

RIDE ON LA
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2009

**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, 2009, 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, 2008, has been derived from the Ride On LA's financial statements and, in our report dated July 20, 2009 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, 2009, 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 26, 2010

RIDE ON LA
(A California Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 347,843	\$ 120,597
Grants receivable	-	362,770
Investments	6,025	70,633
Deposits and prepaid expenses	1,220	1,220
Property and equipment, net	<u>1,791,716</u>	<u>1,491,341</u>
 Total assets	 <u>\$2,146,804</u>	 <u>\$2,046,561</u>
 LIABILITIES		
Accounts payable	\$ 16,226	\$ 2,657
Accrued expenses	6,316	10,741
Accrued payroll and related liabilities	13,522	22,086
Deferred revenue	-	825
Mortgages payable	<u>799,919</u>	<u>815,750</u>
 Total liabilities	 835,983	 852,059
 COMMITMENTS AND CONTINGENCIES		
 NET ASSETS		
Unrestricted:		
Designated for operating reserve	50,000	15,000
Undesignated	1,103,927	612,928
Temporarily restricted	<u>156,894</u>	<u>566,574</u>
 Total net assets	 <u>1,310,821</u>	 <u>1,194,502</u>
 Total liabilities and net assets	 <u>\$2,146,804</u>	 <u>\$2,046,561</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, 2009 AND 2008

	2009			2008		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT						
Fees for services	\$ 245,301	\$ -	\$ 245,301	\$ 238,905	\$ -	\$ 238,905
Contributions and grants	205,151	195,000	400,151	105,467	564,000	669,467
Fundraising events:						
Gross revenue	141,496	-	141,496	140,858	-	140,858
Less: Direct costs	<u>(38,031)</u>	<u>-</u>	<u>(38,031)</u>	<u>(44,362)</u>	<u>-</u>	<u>(44,362)</u>
Fundraising events, net	103,465	-	103,465	96,496	-	96,496
In-kind revenue	136,871	-	136,871	76,550	-	76,550
Interest and dividend income	5,331	-	5,331	6,634	-	6,634
Realized gain(loss) on sale of investments	63	-	63	(4,474)	-	(4,474)
Unrealized gain(loss) on investments	226	-	226	2,643	-	2,643
Gain(loss) on sale of assets	(725)	-	(725)	(4,968)	-	(4,968)
Other revenue	7,572	-	7,572	9,890	-	9,890
Restrictions released	<u>604,680</u>	<u>(604,680)</u>	<u>-</u>	<u>261,153</u>	<u>(261,153)</u>	<u>-</u>
Total revenue and restrictions released	1,307,935	(409,680)	898,255	788,296	302,847	1,091,143
EXPENSES						
Program services	631,153	-	631,153	707,286	-	707,286
Support services	98,094	-	98,094	104,647	-	104,647
Fundraising expenses	<u>52,689</u>	<u>-</u>	<u>52,689</u>	<u>76,763</u>	<u>-</u>	<u>76,763</u>
	<u>781,936</u>	<u>-</u>	<u>781,936</u>	<u>888,696</u>	<u>-</u>	<u>888,696</u>
CHANGE IN NET ASSETS	525,999	(409,680)	116,319	(100,400)	302,847	202,447
NET ASSETS - beginning of year	<u>627,928</u>	<u>566,574</u>	<u>1,194,502</u>	<u>728,328</u>	<u>263,727</u>	<u>992,055</u>
NET ASSETS - end of year	<u>\$ 1,153,927</u>	<u>\$ 156,894</u>	<u>\$ 1,310,821</u>	<u>\$ 627,928</u>	<u>\$ 566,574</u>	<u>\$ 1,194,502</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, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	<u>Program</u> <u>Services</u>	<u>Support</u> <u>Services</u>	<u>Fund-</u> <u>raising</u>	<u>2009 Total</u> <u>Expenses</u>	<u>2008 Total</u> <u>Expenses</u>
Expenses					
Accounting	-	15,885	-	15,885	18,230
Auto	3,190	-	-	3,190	2,897
Bad debts	12,467	-	-	12,467	7,034
Dues and subscriptions	78	-	-	78	70
Education and training	16,460	-	-	16,460	21,205
Feed	38,187	-	-	38,187	46,116
Insurance	13,674	-	-	13,674	13,793
Leased employees	312,798	76,719	50,092	439,609	532,149
Licenses and permits	161	211	-	372	1,557
Office expense	4,886	3,985	-	8,871	11,001
Postage	4,735	76	1,259	6,070	6,864
Printing	-	-	1,338	1,338	4,014
Program development	7,971	-	-	7,971	12,053
Public relations	4,278	-	-	4,278	7,317
Recognition	3,545	-	-	3,545	4,388
Rent	58,015	-	-	58,015	57,630
Repairs and maintenance	19,888	-	-	19,888	19,353
Shoeing, tack and equipment	11,826	-	-	11,826	13,015
Supplies	21,248	1,218	-	22,466	18,764
Telephone	5,950	-	-	5,950	5,370
Utilities	17,231	-	-	17,231	23,569
Veterinary expense	6,495	-	-	6,495	4,242
Volunteer expense	<u>5,182</u>	<u>-</u>	<u>-</u>	<u>5,182</u>	<u>4,925</u>
	568,265	98,094	52,689	719,048	835,556
Depreciation and amortization	<u>62,888</u>	<u>-</u>	<u>-</u>	<u>62,888</u>	<u>53,140</u>
	<u>\$631,153</u>	<u>\$ 98,094</u>	<u>\$ 52,689</u>	<u>\$ 781,936</u>	<u>\$ 888,696</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, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 116,319	\$ 174,056
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	62,888	53,140
In-kind donations	(94,887)	-
Unrealized (gain) loss on investments	(226)	4,474
Realized (gain) loss on sale of investments	(63)	(2,643)
(Gain) loss on disposition of property	725	4,968
(Increase) decrease in:		
Pledges receivable	-	1,000
Grants receivable	362,770	-
Fees and other receivables	-	(359,244)
Deposits and prepaid expenses	-	5,310
Increase (decrease) in:		
Accounts payable and accrued expenses	13,569	(2,464)
Accrued expenses	(4,425)	(23,844)
Accrued payroll and related liabilities	(8,564)	22,086
Deferred revenue	(825)	(1,637)
	<u>330,962</u>	<u>(298,854)</u>
 Total adjustments	 <u>330,962</u>	 <u>(298,854)</u>
 Net Cash Provided (Used) by Operating Activities	 447,281	 (124,798)
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposition of property	500	3,500
Proceeds from disposition of investments	64,897	215,398
Purchases of property and equipment	(269,601)	(1,192,733)
Purchase of investments	-	(5,073)
	<u>-</u>	<u>(5,073)</u>
 Net Cash Provided (Used) by Investing Activities	 (204,204)	 (978,908)
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of borrowings for capital purposes	-	824,250
Payments related to the acquisition of capital assets	(15,831)	(8,500)
	<u>(15,831)</u>	<u>(8,500)</u>
 Net Cash Provided (Used) by Financing Activities	 <u>(15,831)</u>	 <u>815,750</u>
 NET INCREASE (DECREASE) IN CASH	 227,246	 (287,956)
 CASH AT BEGINNING OF YEAR	 <u>120,597</u>	 <u>408,553</u>
 CASH AT END OF YEAR	 <u>\$ 347,843</u>	 <u>\$ 120,597</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, 2009

