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 Youth Fund's support comes primarily from individual sponsor contributions and fundraising events.

B. Income Tax

The Youth Fund is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore, no provision for income taxes has been made in these financial statements.

FASB ASC Topic No. 740, Income Taxes, prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. Management of the Youth Fund believes that it has not taken a tax position that, if challenged, would have a material effect on the financial statements.

The Youth Fund's Form 990, Return of Organization Exempt from Income Tax, for the years ended December 31, 2016, 2017, and 2018, are subject to examination by the IRS, generally for three years after they were filed. The Youth Fund's Form 199, California Exempt Organization Annual Information Return, for the years ended December 31, 2015, 2016, 2017, and 2018 are subject to examination by the Franchise Tax Board, generally for four years after they were filed.

C. Basis of Accounting

The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

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

D. Basis of Presentation

The Youth Fund presents its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 958-205, Not-For-Profit Entities: Presentation of Financial Statements. Under FASB ASC Topic No. 958-205, the Youth Fund is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions.

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Nonprofit Organization)
Notes to Financial Statements
For the Year Ended December 31, 2018

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

E. Donated Services

Donated services are recognized as contributions if the services, (a) create or enhance non-financial assets, or (b) require specialized skills, and are performed by people with those skills, and would otherwise be purchased by the Youth Fund. The Youth Fund pays for most services requiring specialized skills. However, a number of individuals volunteer their time and perform a variety of tasks that assist the Youth Fund with specific program functions and various other activities that are not recognized as contributions in the financial statements, because the recognition criteria under accounting principles generally accepted in the United States of America were not met.

F. Contributions

The Youth Fund accounts for contributions in accordance with FASB ASC Topic No. 958-605, Not-For-Profit Entities: Revenue Recognition. In accordance with FASB ASC Topic No. 958-605, contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

G. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Youth Fund considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

H. Investments

Fair Value of Investments - The Association measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The investments of the Association are based on quoted prices in active markets (Level 1). Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

I. Accounts Receivable

Accounts receivable consist primarily of amounts due from pledged contributions. At December 31, 2018, an allowance for doubtful accounts was not considered necessary.

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Nonprofit Organization)
Notes to Financial Statements
For the Year Ended December 31, 2018

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

J. Inventory

Inventory items are recorded as an expense at the time individual items are purchased. Records are not maintained of inventory and supplies on hand, however, these amounts are not considered material.

K. Unearned Revenue

Unearned revenue represents money received in advance for future periods of activity. The Youth Fund recognizes the unearned revenue when it is considered earned.

L. Compensated Absences

The Youth Fund does not have any employees and consequently does not have any liability for compensated absences.

M. Advertising

Costs associated with advertising are charged to expense when incurred. Advertising expenses were \$0 in 2018 and \$75 in 2017.

N. 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 these estimates.

O. Cost Allocations

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated directly to the program that they relate to. All expenses not directly related to a program are reflected in supporting services.

NOTE 2: RESTRICTIONS ON NET ASSETS

The Youth Fund reflected as net assets with donor restrictions funds received from Clark Miller, funds received from the William and Inez Mabie Family Foundation classified as Inez Mabie, and funds received from the Fred Steck Challenge classified as Latigo Canyon.

The Clark Miller funds may be used for scholarships. Inez Mabie funds are used to provide scholarships of \$1,000 to \$2,500 for qualifying youth who wish to pursue higher education goals. The Latigo Canyon funds may be used to pay for direct education expenses of a student. The restrictions are considered released when qualified expenses are paid.

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Nonprofit Organization)
Notes to Financial Statements
For the Year Ended December 31, 2018

NOTE 2: RESTRICTIONS ON NET ASSETS (CONTINUED)

Net assets with donor restrictions are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purposes:		
Clark Miller	\$ 1,445	\$ 1,445
Inez Mabie	34,006	40,006
Latigo Canyon	<u>236,962</u>	<u>242,662</u>
Total	<u>\$ 272,413</u>	<u>\$ 284,113</u>

NOTE 3: CASH AND CASH EQUIVALENTS

As of December 31, 2018, the Youth Fund's cash and cash equivalents consisted of the following:

Cash:	
Cash in bank	\$ 21,405
Total Cash	<u>21,405</u>
Investments: (included in cash equivalents)	
Certificates of deposit	370,000
Mutual funds	<u>101,325</u>
Total Investments	<u>471,325</u>
Total Cash and Cash Equivalents	<u>\$ 492,730</u>

At December 31, 2018, \$234,696 was held in excess of FDIC limits.

NOTE 4: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Youth Fund's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets at year-end	\$ 493,230
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with purpose restrictions	(<u>272,413</u>)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 220,817</u>

As part of the Youth Fund'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.

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Nonprofit Organization)
Notes to Financial Statements
For the Year Ended December 31, 2018

NOTE 5: ORGANIZATIONAL COSTS

The following is a summary of organizational costs and accumulated amortization as of December 31, 2018:

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

NOTE 6: SCHOLARSHIPS PAYABLE

Scholarships payable represent the amount of scholarships committed but not yet paid. Activity for the year ended December 31, 2018, was as follows:

	<u>Inez Mabie</u>	<u>Latigo Canyon</u>	<u>Administration</u>	<u>Total</u>
Beginning Balance	\$ 5,463	\$ 35,438	\$ 56,202	\$ 97,103
Scholarships Committed	6,000	5,700	8,650	20,350
Scholarships Paid	(8,237)	(4,660)	(11,907)	(24,804)
Scholarship Forfeitures	<u>-</u>	<u>-</u>	<u>(4,198)</u>	<u>(4,198)</u>
Ending Balance	<u>\$ 3,226</u>	<u>\$ 36,478</u>	<u>\$ 48,747</u>	<u>\$ 88,451</u>

NOTE 7: RELATED PARTY TRANSACTIONS

The Pacific Coast Cutting Horse Association (PCCHA) is the official cutting horse association for the nine western states within the PCCHA's territory and is dedicated to maintaining the standards of cutting and attracting new participants to the sport. The PCCHA and the Youth Fund have a close working relationship. The Youth Fund is a separate entity from that of the PCCHA, but PCCHA provides various assistance.

NOTE 8: SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2018 through July 31, 2019, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

THIS PAGE INTENTIONALLY LEFT BLANK