
National Reined Cow Horse Association
Financial Statements
Year-End December 31, 2023 and 2022

NATIONAL REINED COW HORSE ASSOCIATION

2023 BOARD OF DIRECTORS

Boyd Rice	President
Paul Bailey	Vice President
Todd Crawford	Secretary
Trey Neal	Treasurer
Todd Bergen	Executive Committee
Ben Baldus	Executive Committee
Joe Carter	Executive Committee
Corey Cushing	Immediate Past President
Amanda Gardiner	Board Member
Beverly Servi	Board Member
Cayley Wilson	Board Member
Dan Roeser	Board Member
Diane Edwards	Board Member
Jake Telford	Board Member
Jay McLaughlin	Board Member
Jon Roeser	Board Member
Lance Johnston	Board Member

NATIONAL REINED COW HORSE ASSOCIATION

Table of Contents

	<u>Page</u>
Independent Accountant's Review Report	1
<i>Financial Statements:</i>	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Statement of Functional Expenses	5-6
Notes to the Financial Statements	7-14

INDEPENDENT ACCOUNTANT’S REVIEW REPORT

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

We have reviewed the accompanying financial statements of National Reined Cow Horse Association (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, cash flows and functional expense for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of management. 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’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant’s Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of National Reined Cow Horse Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements to our review.

Accountant’s Conclusion

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

Rahhal Henderson Willis, PLLC

Ardmore, Oklahoma
November 5, 2024

NATIONAL REINED COW HORSE ASSOCIATION
Statements of Financial Position

	December 31,	
	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 3,944,200	\$ 3,453,066
Investments	1,676,445	1,534,281
Accounts Receivable, Net	539,838	891,834
Prepaid Expenses	57,255	38,551
Property and Equipment, net of accumulated depreciation	730,417	721,359
 Total Assets	 \$ 6,948,155	 \$ 6,639,091
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 321,368	\$ 510,676
Refundable Deposits	89,138	65,621
Event Incentives and Subscription Deferred Income	124,070	109,999
Current Portion of Stallion Subscription	120,600	101,700
Membership and Sponsorship Deferred Income	345,945	295,248
 Total Current Liabilities	 1,001,121	 1,083,244
Long Term Liabilities:		
Stallion Subscription Deferred Income	539,700	517,122
 Total Liabilities	 1,540,821	 1,600,366
 Net Assets - Unrestricted	 5,407,334	 5,038,725
 Total Liabilities and Net Assets	 \$ 6,948,155	 \$ 6,639,091

See accompanying notes and independent accountant's review report.

NATIONAL REINED COW HORSE ASSOCIATION
Statements of Activities and Changes in Net Assets

	For the Years Ended	
	December 31,	
	2023	2022
UNRESTRICTED NET ASSETS		
Unrestricted Revenue and Support:		
Sponsored Events	\$ 12,064,431	\$ 11,280,704
Memberships	258,858	242,482
Cow Horse News	108,822	104,167
Other General	528,806	452,169
Investment Income	192,424	(74,268)
Total Unrestricted Revenue and Support	13,153,341	12,005,254
Expenses:		
Program Services		
Sponsored events	11,007,056	9,893,525
Cow Horse News	145,147	109,786
Supporting Services	1,632,529	1,277,581
Total Expenses	12,784,732	11,280,892
Net Change in Unrestricted Net Assets	368,609	724,362
Net Assets - Unrestricted, Beginning of Year	5,038,725	4,314,363
Net Assets - Unrestricted, End of Year	\$ 5,407,334	\$ 5,038,725

See accompanying notes and independent accountant's review report.

