

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2012**

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PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Non Profit Organization)
Year Ended December 31, 2012

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ACCOUNTANT'S COMPILATION REPORT

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

We have compiled the accompanying statement of financial position of Pacific Coast Cutting Horse Association Youth Fund (a nonprofit organization) as of December 31, 2012, and the related statements of activities and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America. The prior year summarized comparative information has been derived from the Organization's 2011 financial statements, and, in our report dated April 18, 2012, we stated that we have not audited or reviewed the 2011 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

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


Smith & Newell, CPAs
Yuba City, California
April 1, 2013

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Financial Statements

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PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND

(A Non Profit Organization)

Statement of Financial Position

December 31, 2012

(With comparative totals for December 31, 2011)

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash	\$ 591,222	\$ 590,236
Accounts receivable	7,950	7,150
Due from PCCHA	5,720	-
	<u>604,892</u>	<u>597,386</u>
Total Current Assets		
	604,892	597,386
Long Term Assets		
Organization costs	4,785	4,785
Accumulated amortization	(4,785)	(4,785)
	<u> </u>	<u> </u>
Total Assets	<u>\$ 604,892</u>	<u>\$ 597,386</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Unearned revenue	\$ -	\$ 230
Scholarships payable:		
Youth	209,417	216,039
Inez Mabie	7,833	7,137
Latigo Canyon	5,250	5,250
Due to PCCHA	338	-
	<u>222,838</u>	<u>228,656</u>
Total Liabilities		
	222,838	228,656
Net Assets		
Temporarily restricted for:		
Clark Miller	1,245	1,045
Inez Mabie	62,189	68,189
Latigo Canyon	273,373	259,373
Unrestricted:		
Undesignated	45,247	40,123
	<u>382,054</u>	<u>368,730</u>
Total Net Assets		
	382,054	368,730
Total Liabilities and Net Assets	<u>\$ 604,892</u>	<u>\$ 597,386</u>

See accompanying notes and accountant's compilation report.

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND

(A Non Profit Organization)

Statement of Activities

Year Ended December 31, 2012

(With comparative totals for December 31, 2011)

	<u>Temporarily Restricted</u>			<u>Unrestricted</u>	
	<u>Clark Miller</u>	<u>Inez Mabie</u>	<u>Latigo Canyon</u>	<u>Admin</u>	<u>Total 2012</u>
REVENUES, CONTRIBUTIONS & FUND RAISER					
Auction income	\$ -	\$ -	\$ -	\$ 19,344	\$ 19,344
Banquet income	-	-	-	9,900	9,900
Cutter checkoff	-	-	-	290	290
Contributions	200	-	-	290	490
Event fundraiser	-	-	-	43,048	43,048
Scholarship forfeitures	-	-	-	-	-
Miscellaneous income	-	-	-	3,950	3,950
Sponsor income	-	-	14,000	1,286	15,286
Total Revenues, Contributions & Fund Raiser	<u>200</u>	<u>-</u>	<u>14,000</u>	<u>78,108</u>	<u>92,308</u>
EXPENSES					
Program services					
Auction expense	-	-	-	5,316	5,316
Award expense	-	-	-	7,809	7,809
Banquet expense	-	-	-	8,378	8,378
Cattle expense	-	-	-	1,629	1,629
Clinics	-	-	-	592	592
Office supplies/printing	-	-	-	449	449
Total Program Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,173</u>	<u>24,173</u>
Support Services					
Accounting	-	-	-	2,340	2,340
Administration	-	-	-	10,000	10,000
Insurance	-	-	-	105	105
Fundraising expenses	-	-	-	22,229	22,229
Miscellaneous	-	-	-	611	611
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,285</u>	<u>35,285</u>
Total Expenses Prior to Scholarships	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,458</u>	<u>59,458</u>
Scholarships	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>14,650</u>	<u>20,650</u>
Total Expenses	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>74,108</u>	<u>80,108</u>
Income (Loss)	<u>200</u>	<u>(6,000)</u>	<u>14,000</u>	<u>4,000</u>	<u>12,200</u>
NON OPERATING REVENUES (EXPENSES)					
Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,124</u>	<u>1,124</u>
Change in Net Assets	<u>200</u>	<u>(6,000)</u>	<u>14,000</u>	<u>5,124</u>	<u>13,324</u>

See accompanying notes and accountant's compilation report.

Total 2011	
\$	24,585
	15,950
	105
	225
	2,927
	8,492
	1,750
	15,000
	69,034
	3,847
	9,674
	8,756
	3,397
	-
	-
	25,674
	2,340
	7,790
	-
	130
	75
	10,335
	36,009
	17,000
	53,009
	16,025
	1,208
	17,233

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND

(A Non Profit Organization)

Statement of Activities

Year Ended December 31, 2012

(With comparative totals for December 31, 2011)

	<u>Temporarily Restricted</u>			<u>Unrestricted</u>	
	<u>Clark Miller</u>	<u>Inez Mabie</u>	<u>Latigo Canyon</u>	<u>Admin</u>	<u>Total 2012</u>
Net Assets - Beginning	1,045	68,189	259,373	40,123	368,730
Prior period adjustment	-	-	-	-	-
Net Assets - Beginning, Restated	1,045	68,189	259,373	40,123	368,730
Net Assets - Ending	<u>\$ 1,245</u>	<u>\$ 62,189</u>	<u>\$ 273,373</u>	<u>\$ 45,247</u>	<u>\$ 382,054</u>

See accompanying notes and accountant's compilation report.

