

RIDE ON LA
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

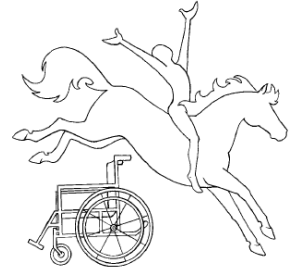
VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS



Ride On



Therapeutic Horsemanship

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**RIDE ON LA
(A California Non-Profit Corporation)
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AN ACCOUNTANCY CORPORATION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ride On LA (A California Non-Profit Corporation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ride On LA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ride On LA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT - Continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ride On LA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ride On LA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

INDEPENDENT AUDITORS' REPORT - Continued

Report on Summarized Comparative Information

We previously audited Ride On LA's 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 17, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Ride On LA.

Vorlein, Heyn + Co.

Calabasas, California
May 28, 2024

RIDE ON LA
(A California Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 194,565	\$ 167,805
Grants and fees receivable, net of allowance	75,367	27,691
Property and equipment, net	<u>3,565,378</u>	<u>3,324,207</u>
Total assets	<u>\$3,835,310</u>	<u>\$3,519,703</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 41,002	\$ 29,633
Accrued payroll and related liabilities	48,887	44,339
Deferred revenue	6,920	20,393
Loan payable	4,972	9,629
Mortgage payable	<u>481,458</u>	<u>533,190</u>
Total liabilities	583,239	637,184
 COMMITMENTS AND CONTINGENCIES		
 NET ASSETS		
Without Donor Restrictions:		
Designated for operating reserve	25,000	25,000
Undesignated	3,121,849	2,807,297
With Donor Restrictions	<u>105,222</u>	<u>50,222</u>
Total net assets	<u>3,252,071</u>	<u>2,882,519</u>
Total liabilities and net assets	<u>\$3,835,310</u>	<u>\$3,519,703</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, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND RESTRICTIONS RELEASED						
Fees for services	1,548,519	-	1,548,519	1,263,985	-	1,263,985
Contributions and grants	644,073	132,000	776,073	518,542	85,000	603,542
Fundraising events	189,308	-	189,308	133,673	-	133,673
In-kind contributions	247,262	-	247,262	205,666	-	205,666
Interest and dividend income	19	-	19	90	-	90
Gain (loss) on sale of property and equipment	-	-	-	(6,354)	-	(6,354)
Other revenue	8,827	-	8,827	13,601	-	13,601
Restrictions released	<u>77,000</u>	<u>(77,000)</u>	<u>-</u>	<u>77,500</u>	<u>(77,500)</u>	<u>-</u>
 Total revenue, support and restrictions released	 2,715,008	 55,000	 2,770,008	 2,206,703	 7,500	 2,214,203
EXPENSES						
Program services	2,219,506	-	2,219,506	1,930,172	-	1,930,172
Support services	98,343	-	98,343	84,453	-	84,453
Fundraising expenses	<u>82,607</u>	<u>-</u>	<u>82,607</u>	<u>47,842</u>	<u>-</u>	<u>47,842</u>
 Total expenses	 <u>2,400,456</u>	 <u>-</u>	 <u>2,400,456</u>	 <u>2,062,467</u>	 <u>-</u>	 <u>2,062,467</u>
CHANGE IN NET ASSETS	314,552	55,000	369,552	144,236	7,500	151,736
NET ASSETS - beginning of year	<u>2,832,297</u>	<u>50,222</u>	<u>2,882,519</u>	<u>2,688,061</u>	<u>42,722</u>	<u>2,730,783</u>
NET ASSETS - end of year	<u>\$ 3,146,849</u>	<u>\$ 105,222</u>	<u>\$ 3,252,071</u>	<u>\$ 2,832,297</u>	<u>\$ 50,222</u>	<u>\$ 2,882,519</u>

See accompanying auditors' report and notes to financial statements.