NATIONAL REINED COW HORSE ASSOCIATION
Statements of Cash Flows

	For the Years Ended December 31,	
	2023	2022
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 368,609	\$ 724,362
Adjustment to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	28,383	25,957
Unrealized (Gains)/Losses on Investment	(60,638)	124,100
(Increase) decrease in:		
Accounts Receivable	351,996	(48,362)
Prepaid Expenses	(18,704)	26,826
Increase (decrease) in:		
Accounts Payable	(189,308)	418,121
Deferred Revenue	106,246	153,501
	<u>\$ 586,584</u>	<u>\$ 1,424,505</u>
Cash Flows from Investing Activities:		
Decrease (Increase) in Deposit	23,517	16,685
Purchase of Fixed Assets	(37,441)	-
Purchase of Mutual Fund Investment	(81,526)	(46,122)
	<u>\$ (95,450)</u>	<u>\$ (29,437)</u>
Net Cash Flows Used in Investing Activities		
Increase (decrease) in cash and equivalents	491,134	1,395,068
Cash and cash equivalents, beginning of year	3,453,066	2,057,998
Cash and cash equivalents, end of year	<u>\$ 3,944,200</u>	<u>\$ 3,453,066</u>

See accompanying notes and independent accountant's review report.

NATIONAL REINED COW HORSE ASSOCIATION
Statement of Functional Expense
For the Year Ended December 31, 2023

December 31, 2023

	Program Expenses			Total
	Sponsored Events	Cow Horse News	Support Services	
Arena/Facility Expenses	\$ 152,888	\$ -	\$ -	\$ 152,888
Arena/Facility Rental	605,018	-	-	605,018
Awards	443,929	-	-	443,929
Bank & Credit Card Charges	-	-	144,412	144,412
Banquet	61,927	-	-	61,927
Cattle Expenses	1,216,769	-	-	1,216,769
Depreciation Expense	-	-	28,383	28,383
Dues and Subscriptions	-	-	9,808	9,808
Equipment Rental	-	-	930	930
Insurance	-	-	77,383	77,383
Judging Fees	445,943	-	-	445,943
Layout and Design	-	-	5,547	5,547
Legal Fees/Consulting	25,917	-	202,988	228,905
Magazine Expenses	-	145,147	-	145,147
Marketing & Retainers	4,922	-	9,841	14,763
Miscellaneous Expenses	15,014	-	98,500	113,514
Office Supplies	-	-	10,014	10,014
Payroll and Taxes	-	-	651,683	651,683
Postage	278	-	54,733	55,011
Printing and Reproduction	3,795	-	22,633	26,428
Professional Fees	-	-	100,011	100,011
Repairs & Maintenance	-	-	23,062	23,062
Show Expense	634,354	-	-	634,354
Show Labor	534,235	-	-	534,235
Signs & Banners	99,148	-	3,257	102,405
Sponsor Supplies & Expense	52,087	-	66,298	118,385
Stalls Expenses	115,450	-	-	115,450
Telephone	-	-	9,463	9,463
Travel & Entertainment	630,951	-	55,322	686,273
Utilities	24,288	-	10,763	35,051
Net Video (Income) Expense	91,785	-	-	91,785
Website Design & Maintenance	-	-	47,498	47,498
Winnings Paid Out	5,848,358	-	-	5,848,358
	\$ 11,007,056	\$ 145,147	\$ 1,632,529	\$ 12,784,732

See accompanying notes and independent accountant's review report.

NATIONAL REINED COW HORSE ASSOCIATION
Statement of Functional Expense
For the Year Ended December 31, 2022

