

NATIONAL REINED COW HORSE ASSOCIATION

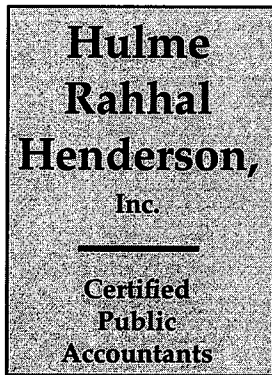
2006 BOARD OF DIRECTORS

| | |
|-----------------|-----------------|
| Dan Roeser | President |
| Larry Bell | Vice-President |
| Carol Rose | Secretary |
| Howard Erenberg | Treasurer |
| Lyn Anderson | Member |
| Dave Archer | Member |
| Todd Crawford | Member |
| Russell Dilday | Member |
| Rick Drayer | Member |
| Jake Gorrell | Member |
| Marilyn Peters | Member |
| Sam Rose | Member |
| Allen Moyer | Ex-Commissioner |
| Jon Roeser | Ex-Commissioner |

NATIONAL REINED COW HORSE ASSOCIATION

Table of Contents

| | <u>Page</u> |
|----------------------------------|-------------|
| Accountants' Review Report | 1 |
| Financial Statements: | |
| Statements of Financial Position | 2 |
| Statements of Activities | 3 |
| Statements of Cash Flows | 4 |



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ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
National Reined Cow Horse Association
Badger, California

We have reviewed the accompanying statements of financial position of the National Reined Cow Horse Association (a non-profit organization) as of December 31, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of management of the National Reined Cow Horse Association. The 2005 financial statements were reviewed by other accountants and are presented for comparative purpose.

A review consists principally of inquiries of National Reined Cow Horse Association's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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 generally accepted accounting principles. The additional schedules attached have also had inquiry of National Reined Cow Horse Association's personnel and analytical procedures applied to the financial data presented.

Hulme Rahhal Henderson, Inc.

Ardmore, Oklahoma
March 31, 2007

NATIONAL REINED COW HORSE ASSOCIATION
Statements of Financial Position

| | December 31, | |
|--|-------------------------|------------------------|
| <u>ASSETS</u> | <u>2006</u> | <u>2005</u> |
| Current Assets: | | |
| Cash and cash equivalents | \$ 426,516 | \$ 371,600 |
| Certificates of deposits | 1,054,601 | 1,019,411 |
| Accounts receivable, net of \$6,000 allowance for doubtful accounts for 2006 and 2005 | 197,277 | 34,380 |
| Other receivables | 4,355 | 6,250 |
| Inventory | 22,187 | 14,115 |
| Prepaid expenses | 33,311 | 3,069 |
| Total Current Assets | 1,738,247 | 1,448,825 |
| Fixed Assets, net of accumulated depreciation | 8,789 | 13,407 |
| Total Assets | \$ 1,747,036 | \$1,462,232 |

LIABILITIES AND NET ASSETS

| | | |
|---|------------------------|-------------------------|
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 108,482 | \$ 95,628 |
| Deferred membership, sponsorships, event incentives and stallion subscriptions | 276,099 | 223,309 |
| Payable to Foundation | 82 | 1,065 |
| Total Current Liabilities | 384,663 | 320,002 |
| Deferred sponsorships, event incentives and stallion Subscriptions | 388,779 | 377,668 |
| Total Liabilities | 773,442 | 697,670 |
| Net Assets - Unrestricted | 973,594 | 764,562 |
| Total Liabilities and Net Assets | \$1,747,036 | \$ 1,462,232 |

See accompanying notes and accountants' review report.

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

| | <u>For the Years Ended December 31,</u> | |
|-------------------------------|---|-------------------|
| | <u>2006</u> | <u>2005</u> |
| Revenue and Support: | | |
| Sponsored events | \$ 5,363,848 | \$ 5,028,173 |
| Stock Horse News | 260,032 | 233,946 |
| Interest income | <u>75,977</u> | <u>44,320</u> |
| Total Revenue and Support | <u>5,699,857</u> | <u>5,306,439</u> |
| | | |
| Expenses: | | |
| Sponsored events | 4,603,632 | 4,201,326 |
| Stock Horse News | 272,144 | 240,126 |
| Supporting services | <u>615,049</u> | <u>665,619</u> |
| Total Expenses | <u>5,490,825</u> | <u>5,107,071</u> |
| | | |
| Increase in Net Assets | 209,032 | 199,368 |
| Net Assets, Beginning of Year | <u>764,562</u> | <u>565,194</u> |
| | | |
| Net Assets, End of Year | <u>\$ 973,594</u> | <u>\$ 764,562</u> |

See accompanying notes and accountants' review report.

NATIONAL REINED COW HORSE ASSOCIATION
Statements of Cash Flows

| | For the Years Ended December 31, | |
|---|---|-------------|
| | 2006 | 2005 |
| Cash Flows from Operating Activities: | | |
| Increase in net assets | \$ 209,032 | \$ 199,368 |
| Adjustments to reconcile to net cash flows from operating activities: | | |
| Depreciation | 4,618 | 4,942 |
| Decrease (increase) in accounts receivable | (162,897) | 11,704 |
| Decrease (increase) in miscellaneous receivables | 1,895 | 6,603 |
| Decrease (increase) in inventory | (8,072) | 10,087 |
| Decrease (increase) in prepaid expenses | (30,242) | (1,991) |
| Increase (decrease) in payables and accrued expenses | 12,854 | 69,399 |
| Increase (decrease) in deferred income | 63,901 | 122,647 |
| Increase (decrease) in payable to Foundation | (983) | 6,603 |
| Net Cash Flows Provided By Operating Activities | 90,106 | 421,009 |
| Cash Flows from Investing Activities: | | |
| Increase in purchases of certificates of deposit | (35,190) | (519,411) |
| Net Cash Flows Used In Investing Activities | (35,190) | (519,411) |
| Increase (Decrease) in Cash | 54,916 | (98,402) |
| Cash and Cash Equivalents, Beginning of year | 371,600 | 470,002 |
| Cash and Cash Equivalents, End of year | \$ 426,516 | \$ 371,600 |

See accompanying notes and accountants' review report.