

**RIDE ON LA**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITORS' REPORT**  
**YEAR ENDED DECEMBER 31, 2008**

**RIDE ON LA  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Ride On LA  
(A California Non-Profit Corporation)  
Chatsworth, California

We have audited the accompanying statement of financial position of Ride On LA (A California Non-Profit Corporation) as of December 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Ride On LA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information, including the comparative Statement of Activities for the year ended December 31, 2007, has been derived from the Ride On LA's financial statements and, in our report dated October 2, 2008 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ride On LA as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Vasin, Heyn + Co.*

July 20, 2009

**RIDE ON LA**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2008**  
**(WITH COMPARATIVE TOTALS FOR 2007)**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 120,597	\$ 408,553
Receivables, net:		
Pledges	-	1,000
Grants, fees and other	362,770	3,526
Investments	70,633	282,789
Deposits and prepaid expenses	1,220	6,530
Property and equipment, net	<u>1,462,950</u>	<u>331,825</u>
 Total assets	 <u>\$2,018,170</u>	 <u>\$1,034,223</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 2,657	\$ 5,121
Accrued expenses	10,741	34,585
Accrued payroll and related liabilities	22,086	-
Deferred revenue	825	2,462
Mortgages payable	<u>815,750</u>	<u>-</u>
 Total liabilities	 852,059	 42,168
 <b>COMMITMENTS AND CONTINGENCIES</b>		
 <b>NET ASSETS</b>		
Unrestricted:		
Designated for operating reserve	15,000	250,000
Undesignated	584,537	478,328
Temporarily restricted	<u>566,574</u>	<u>263,727</u>
 Total net assets	 <u>1,166,111</u>	 <u>992,055</u>
 Total liabilities and net assets	 <u>\$2,018,170</u>	 <u>\$1,034,223</u>

See accompanying auditors' report and  
notes to financial statements.

**RIDE ON LA**  
**(A California Non-Profit Corporation)**  
**COMPARATIVE STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008			2007		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>						
Contributions and grants	\$ 105,467	\$ 564,000	\$ 669,467	\$ 122,649	\$ 155,164	\$ 277,813
Fees for services	238,905	-	238,905	242,349	-	242,349
Interest and dividend income	6,634	-	6,634	14,164	-	14,164
Realized gain(loss) on sale of investments	(4,474)	-	(4,474)	7,317	-	7,317
Unrealized gain(loss) on investments	2,643	-	2,643	11,765	-	11,765
Gain(loss) on sale of assets	(4,968)	-	(4,968)	(2,100)	-	(2,100)
In-kind revenue	76,550	-	76,550	90,426	-	90,426
Other revenue	9,890	-	9,890	11,490	-	11,490
Fundraising events:						
Gross revenue	140,858	-	140,858	242,354	-	242,354
Less: Direct costs	<u>(44,362)</u>	<u>-</u>	<u>(44,362)</u>	<u>(32,166)</u>	<u>-</u>	<u>(32,166)</u>
Fundraising events, net	96,496	-	96,496	210,188	-	210,188
Restrictions released	<u>261,153</u>	<u>(261,153)</u>	<u>-</u>	<u>74,394</u>	<u>(74,394)</u>	<u>-</u>
Total revenue and restrictions released	788,296	302,847	1,091,143	782,642	80,770	863,412
<b>EXPENSES</b>						
Program services	735,677	-	735,677	688,871	-	688,871
Support services	104,647	-	104,647	92,149	-	92,149
Fundraising expenses	<u>76,763</u>	<u>-</u>	<u>76,763</u>	<u>58,104</u>	<u>-</u>	<u>58,104</u>
	<u>917,087</u>	<u>-</u>	<u>917,087</u>	<u>839,124</u>	<u>-</u>	<u>839,124</u>
<b>CHANGE IN NET ASSETS</b>	(128,791)	302,847	174,056	(56,482)	80,770	24,288
<b>NET ASSETS - beginning of year</b>	<u>728,328</u>	<u>263,727</u>	<u>992,055</u>	<u>784,810</u>	<u>182,957</u>	<u>967,767</u>
<b>NET ASSETS - end of year</b>	<u>\$ 599,537</u>	<u>\$ 566,574</u>	<u>\$ 1,166,111</u>	<u>\$ 728,328</u>	<u>\$ 263,727</u>	<u>\$ 992,055</u>

See accompanying auditors' report and  
notes to financial statements.