December 31, 2022

	Program Expenses			Support Services	Total
	Sponsored Events	Cow Horse News			
Arena/Facility Expenses	\$ 175,191	\$ -	\$ -	\$ -	\$ 175,191
Arena/Facility Rental	540,677	-	-	-	540,677
Awards	413,522	-	-	-	413,522
Bad Debt	-	-	12,208	-	12,208
Bank & Credit Card Charges	-	-	120,776	-	120,776
Banquet	74,102	-	-	-	74,102
Cattle Expenses	975,233	-	-	-	975,233
Depreciation Expense	-	-	25,957	-	25,957
Dues and Subscriptions	-	-	1,259	-	1,259
Equipment Rental	-	-	221	-	221
Insurance	-	-	50,742	-	50,742
Judging Fees	355,429	-	-	-	355,429
Layout and Design	4,859	-	3,514	-	8,373
Legal Fees/Consulting	17,500	-	73,369	-	90,869
Licenses & Permits	450	-	(1,900)	-	(1,450)
Magazine Expenses	-	109,786	-	-	109,786
Marketing & Retainers	-	-	10,202	-	10,202
Miscellaneous Expenses	32,302	-	50,328	-	82,630
Office Supplies	-	-	4,214	-	4,214
Payroll and Taxes	-	-	668,083	-	668,083
Postage	777	-	36,860	-	37,637
Printing and Reproduction	1,386	-	11,689	-	13,075
Professional Fees	-	-	91,557	-	91,557
Repairs & Maintenance	-	-	10,904	-	10,904
Show Expense	564,938	-	-	-	564,938
Show Labor	408,246	-	-	-	408,246
Signs & Banners	91,025	-	11,904	-	102,929
Sponsor Supplies & Expense	74,464	-	-	-	74,464
Stalls Expenses	174,069	-	-	-	174,069
Telephone	-	-	8,838	-	8,838
Travel & Entertainment	538,962	-	46,038	-	585,000
Utilities	11,843	-	6,359	-	18,202
Net Video (Income) Expense	(63,087)	-	3,532	-	(59,555)
Website Design & Maintenance	687	-	30,927	-	31,614
Winnings Paid Out	5,500,950	-	-	-	5,500,950
	<u>\$ 9,893,525</u>	<u>\$ 109,786</u>	<u>\$ 1,277,581</u>	<u>\$ -</u>	<u>\$ 11,280,892</u>

See accompanying notes and independent accountant's review report.

NATIONAL REINED COW HORSE ASSOCIATION
Notes to the 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 99 percent of total revenues. Principal markets and locations of those markets served are in central and western portions of the United States.

Note 2 - Summary of Significant Accounting Policies

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

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

Without donor restrictions net assets – Net assets not subject to donor-imposed stipulations. Revenues are reported as increases in without donor restrictions net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as increases or decreases in without donor restrictions net assets. Gains and losses on assets or liabilities are reported as increases or decreases in without donor restrictions net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of with donor 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 without donor restrictions.

With donor restrictions net assets – are assets subject to explicit restrictions imposed by the donor on the expenditure of contributions or income and gains on contributed assets. The temporary restrictions may expire due to the passage of time or the occurrence of expenditures that fulfill the restrictions. The Association did not have with donor imposed restrictions as of December 31, 2023 and 2022.

Permanently restricted net assets – are assets subject to explicit stipulations imposed by the donor to be maintained in perpetuity. The Association did not have permanently restricted net assets as of December 31, 2023 and 2022.

NATIONAL REINED COW HORSE ASSOCIATION
Notes to the Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

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 \$3,944,200 at December 31, 2023 and \$3,453,066 in cash equivalents at December 31, 2022.

Investments – Investments consist of money market and mutual funds invested in bonds. Investment income from all investments is reinvested throughout the year. Components of investment income are presented below:

	2023	2022
Interest & Dividend Income	\$ 132,003	\$ 44,957
Investment Expenses	(6,023)	(5,438)
Unrealized Gain (Loss)	60,638	(124,100)
Realized Gain (Loss)	5,806	10,313
	\$ 192,424	\$ (74,268)

Investments at December 31, 2023 were as follows:

	Cost	Fair Value
Mutual Funds	\$ 1,416,730	\$ 1,388,123

Fair values of assets measured on a recurring basis at December 31, 2023, are as follows

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Level 1	Level 2	Level 3
December 31, 2021				
Mutual Funds	\$ 1,388,123	\$ 1,388,123	\$ -	\$ -

Level 1 investments are quoted prices in active markets that can be accessed at the measurement date.

Accounts Receivable - Accounts receivable represent amounts due for various events, advertising and sponsorship. Amounts are past due when not paid after 30 days. Credit is suspended when unpaid receivables are 60 days past due.

Property and Equipment - 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.

