

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

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2014**

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PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Non Profit Organization)
Year Ended December 31, 2014

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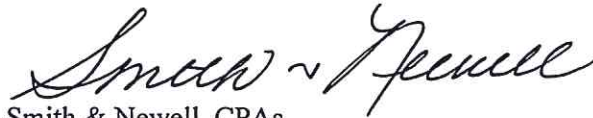
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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, 2014, 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 Youth Fund's 2013 financial statements, and, in our report dated May 13, 2014, we stated that we have not audited or reviewed the 2013 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.



Smith & Newell, CPAs
Yuba City, California
June 18, 2015

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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, 2014

(With comparative totals for December 31, 2013)

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash	\$ 531,295	\$ 554,912
Accounts receivable	8,500	28,010
Due from PCCHA	425	5,000
	<u>540,220</u>	<u>587,922</u>
Total Current Assets		
	540,220	587,922
Long Term Assets		
Organization costs	4,785	4,785
Accumulated amortization	(4,785)	(4,785)
	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 540,220</u>	<u>\$ 587,922</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 140	\$ 985
Unearned revenue	-	155
Scholarships payable:		
Inez Mabie	10,051	9,033
Latigo Canyon	43,517	10,850
Administration	132,878	185,518
Due to PCCHA	-	2,473
	<u>186,586</u>	<u>209,014</u>
Total Liabilities		
	186,586	209,014
Net Assets		
Temporarily restricted for:		
Clark Miller	1,245	1,245
Inez Mabie	49,515	56,189
Latigo Canyon	252,515	267,773
Unrestricted:		
Undesignated	50,359	53,701
	<u>353,634</u>	<u>378,908</u>
Total Net Assets		
	353,634	378,908
Total Liabilities and Net Assets	<u>\$ 540,220</u>	<u>\$ 587,922</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, 2014

(With comparative totals for December 31, 2013)

	<u>Temporarily Restricted</u>			<u>Unrestricted</u>	
	<u>Clark Miller</u>	<u>Inez Mabie</u>	<u>Latigo Canyon</u>	<u>Administration</u>	<u>Total 2014</u>
REVENUES, CONTRIBUTIONS & FUND RAISER					
Auction income	\$ -	\$ -	\$ -	\$ 8,000	\$ 8,000
Cutter checkoff	-	-	-	385	385
Contributions	-	-	-	4,275	4,275
Sponsor income	-	-	-	2,000	2,000
Event fundraiser	-	-	-	31,030	31,030
Total Revenues, Contributions & Fund Raiser	-	-	-	45,690	45,690
EXPENSES					
Program services					
Auction expense	-	-	-	253	253
Award expense	-	-	-	1,971	1,971
Cattle expense	-	-	-	2,754	2,754
Clinics	-	-	-	1,790	1,790
Write-off of uncollectible receivables	-	-	7,000	15,480	22,480
Total Program Services	-	-	7,000	22,248	29,248
Support Services					
Accounting	-	-	-	1,700	1,700
Administration	-	674	2,908	6,418	10,000
Office supplies/printing	-	-	-	-	-
Miscellaneous	-	-	-	780	780
Fundraising expenses	-	-	-	15,361	15,361
Total Support Services	-	674	2,908	24,259	27,841
Total Expenses Prior to Scholarships	-	674	9,908	46,507	57,089
Scholarships	-	6,000	5,350	9,250	20,600
Total Expenses	-	6,674	15,258	55,757	77,689
Income (Loss)	-	(6,674)	(15,258)	(10,067)	(31,999)
NON OPERATING REVENUES (EXPENSES)					
Interest income	-	-	-	1,025	1,025
Change in Net Assets	-	(6,674)	(15,258)	(9,042)	(30,974)
Net Assets - Beginning	1,245	56,189	267,773	53,701	378,908
Prior period adjustment	-	-	-	5,700	5,700
Net Assets - Beginning, Restated	1,245	56,189	267,773	59,401	384,608
Net Assets - Ending	<u>\$ 1,245</u>	<u>\$ 49,515</u>	<u>\$ 252,515</u>	<u>\$ 50,359</u>	<u>\$ 353,634</u>

See accompanying notes and accountant's compilation report.

**Total
2013**

\$ 7,951
95
675
100
57,545

66,366

290
5,724
-
358
-

6,372

1,700
10,000
(449)
180
25,915

37,346

43,718

26,900

70,618

(4,252)

1,106

(3,146)

382,054

-

382,054

\$ 378,908

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND

(A Non Profit Organization)

Statement of Cash Flows

Year Ended December 31, 2014

(With comparative totals for December 31, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operations	\$ 65,045	\$ 46,306
Payments for operations	(91,789)	(86,577)
Net Cash Provided (Used) by Operating Activities	(26,744)	(40,271)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due from PCCHA	4,575	720
Due to PCCHA	(2,473)	2,135
Net Cash Provided (Used) for Noncapital Financing Activities	2,102	2,855
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	1,025	1,106
Net Cash Provided (Used) for Investing Activities	1,025	1,106
Net Increase (Decrease) in Cash and Cash Equivalents	(23,617)	(36,310)
Balances - Beginning of the Year	554,912	591,222
Balances - End of the Year	\$ 531,295	\$ 554,912
RECONCILIATION OF INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Income (loss)	\$ (31,999)	\$ (4,252)
Adjustments to reconcile income to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable	19,510	(20,060)
Increase (decrease) in:		
Accounts payable	(845)	985
Unearned revenue	(155)	155
Scholarships payable	(13,255)	(17,099)
Net Cash Provided (Used) by Operating Activities	\$ (26,744)	\$ (40,271)

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, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Organization and Nature of Activities

The Pacific Coast Cutting Horse Association 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.