**RIDE ON LA**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**(WITH COMPARATIVE TOTALS FOR 2007)**

	<u>Program</u> <u>Services</u>	<u>Support</u> <u>Services</u>	<u>Fund-</u> <u>raising</u>	<u>2008 Total</u> <u>Expenses</u>	<u>2007 Total</u> <u>Expenses</u>
<b>Expenses</b>					
Accounting	-	18,230	-	18,230	12,426
Auto	2,897	-	-	2,897	2,861
Bad debts	7,034	-	-	7,034	1,934
Dues and subscriptions	70	-	-	70	-
Education and training	21,205	-	-	21,205	24,669
Feed	46,116	-	-	46,116	39,114
Insurance	13,793	-	-	13,793	9,408
Interest	28,391	-	-	28,391	-
Leased employees	378,648	78,883	74,618	532,149	504,828
Licenses and permits	978	579	-	1,557	-
Office expense	5,394	5,607	-	11,001	6,806
Postage	5,677	-	1,187	6,864	6,547
Printing	3,056	-	958	4,014	2,925
Program development	12,053	-	-	12,053	10,939
Public relations	7,317	-	-	7,317	2,418
Recognition	4,388	-	-	4,388	6,274
Rent	57,630	-	-	57,630	57,070
Repairs and maintenance	19,353	-	-	19,353	19,726
Shoeing, tack and equipment	13,015	-	-	13,015	11,644
Supplies	17,416	1,348	-	18,764	28,856
Telephone	5,370	-	-	5,370	5,968
Utilities	23,569	-	-	23,569	24,947
Veterinary expense	4,242	-	-	4,242	7,565
Volunteer expense	4,925	-	-	4,925	8,166
	<u>682,537</u>	<u>104,647</u>	<u>76,763</u>	<u>863,947</u>	<u>795,091</u>
Depreciation and amortization	<u>53,140</u>	<u>-</u>	<u>-</u>	<u>53,140</u>	<u>44,033</u>
	<u><u>\$735,677</u></u>	<u><u>\$104,647</u></u>	<u><u>\$ 76,763</u></u>	<u><u>\$917,087</u></u>	<u><u>\$ 839,124</u></u>

See accompanying auditors' report and  
notes to financial statements.

**RIDE ON LA**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**(WITH COMPARATIVE TOTALS FOR 2007)**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 174,056	\$ 24,288
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	53,140	44,033
Unrealized (gain) loss on investments	4,474	(11,765)
Realized (gain) loss on sale of investments	(2,643)	(7,317)
(Gain) loss on disposition of property	4,968	2,100
(Increase) decrease in:		
Pledges receivable	1,000	3,484
Fees and other receivables	(359,244)	6,889
Deposits and prepaid expenses	5,310	3,693
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,464)	8,205
Accrued expenses	(23,844)	-
Accrued payroll and related liabilities	22,086	-
Deferred revenue	<u>(1,637)</u>	<u>(6,828)</u>
 Total adjustments	 <u>(298,854)</u>	 <u>42,494</u>
 Net Cash Provided (Used) by Operating Activities	 <u>(124,798)</u>	 <u>66,782</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from disposition of property	3,500	1,450
Proceeds from disposition of investments	215,398	137,572
Purchases of property and equipment	(1,192,733)	(50,677)
Purchase of investments	<u>(5,073)</u>	<u>(19,413)</u>
 Net Cash Provided (Used) by Investing Activities	 <u>(978,908)</u>	 <u>68,932</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds of borrowings for capital purposes	824,250	-
Payments related to the acquisition of capital assets	<u>(8,500)</u>	<u>-</u>
 Net Cash Provided (Used) by Financing Activities	 <u>815,750</u>	 <u>-</u>
 <b>NET INCREASE (DECREASE) IN CASH</b>	 <b>(287,956)</b>	 <b>135,714</b>
 <b>CASH AT BEGINNING OF YEAR</b>	 <u>408,553</u>	 <u>272,839</u>
 <b>CASH AT END OF YEAR</b>	 <u>\$ 120,597</u>	 <u>\$ 408,553</u>