Total
2011
354,967
 (3,470)
351,497
 \$ 368,730

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND

(A Non Profit Organization)

Statement of Cash Flows

Year Ended December 31, 2012

(With comparative totals for December 31, 2011)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operations	\$ 91,278	\$ 72,664
Payments for operations	(86,034)	(70,110)
Net Cash Provided (Used) by Operating Activities	<u>5,244</u>	<u>2,554</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due from PCCHA	(5,720)	(3,369)
Due to PCCHA	338	-
Net Cash Provided (Used) for Noncapital Financing Activities	<u>(5,382)</u>	<u>(3,369)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	<u>1,124</u>	<u>1,208</u>
Net Cash Provided (Used) for Investing Activities	<u>1,124</u>	<u>1,208</u>
Net Increase (Decrease) in Cash and Cash Equivalents	986	393
Balances - Beginning of the Year	<u>590,236</u>	<u>589,843</u>
Balances - End of the Year	<u><u>\$ 591,222</u></u>	<u><u>\$ 590,236</u></u>
RECONCILIATION OF INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Income (loss)	\$ 12,200	\$ 16,025
Adjustments to reconcile income to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable	(800)	3,400
Increase (decrease) in:		
Unearned revenue	(230)	230
Scholarships payable	(5,926)	(17,101)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 5,244</u></u>	<u><u>\$ 2,554</u></u>

See accompanying notes and accountant's compilation 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, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Pacific Coast Cutting Horse Association Youth Fund (Association) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to nonprofit entities. The more significant of the Association's accounting policies are described below.

A. 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)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

B. Income Tax

The Association is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

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 Association 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 Association 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 Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets - Net assets that are not subject to donor imposed stipulations. The balance in unrestricted net assets represent the excess of assets over liabilities.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met by actions of the Association and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the principal be maintained permanently by the Association. The Association does not have any permanently restricted net assets.

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Non Profit Organization)
Notes to Financial Statements
December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation (Continued)

The Association reflected as temporarily restricted net assets 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 following schedule shows the activity of temporarily restricted net assets and unrestricted net assets for the previous two years.

	<u>Temporarily Restricted</u>				
	<u>Clark Miller</u>	<u>Inez Mabie</u>	<u>Latigo Canyon</u>	<u>Unrestricted</u>	<u>Total</u>
Balance at 1/31/2011	\$ 945	\$ 70,189	\$ 244,373	\$ 39,460	\$ 354,967
2011 Change in net assets	<u>100</u>	<u>(2,000)</u>	<u>15,000</u>	<u>663</u>	<u>13,763</u>
Balance at 12/31/2011	<u>\$ 1,045</u>	<u>\$ 68,189</u>	<u>\$ 259,373</u>	<u>\$ 40,123</u>	<u>\$ 368,730</u>
Balance at 1/31/2012	\$ 1,045	\$ 68,189	\$ 259,373	\$ 40,123	\$ 368,730
2012 Change in net assets	<u>200</u>	<u>(6,000)</u>	<u>14,000</u>	<u>5,124</u>	<u>13,324</u>
Balance at 12/31/2012	<u>\$ 1,245</u>	<u>\$ 62,189</u>	<u>\$ 273,373</u>	<u>\$ 45,247</u>	<u>\$ 382,054</u>

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 Association. The Association pays for most services requiring specialized skills. However, a number of individuals volunteer their time and perform a variety of tasks that assist the Association 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 Association 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 unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Non Profit Organization)
Notes to Financial Statements
December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Cash and Cash Equivalents

The Association maintains deposits in one financial institution which are secured by the Federal Deposit Insurance Corporation (FDIC). The balance in this banks may at times exceed amounts covered by the FCIC. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash deposits. At December 31, 2012, \$341,123 was held in excess of FDIC limits.

The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

H. Accounts Receivable

Accounts receivable consist primarily of amounts due from pledged contributions. At December 31, 2012, an allowance for doubtful accounts was not considered necessary.

I. Inventory and Prepaid Costs

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.

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

J. Compensated Absences

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

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

NOTE 2: CASH

As of December 31, 2012, the Association's cash consisted of the following:

Cash in Bank - Checking	\$ 30,325
Cash in Bank - Money Market	560,798
Cash in Cash Box	<u>99</u>
Total Cash	<u><u>\$ 591,222</u></u>

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Non Profit Organization)
Notes to Financial Statements
December 31, 2012

NOTE 3: ORGANIZATIONAL COSTS

The following is a summary of organizational costs and accumulated amortization as of December 31, 2012:

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

NOTE 4: SCHOLARSHIPS PAYABLE

Scholarships payable represent the amount of scholarships committed but not yet paid. Activity for the year ended December 31, 2012, was as follows:

	<u>Youth</u>	<u>Inez Mabie</u>	<u>Latigo Canyon</u>	<u>Total</u>
Beginning Balance	\$ 216,039	\$ 7,137	\$ 5,250	\$ 228,426
Scholarships Committed	14,650	6,000	-	20,650
Scholarship Paid	(21,272)	(5,304)	-	(26,576)
Ending Balance	<u>\$ 209,417</u>	<u>\$ 7,833</u>	<u>\$ 5,250</u>	<u>\$ 222,500</u>

NOTE 5: SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2012 through April 1, 2013, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.