1. 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 7 certified instructors and 6 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 15-year history, Ride On has given a total of over 53,000 lessons and physical therapy treatments to children as young as 2 and adults over the age of 80.

During the year ended December 31, 2009, Ride On LA gave over 5,000 lessons using an average of 120 volunteers per week who donated over 13,000 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 2009, 916 lessons and physical therapy treatments, approximately 18% 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. Chatsworth operations were transferred to this new facility in March 2010.

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 and Equipment

Property and equipment 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. All assets with an estimated life that exceeds one year and with a cost greater than \$1,000 must be capitalized.

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 \$439,609 for the year ending December 31, 2009.

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Reclassifications

Certain amounts in the 2008 financial statement totals were reclassified to conform with the 2009 reporting format.

Subsequent Events

Subsequent events have been evaluated through the date of issuance of Ride On LA's financial statements, July 26, 2010.

Comparative Totals

The financial statements at December 31, 2009 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, 2008, from which the summarized information was derived.

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2009:

Buildings	\$ 654,598
Horses	92,800
Land	859,661
Leasehold Improvements	288,809
Machinery and Equipment	<u>219,490</u>
	2,115,358
Accumulated Depreciation	<u>(323,642)</u>
	<u>\$ 1,791,716</u>

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

4. SOURCES OF SUPPORT

Sources of contributions received are as follows for the year ending December 31, 2009:

Unrestricted:	
Corporations	\$ 41,789
Foundations	62,000
Individuals	<u>101,362</u>
	<u>\$ 205,151</u>
Temporarily restricted:	
Corporations	\$ -
Foundations	195,000
Individuals	<u>-</u>
	<u>\$ 195,000</u>

5. INVESTMENTS

Investments at December 31, 2009 consist of:

Corporate bonds	\$ -
Corporate equity securities	-
Government securities	<u>6,025</u>
	<u>\$ 6,025</u>

6. 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%.

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

7. 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:

2010	\$ 18,495
2011	\$ 18,915
2012	\$ 19,335
2013	\$ 16,390
Thereafter	\$ 40

Total rental expense, including in-kind, for the year ended December 31, 2009 was \$58,015.

8. 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.

Interest costs incurred during the year end December 31, 2009 were \$28,391 and were included in the cost of buildings.

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

2010	\$ 21,786
2011	\$ 22,901
2012	\$ 24,072
2013	\$ 25,304
2014	\$ 25,598
Thereafter	\$ 680,258