See accompanying auditors' report and notes to financial statements.

**RIDE ON LA**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization*

Ride On LA was founded in 1994 pursuant to the California Non-Profit Public Benefit Corporation laws and conducts its activities exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the U.S. Internal Revenue Code of 1954 under which it is qualified as a tax-exempt organization.

Ride On LA was organized to promote the welfare of “at risk” youth, and people with any type of disability or mental illness, by means of therapeutic horseback riding, and by instruction in related social, vocational and recreational activities.

Ride On LA’s program serves over 170 riders each week at two ranches in Los Angeles and Ventura Counties. The program is nationally accredited by NARHA, the North American Riding for the Handicapped Association, and the teaching staff includes 8 certified instructors and 5 licensed therapists assisted by 30 horses. Ride On LA remains the only nationally-accredited program in LA or Ventura counties which brings a Physical Therapist to a ranch to use the horses’ movement to improve specific medical conditions. In its 14-year history, Ride On has given a total of 47,511 lessons and physical therapy treatments to children as young as 2 and adults over the age of 80.

During the year ended December 31, 2008, Ride On LA gave 5,741 lessons using an average of 120 volunteers per week who donated over 14,070 hours of service. Ride On LA subsidizes the Fee for Service for all clients but also gives scholarships at further reduced rates ranging from free to 1/2 of published rates. During 2008, 1,358 lessons and physical therapy treatments, approximately 24% of all lessons, were given scholarships. About half of the riders have physical disabilities and half are mentally disabled; many have multiple handicaps requiring extensive staff and volunteer support. Over seventy-five percent of the riders are children. Ride On LA operates two facilities, a two-acre ranch in Chatsworth, and a 13-acre park site in Newbury Park operated in partnership with the Conejo Recreation and Park District.

In May 2008 Ride On LA purchased a 3-acre operating facility in Chatsworth, California. This 3-acre ranch will provide a permanent and expanded base of service to the San Fernando Valley. Subsequent to this purchase, Ride On LA has received entitlements from the City of Los Angeles to operate a therapeutic riding facility on the site and is in the process of obtaining permits necessary to move the existing Chatsworth program to the new site during 2009. Ride On LA has received a grant of \$350,000 from the Ahmanson Foundation toward funding these capital improvements which is included in Grants and Fees Receivable as of December 31, 2008 and was received in February 2009.

*Contributions*

Contributions received in cash from corporations, foundations and individuals for support of current activities are recorded as support in the period received and classified as unrestricted, temporarily restricted or permanently restricted increases in net assets based on donor specifications.



**RIDE ON LA**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Contributed Equipment and Services*

Contributions (In-Kind) of fixed assets and qualifying services are reflected as contributions in the accompanying statements at their estimated values at the date of receipt and are classified as unrestricted, temporarily restricted or permanently restricted increases in net assets based on donor specifications. In addition to In-Kind rent (Note 4) volunteers have contributed services related to improvements and maintenance of the primary operating facilities.

*Functional Expense Allocations*

The costs of providing services of Ride On LA have been summarized on a functional basis in the statement of functional expenses. Certain costs have been allocated among the program and supporting services based upon time studies and estimates made by Ride On LA's management.