NATIONAL REINED COW HORSE ASSOCIATION
Notes to the Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition - The primary sources of Revenue for the Association are recognized as follows:

Memberships and membership services: Association memberships are deferred and recognized as income during the membership period. Amounts received for registration, transfer and other member services are reflected in income as the required process is completed.

Event Shows: Income from shows is deferred and recognized as income in the period in which the show takes place.

Sponsorships: Sponsorship income is deferred and recognized as income in accordance with the terms of various sponsorship agreements.

Publication, advertising and circulation: Subscription for the Association's Trade publication are deferred and recognized as income during the subscription period.

Incentive Funds and Stallion Subscription programs: All incentive fund receipts are credited to deferred income until incurred. The Association recognizes revenue and expense for these programs for the amount of prize monies and awards paid (see Note 8).

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 2020, 2021 and 2022 are subject to examination by the IRS generally for 3 years after they are filed.

Subsequent Events - Management has evaluated subsequent events through November 5, 2024, the date the financial statements were available and issued.

NATIONAL REINED COW HORSE ASSOCIATION
Notes to the Financial Statements

Note 3 – Cash, Cash Equivalents and Concentration of Credit Risk

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

The Association has cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled approximately \$3,458,095 at December 31, 2023 and \$2,546,767 at December 31, 2022. The Association maintains its cash with a high-quality financial institution which the Association believes limits these risks.

Note 4 - Accounts Receivable

Amounts consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Accounts Receivable	\$ 560,509	\$ 931,391
Allowance for Doubtful Accounts	(20,671)	(39,557)
Accounts receivable, Net	<u>\$ 539,838</u>	<u>\$ 891,834</u>

Allowance for doubtful accounts consist of receivables deemed uncollectible. Bad debt expense was \$0 for 2023 and \$12,208 for 2022.

Note 5 - Depreciable Assets

A summary of depreciable assets at December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Computers & Equipment	\$ 57,955	\$ 49,334
Furniture & Fixtures	84,662	55,842
Building	762,251	762,251
Machinery and Equipment	6,113	6,113
Vehicles	9,001	9,001
Total Depreciable Assets	<u>\$ 919,982</u>	<u>\$ 882,541</u>
Less: Accumulated Depreciation	<u>(189,565)</u>	<u>(161,182)</u>
Property and Equipment, net	<u>\$ 730,417</u>	<u>\$ 721,359</u>

Depreciation expense for 2023 and 2022 was \$28,383 and \$25,957, respectively.

NATIONAL REINED COW HORSE ASSOCIATION
Notes to the Financial Statements

Note 6 - Related Party

On December 31, 2023 and 2022, there were amounts payable to the National Reined Cow Horse Foundation in the amount of \$20,597 and \$19,526, respectively.

Donations for the National Reined Cow Horse Foundation are made to the National Reined Cow Horse Association, who then transfers the money to the Foundation. Current year activity in the payable account is as follows:

December 31, 2022 Payable Balance	\$	19,526
Foundation Donations Received		22,445
Donations Paid to Foundation		<u>(21,374)</u>
December 31, 2023 Payable Balance	\$	<u>20,597</u>

Note 7 - Transactions in funds held for Agencies

The Association holds certain accounts for the Owner's Committee and the NRCHA Youth Association as agency balances, which are shown as liabilities by the Association. The Owner's Committee and NRCHA Youth Association receives donations or conducts fundraisers for additions in these accounts and make decisions on how these balances are used. The financial effects of transactions related to agency funds are recorded as changes in the funds held for agencies' liability and are not included in the statements of activities. The changes in that liability are summarized as follows:

	<u>2023</u>	<u>2022</u>
Additions:		
Donations	\$ 12,430	\$ 13,802
Fundraisers	8,545	13,765
Other Receipts	<u>51,355</u>	<u>2,900</u>
Total additions	<u>72,330</u>	<u>30,467</u>
Deductions:		
Member approved Distributions	(47,724)	(10,882)
Fundraiser expenses	<u>(1,089)</u>	<u>(2,900)</u>
Total deductions	<u>(48,813)</u>	<u>(13,782)</u>
Change in Balance	23,517	16,685
Balance in Agency Funds, Beginning of year	<u>65,621</u>	<u>48,936</u>
Balance in Agency Funds, End of year	<u>\$ 89,138</u>	<u>\$ 65,621</u>

