

# NATIONAL REINED COW HORSE ASSOCIATION

## 2013 BOARD OF DIRECTORS

Todd Crawford	President
Paul Bailey	Vice-President
Dave Allen	Member
Bob Avila	Member
Todd Bergen	Member
Kathy Gould	Member
Rory Livingston	Member
Dan Roeser	Member
Jon Roeser	Member
Jake Telford	Member
Bill Tointon	Member
Sandy Collier	Ex-Commissioner
Amanda Gardiner	Ex-Commissioner
Jerry Peters	Ex-Commissioner
Jim Vangelos	Ex-Commissioner
John Ward	Ex-Commissioner
Jay Winborn	Executive Director

**NATIONAL REINED COW HORSE ASSOCIATION**

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## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors  
National Reined Cow Horse Association  
Pilot Point, TX

We have reviewed the accompanying statements of financial position of the National Reined Cow Horse Association (a non-profit organization) as of December 31, 2013 and 2012, the related statements of activities and cash flows for the years then ended. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our reviews were made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying Schedules 1 through 3, is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

*Rahhal Henderson Johnson, PLLC*

Ardmore, Oklahoma  
May 13, 2014

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**NATIONAL REINED COW HORSE ASSOCIATION**  
**Statement of Financial Position**

	<b>December 31,</b>	
	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	288,135	\$ 286,244
Cash Investments	1,098,592	1,071,184
Accounts Receivable (net of \$8,313 allowance for doubtful accounts for 2013, and \$14,230 for 2012)	130,289	151,763
Inventory	1,598	7,191
Prepaid Expenses	10,449	42,402
Total Current Assets	1,529,063	1,558,784
Other Assets:		
Fixed Assets, net of accumulated depreciation	25,896	30,751
Deposit	2,000	2,400
Total Other Assets	27,896	33,151
 Total Assets	 \$ 1,556,959	 \$ 1,591,935
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 71,409	\$ 9,802
Deferred Membership, Sponsorships, Event Incentives and Stallion Subscriptions	216,819	275,411
Total Current Liabilities	288,228	285,213
 Long Term Liabilities:	 364,300	 385,500
Total Liabilities	652,528	670,713
 Net Assets - Unrestricted	 904,431	 921,222
 Total Liabilities and Net Assets	 \$ 1,556,959	 \$ 1,591,935

See accompanying notes and independent accountant's review report.

**NATIONAL REINED COW HORSE ASSOCIATION**  
**Statement of Activities**

	<b>For the Years Ended</b>	
	<b>December 31,</b>	
	<u><b>2013</b></u>	<u><b>2012</b></u>
Unrestricted		
Revenue and Support:		
Sponsored Events	\$ 5,105,127	\$ 5,254,128
Cow Horse News	50,848	193,204
Interest Income	<u>30,530</u>	<u>32,618</u>
Total Revenue and Support	<u><u>\$ 5,186,505</u></u>	<u><u>\$ 5,479,950</u></u>
 Expenses:		
Sponsored events	4,462,863	\$ 4,750,392
Stock Horse News	85,634	147,741
Supporting Services	<u>654,799</u>	<u>712,027</u>
Total Expenses	<u><u>\$ 5,203,296</u></u>	<u><u>\$ 5,610,160</u></u>
 Decrease in Net Assets:	(16,791)	(130,210)
Net Assets, Beginning of Year	<u>921,222</u>	<u>1,051,432</u>
Net Assets, End of Year	<u><u>\$ 904,431</u></u>	<u><u>\$ 921,222</u></u>

See accompanying notes and independent accountant's review report.