The Youth Fund 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 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 files Form 990 in the federal jurisdiction within the United States and Form 199 in the State of California. At December 31, 2014, the Youth Fund's tax returns related to the years ended December 31, 2011, through December 31, 2013 remain open to possible examination by tax authorities. No tax returns are currently under examination by any tax authorities. The Youth Fund has not incurred any penalties or interest under FASB ASC Topic No. 740.

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Non Profit Organization)
Notes to Financial Statements
December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation (Continued)

Unrestricted net assets - Net assets that are not subject to donor imposed stipulations. The amount of \$50,359 in unrestricted net assets represents the excess of assets over liabilities, which have not been either temporarily or permanently restricted.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met by actions of the Youth Fund 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 Youth Fund. The Youth Fund does not have any permanently restricted net assets.

The Youth Fund 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.

Activity for the year ended December 31, 2014, was as follows:

	<u>Temporarily Restricted</u>				
	<u>Clark Miller</u>	<u>Inez Mabie</u>	<u>Latigo Canyon</u>	<u>Unrestricted</u>	<u>Total</u>
Balance at 1/01/2014	\$ 1,245	\$ 56,189	\$ 267,773	\$ 53,701	\$ 378,908
Prior period adjustment	-	-	-	5,700	5,700
2014 Change in net assets	<u>-</u>	<u>(6,674)</u>	<u>(15,258)</u>	<u>(9,042)</u>	<u>(30,974)</u>
Balance at 12/31/2014	<u>\$ 1,245</u>	<u>\$ 49,515</u>	<u>\$ 252,515</u>	<u>\$ 50,359</u>	<u>\$ 353,634</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 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.

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Non Profit Organization)
Notes to Financial Statements
December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

G. Cash and Cash Equivalents

The Youth Fund maintains deposits in one financial institution which are secured by the Federal Deposit Insurance Corporation (FDIC). The balance in this bank may at times exceed amounts covered by the FCIC. The Youth Fund 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, 2014, \$280,996 was held in excess of FDIC limits.

The Youth Fund 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, 2014, an allowance for doubtful accounts was not considered necessary.

I. 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.

J. Unearned Revenues

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

K. Compensated Absences

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

L. 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.

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Non Profit Organization)
Notes to Financial Statements
December 31, 2014

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Net Assets

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the Youth Fund reports these changes as restatements of beginning net assets. During the current year an adjustment to net assets was required to correct a prior year misstatement of scholarship expense.

The impact of the restatements on the net assets as previously reported is presented below:

	<u>Unrestricted Administration</u>
Net assets, December 31, 2013, as previously reported	\$ 53,701
Adjustment associated with:	
Correction of scholarship expense	<u>5,700</u>
Total Adjustments	<u>5,700</u>
Net Assets, January 1, 2014, as restated	<u><u>\$ 59,401</u></u>

NOTE 3: CASH

As of December 31, 2014, the Youth Fund's cash consisted of the following:

Cash in Bank - Checking	\$ 5,767
Cash in Bank - Money Market	525,429
Cash in Cash Box	<u>99</u>
Total Cash	<u><u>\$ 531,295</u></u>

NOTE 4: ORGANIZATIONAL COSTS

The following is a summary of organizational costs and accumulated amortization as of December 31, 2014:

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

PACIFIC COAST CUTTING HORSE ASSOCIATION YOUTH FUND
(A Non Profit Organization)
Notes to Financial Statements
December 31, 2014

NOTE 5: SCHOLARSHIPS PAYABLE

Scholarships payable represent the amount of scholarships committed but not yet paid. Activity for the year ended December 31, 2014, was as follows:

	Inez Mabie	Latigo Canyon	Administration	Total
Beginning Balance	\$ 9,033	\$ 10,850	\$ 185,518	\$ 205,401
Scholarships Committed	6,000	5,350	9,250	20,600
Scholarships Paid	(4,982)	(9,654)	(19,219)	(33,855)
Adjustments	<u>-</u>	<u>36,971</u>	<u>(42,671)</u>	<u>(5,700)</u>
Ending Balance	<u>\$ 10,051</u>	<u>\$ 43,517</u>	<u>\$ 132,878</u>	<u>\$ 186,446</u>

NOTE 6: 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 it is also dependent in that the PCCHA provides various assistance. At December 31, 2014, the PCCHA owed the Youth Fund \$425.

NOTE 7: SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2014 through June 18, 2015, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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