NATIONAL REINED COW HORSE ASSOCIATION
Notes to the Financial Statements

Note 8 – Incentive Program Deferred Income

NRCHA has the following incentive programs:

Western Bloodstock NRCHA Sale Incentive Purse - Beginning in 2017, all weanlings, yearlings and two year-olds sold at NRCHA Snaffle Bit Futurity Sales are eligible to participate in the new NRCHA Western Bloodstock NRCHA Sale Incentive Program with purse payouts beginning in 2019. Annual purse will consist of NRCHA \$25,000 added money, buyer nomination fees and sale repurchase fees. The buyer nomination fees will be the following amounts:

Weanlings:	\$ 400 (purse for year of competition)
Yearlings:	\$ 400 (purse for year of competition)
2 Year-Olds:	\$1,000 (purse for year of competition)
3 Year-Olds:	\$5,000 (purse for year of competition)

The Western Bloodstock NRCHA Sale Incentive Purse is paid to the four highest advancing eligible foals in the Open and Non Pro classes of the NRCHA Snaffle Bit Futurity in the year of competition.

The Auction Incentive Purse – Each year stallion owners donate stallion breedings to be auctioned in a silent auction. Of the proceeds, after taking out a 10% administration fee, 10% of the auction proceeds are held in the stallion incentive fund, 70% is allocated to the open futurity and 30% is allocated to the Non-Pro futurity. If any foal of stallion that donated a breeding wins the Open or Non-Pro futurity at the Snaffle Bit Futurity three years after the foal year of the breeding, that winner receives the total purse due to be paid at that time. If there is no winner in any year, that year's incentive is carried over until there is a winner.

NATIONAL REINED COW HORSE ASSOCIATION
Notes to the Financial Statements

Note 8 – Incentive Program Deferred Income (continued)

The following is a summary of activity of the Incentive Programs for the years ended December 31, 2023:

	2023		
	New Sale Incentive Program	Auction	Total
Balance of funds, beginning of year	\$ 105,400	\$ 53,549	\$ 158,949
Program Receipts	97,450	131,288	228,738
Program Disbursements	(79,950)	(126,282)	(206,232)
Balance of funds, end of year	\$ 122,900	\$ 58,555	\$ 181,455
Short-Term	\$ 63,500	\$ 58,555	
Long-Term	\$ 59,400		

The following is a summary of activity of the Incentive Programs for the years ended December 31, 2022:

	2022		
	New Sale Incentive Program	Auction	Total
Balance of funds, beginning of year	\$ 122,900	\$ 44,953	\$ 167,853
Program Receipts	83,550	64,821	148,371
Program Disbursements	(101,050)	(56,225)	(157,275)
Balance of funds, end of year	\$ 105,400	\$ 53,549	\$ 158,949
Short-Term	\$ 56,450	\$ 53,549	
Long-Term	\$ 48,950		

Subscribed Stallions Program- The NRCHA Subscribed Stallion program has been created to enhance the Reined Cow Horse breeding industry. Foals of subscribed stallions are eligible to compete in the NRCHA Stakes, and to have preference selling in the NRCHA Snaffle Bit Futurity Sales.

NATIONAL REINED COW HORSE ASSOCIATION
Notes to the Financial Statements

Note 8 – Incentive Program Deferred Income (continued)

The following is a summary of activity of the Subscribed Stallions program for the years ended December 31:

<u>Stallion Subscriptions</u>	<u>2023</u>	<u>2022</u>
Balance of fund, Beginning of year	\$ 529,882	\$ 457,050
Program Receipts	201,650	197,482
Program Disbursements	<u>(162,550)</u>	<u>(124,650)</u>
Balance of Fund, end of year	<u>\$ 568,982</u>	<u>\$ 529,882</u>

Of these balances \$120,600 and \$101,700 are considered current liabilities for 2023 and 2022, respectively.