**NATIONAL REINED COW HORSE ASSOCIATION**  
**Statement of Cash Flows**

	<b>For the Years Ended</b>	
	<b>December 31,</b>	
	<b>2013</b>	<b>2012</b>
Cash Flows from Operating Activities:		
Decrease in Net Assets	\$ (16,791)	\$ (130,210)
Adjustments to Reconcile to Net Cash		
Flows from Operating Activities:		
Depreciation	6,029	1,807
Decrease (increase) in Accounts Receivable	21,474	(60,495)
Decrease (increase) in Inventory	5,593	29,357
Decrease (increase) in Prepaid Expenses	31,953	6,167
(Decrease) increase in Payables	61,607	(28,559)
Increase(decrease) in Deferred Income	(58,592)	98,437
Net Cash Flows Provided (used) by Operating Activities	\$ 51,273	\$ (83,496)
Cash Flows from Investing Activities:		
Decrease (Increase) in Deposit	400	(2,400)
Increase in Investment in Fixed Assets	(1,174)	(30,355)
Increase in Certificates of Deposit	(27,408)	(27,748)
Net Cash Flows used in Investing Activities	\$ (28,182)	\$ (60,503)
Cash Flows from Financing Activities:		
Decrease in Long Term Liabilities	(21,200)	-
Net Cash Flows used by Financing Activities	\$ (21,200)	\$ -
Increase (decrease) in cash and equivalents	1,891	(143,999)
Cash and cash equivalents, beginning of year	286,244	430,243
Cash and cash equivalents, end of year	\$ 288,135	\$ 286,244
Taxes	\$ -	\$ -
Interest	\$ -	\$ -

See accompanying notes and independent accountant's review report.

**NATIONAL REINED COW HORSE ASSOCIATION**  
**Notes to Financial Statements**

Note 1. Organization and Summary of Significant Accounting Policies

***Organization***

The National Reined Cow Horse Association (the Association) is a California not-for-profit formed in October 1949. The Association was formed to preserve the training techniques and riding styles of the California “vaquero” (cowboy) of early California history. The Association’s revenue is derived from the following sources: horsemanship competitions, sponsorships, membership fees, auctions and advertising income. These sources of revenues account for 94 percent of total revenues. Principal markets and locations of those markets served are in central and western portions of the United States.

***Summary of Significant Accounting Policies***

The following is a summary of significant accounting policies followed in the preparation of these financial statements. These policies conform to generally accepted accounting principles:

***Basis of Accounting***

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

***Basis of Presentations***

Net assets of the Association and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as increases or decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

***Cash Equivalents***

The Association considers all liquid investments with original maturities of three months or less to be cash equivalents. There were cash equivalents of \$288,135 at December 31, 2013 and \$286,244 in cash equivalents at December 31, 2012.

**NATIONAL REINED COW HORSE ASSOCIATION**  
**Notes to Financial Statements**

Note 1. Organization and Summary of Significant Accounting Policies – (continued)

***Accounts Receivable***

Accounts receivable represent amounts due for various events, advertising and sponsorship. Finance charges are recorded monthly on balances considered past due. Amounts are past due when not paid after 30 days. Credit is suspended when unpaid receivables are 60 days past due.

***Inventory***

Inventory is stated at lower of cost or market, as determined by the first-in, first-out method. Inventory at December 31, 2013 and 2012 consisted primarily of memorabilia.

***Equipment and Depreciation***

Equipment is stated at cost. Depreciation is computed by using the straight-line method over their estimated useful lives of five and seven years. Assets are capitalized when their cost exceeds \$700 and has a useful life of more than one year.

***Deferred Membership Income, Sponsorships, Event Incentives and Stallion Subscriptions***

Deferred membership income, event sponsorships, event incentives and stallion subscriptions represent amounts received in advance for subsequent year fees or events. The Association will recognize these revenues as income when earned within the next calendar year (current) or thereafter (long-term).

***Estimates***

The preparation of the 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.

***Income Tax Status***

The Association is an organization described in Section 501(c)(5) of the Internal Revenue Code, and is therefore exempt from California Franchise Tax by the California Franchise Board. The National Reined Cow Horse Association's federal Exempt Organizational Business Income Tax Return (form 990) for 2010, 2011 and 2012 are subject to examination by the IRS generally for 3 years after they are filed.



**NATIONAL REINED COW HORSE ASSOCIATION**  
**Notes to Financial Statements**

Note 1. Organization and Summary of Significant Accounting Policies – (continued)

*Subsequent Events*

Management has evaluated subsequent events through May 13, 2014, the date the financial statements were available and issued.

Note 2. Cash

There is a custodial risk of \$863,083 in uninsured and uncollateralized cash held in excess of FDIC insurance at one institution at December 31, 2013. The custodial risk was \$833,496 within one institution at December 31, 2012.

Note 3. Accounts Receivable

Amounts consist of the following at December 31:

	<b>2013</b>	<b>2012</b>
Accounts Receivable	\$ 124,031	\$ 148,387
Related Party:		
Accounts Receivable	-	1,850
Due from Foundation	14,571	14,159
Other Receivable	-	1,597
Total Accounts Receivable	138,602	165,993
Allowance for Doubtful Accounts	(8,313)	(14,230)
Accounts Receivable, Net	\$ 130,289	\$ 151,763

Allowance for doubtful accounts consist of receivables deemed uncollectible.  
Bad debt expense was \$2,380 for 2013 and \$10,270 for 2012.