*Cash and Cash Equivalents and Concentrations*

Cash and cash equivalents consist of cash held in checking and money market accounts with maturities of less than 90 days. At year-end, and throughout the year, Ride On LA's cash balances, deposited in one bank, exceeded federally insured limits. Management believes Ride On LA is not exposed to any significant credit risk on cash and cash equivalents.

*Property*

Property consists of the cost of fixed assets which are depreciated on the straight-line method over their estimated useful lives ranging from five to ten years, for equipment and horses, to fifteen years for leasehold improvements. Fully depreciated assets are retained in the accounts until their retirement. Purchases of small items are expensed as acquired.

*Salaries, Related Expenses and Leased Employees*

Salaries, payroll taxes and employee benefits are reported as Leased employees beginning April 2006. Ride On LA's employees became leased employees to improve employee benefits, while reducing costs and administration. Total salaries, related expenses and leased employees were \$532,149 for the year ending December 31, 2008.

*Estimates*

Pursuant to U.S. generally accepted accounting principles, management uses estimates and assumptions in preparing financial statements. Those required estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

**RIDE ON LA**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Reclassifications*

Certain amounts in the 2007 financial statement totals were reclassified to conform with the 2008 reporting format.

*Comparative Totals*

The financial statements at December 31, 2008 and for the year then ended include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Ride On LA's financial statements for the year ended December 31, 2007, from which the summarized information was derived.

**2. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2008:

Buildings	\$ 384,665
Horses	91,500
Land	859,661
Leasehold Improvements	198,325
Machinery and Equipment	<u>189,828</u>
	1,723,979
Accumulated Depreciation	<u>(261,029)</u>
	<u>\$ 1,462,950</u>

**3. SOURCES OF SUPPORT**

Sources of contributions received are as follows for the year ending December 31, 2008:

Unrestricted:	
Corporations	\$ 33,068
Foundations	10,500
Individuals	<u>61,899</u>
	<u>\$ 105,467</u>

Temporarily restricted:	
Corporations	\$ 24,000
Foundations	520,000
Individuals	<u>20,000</u>
	<u>\$ 564,000</u>

**RIDE ON LA**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**(CONTINUED)**

**4. INVESTMENTS**

Investments at December 31, 2008 consist of:

Corporate bonds	\$ -
Corporate equity securities	-
Government securities	<u>70,633</u>
	<u>\$ 70,633</u>

**5. PENSION PLAN**

Ride On LA provided a non-contributory 403(b)(7) pension plan to all employees over age 21 after 90 days of employment through March of 2006. Thereafter, Ride On LA provided a 401(k) pension plan with an employer match of 3%.

**6. COMMITMENTS**

Ride On LA is obligated under two operating facility leases. The Chatsworth lease, for a two-acre ranch where it has operated since 1994, expires in October 2013 but contains an annual cancellation provision after October 31, 2009. The Thousand Oaks lease is for exclusive use of a thirteen-acre park site owned by Conejo Recreation and Park District. This lease cost is \$40 per year for a 40-year period expiring in July 2040 but is renewable annually. Management estimates the fair value of this contributed lease at \$40,000 annually.

Minimum annual anticipated payments under these leases are as follows:

2009	\$ 18,050
2010	\$ 18,470
2011	\$ 18,890
2012	\$ 19,310
2013	\$ 16,390
Thereafter	\$ 40

Total rental expense, including in-kind, for the year ended December 31, 2008 was \$57,630.

**7. MORTGAGE PAYABLE**

In April 2008 Ride On LA purchased an operating facility in Chatsworth, California for \$1,113,001 and obtained a related mortgage of \$824,250 which provides for monthly payments of \$5,107, adjusting annually including interest until July 30, 2038.

Minimum annual anticipated principal payments under the mortgage payable are as follows:

2009	\$ 13,728
2010	\$ 14,556
2011	\$ 15,435
2012	\$ 16,366
2013	\$ 17,349
Thereafter	\$ 738,317