Accounts receivable past due 90 days or more and still accruing finance charges totaled \$12,711 at December 31, 2013.

**NATIONAL REINED COW HORSE ASSOCIATION**  
**Notes to Financial Statements**

Note 4. Depreciable Assets

A summary of depreciable assets at December 31, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2011</u>
Computers and Electronics	\$ 35,079	\$ 35,079
Furniture & Fixtures	16,508	15,334
Trailers	<u>9,001</u>	<u>9,001</u>
Total Depreciable Assets	60,588	59,414
Accumulated Depreciation	<u>(34,692)</u>	<u>(28,663)</u>
Net Assets	<u>\$ 25,896</u>	<u>\$ 30,751</u>

Depreciation expense for 2013 and 2012 was \$6,029 and \$1,807 respectively.

Note 5. Related Party

The amount due from National Reined Cow Horse Foundation was \$14,571 in 2013 and \$14,159 in 2012. Related parties, which were arms-length transactions, had balances of \$1,850 at December 31, 2012.

**NATIONAL REINED COW HORSE ASSOCIATION**  
**Schedule of Functional Expenses – Sponsored Events**

	<u>2013</u>	<u>2012</u>
Winnings Paid Out	\$ 2,600,915	\$ 2,603,076
Show Labor	288,824	316,323
Awards	251,995	315,447
Cattle Expenses	274,873	243,383
Arena/Facility Rental	47,950	196,125
Sponsor Supplies & Expenses	61,246	154,851
Stalls Expenses	164,205	123,225
Judging Fees	109,750	123,410
Travel	65,073	79,887
Horse Sale Expenses	95,043	117,220
Hay & Shavings Expenses	106,657	112,969
Arena/Facility Expenses	71,660	59,474
Meals	50,040	63,972
Banquet	67,679	53,453
Hotel Expense	52,930	59,195
Merchandise	4,397	4,538
Judging Expenses	60,434	34,326
Video Expenses	45,238	39,198
Advertising Expenses - Shows	20,913	27,021
Exhibit Hall Expenses	-	9,089
Payroll and Taxes	969	-
Equipment Rental	339	1,397
Signs & Banners	17,038	8,743
Miscellaneous Expenses	4,695	4,070
<b>Total</b>	<b><u>\$ 4,462,863</u></b>	<b><u>\$ 4,750,392</u></b>

See independent accountant's review report.

NATIONAL REINED COW HORSE ASSOCIATION  
 Schedule of Functional Expenses – Cow Horse News

	<b>For the Years Ended December 31,</b>	
	<b>2013</b>	<b>2012</b>
Printing and Reproduction	\$ -	\$ 60,929
Layout and Design	1,700	68,998
Postage	2,680	13,645
Commissions Expense	(53)	4,091
Magazine Expense	81,307	78
<b>Total</b>	<b>\$ 85,634</b>	<b>\$ 147,741</b>

See independent accountant's review report.

**NATIONAL REINED COW HORSE ASSOCIATION**  
**Schedule of Functional Expenses – Supporting Services**

	<u>For the Years Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
Management Fees	\$ -	\$ 332,500
Payroll and Payroll Taxes	332,282	\$ -
Transition Cost	4,138	152,979
Accounting	43,447	42,770
Bank & Credit Card Charges	34,986	43,631
Management Fees - Media	20,200	23,607
Postage - Office	19,672	23,777
Legal Fees/Consulting	23,294	11,832
Bad Debt	2,380	10,270
Insurance	21,247	6,023
Office Supplies	12,101	8,942
Printing - Office	17,409	12,127
Travel	11,519	12,134
Telephone	6,744	3,901
Marketing & Retainers	10,861	5,752
Website Design & Maintenance	25,701	13,530
Miscellaneous Expenses	27,216	3,084
Rent	26,769	2,151
Office Utilities	5,955	0
Contract Labor	1,162	450
Operating Supplies and Maintenance	500	452
Depreciation Expense	6,029	1,807
Dues and Subscriptions	1,187	308
<b>Total</b>	<u><u>\$ 654,799</u></u>	<u><u>\$ 712,027</u></u>

See independent accountant's review report.

**NATIONAL REINED COW HORSE ASSOCIATION  
Schedule of Functional Expenses – Supporting Services**

See independent accountant's review report.