RIDE ON LA
(A California Non-Profit Corporation)
COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Program Services	Support Services	Fund- raising	2023 Total Expenses	Program Services	Support Services	Fund- raising	2022 Total Expenses
Expenses								
Accounting	\$ 4,125	\$ 1,600	\$ -	\$ 5,725	\$ 4,025	\$ 1,575	\$ -	\$ 5,600
Auto	6,519	-	-	6,519	14,044	-	-	14,044
Dues and fees	6,751	-	-	6,751	4,044	-	-	4,044
Education and training	32,422	-	-	32,422	4,144	-	-	4,144
Feed	336,031	-	-	336,031	251,818	-	-	251,818
Financial aid	20,933	-	-	20,933	24,473	-	-	24,473
Horse purchase	-	-	-	-	16,859	-	-	16,859
In-kind, professional services	63,262	-	-	63,262	19,284	-	-	19,284
In-kind, rent	184,000	-	-	184,000	160,000	-	-	160,000
Insurance	55,032	-	-	55,032	37,833	-	-	37,833
Interest	20,018	-	-	20,018	22,459	-	-	22,459
Leased employees	901,068	61,247	39,662	1,001,977	853,008	41,204	14,452	908,664
Manure disposal	136,169	-	-	136,169	84,367	-	-	84,367
Miscellaneous	-	-	-	-	-	173	-	173
Office expense	20,944	34,676	-	55,620	20,206	37,028	-	57,234
Outside services	-	-	16,735	16,735	-	-	25,184	25,184
Postage	109	429	-	538	-	352	-	352
Printing	-	-	11,963	11,963	-	-	6,760	6,760
Professional fees	7,125	-	-	7,125	7,192	-	-	7,192
Program development	1,865	-	-	1,865	2,743	-	-	2,743
Provision for bad debt	106	-	-	106	11,298	-	-	11,298
Public relations	5,053	-	-	5,053	2,732	-	-	2,732
Recognition	4,899	-	-	4,899	661	-	-	661
Rent	40	-	8,353	8,393	80	-	-	80
Repairs and maintenance, including in-kind	38,105	-	-	38,105	28,787	-	-	28,787
Shoeing, tack and equipment	23,121	-	-	23,121	23,037	-	-	23,037
Supplies	60,403	79	5,894	66,376	36,030	3,287	1,446	40,763
Taxes	704	-	-	704	691	-	-	691
Telephone	3,840	312	-	4,152	4,263	834	-	5,097
Utilities	81,645	-	-	81,645	84,110	-	-	84,110
Veterinary expense	20,390	-	-	20,390	24,484	-	-	24,484
Volunteer expense	6,322	-	-	6,322	7,789	-	-	7,789
	<u>2,041,001</u>	<u>98,343</u>	<u>82,607</u>	<u>2,221,951</u>	<u>1,750,461</u>	<u>84,453</u>	<u>47,842</u>	<u>1,882,756</u>
Depreciation and amortization	<u>178,505</u>	<u>-</u>	<u>-</u>	<u>178,505</u>	<u>179,711</u>	<u>-</u>	<u>-</u>	<u>179,711</u>
Total Expenses	<u>\$ 2,219,506</u>	<u>\$ 98,343</u>	<u>\$ 82,607</u>	<u>\$ 2,400,456</u>	<u>\$ 1,930,172</u>	<u>\$ 84,453</u>	<u>\$ 47,842</u>	<u>\$ 2,062,467</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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 369,552	\$ 151,736
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	178,505	179,711
Donated property and equipment	(332,292)	-
Provision for bad debt	106	11,298
(Gain) loss on sale of property and equipment	-	6,354
Grants and fees receivable, net of allowance	(47,782)	(26,153)
Promises to give, net of allowance	-	1,123
Increase (decrease) in:		
Accounts payable and accrued expenses	11,369	(424)
Accrued payroll and related liabilities	4,548	14,073
Deferred revenue	(13,473)	(7,578)
Total adjustments	(199,019)	178,404
Net Cash Provided (Used) by Operating Activities	170,533	330,140
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments related to the acquisition of property and equipment	(14,884)	(746)
Net Cash Provided (Used) by Investing Activities	(14,884)	(746)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for purchases of property and equipment	(72,500)	(433,889)
Repayments of Kubota RTV loan	(4,657)	(4,658)
Principal repayments on mortgage payable	(51,732)	(55,654)
Net Cash Provided (Used) by Financing Activities	(128,889)	(494,201)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	26,760	(164,807)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	167,805	332,612
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 194,565	\$ 167,805
Non-cash activities disclosure:		
In-kind contributions	\$ 247,262	\$ 205,666
Supplemental disclosure:		
Interest expense	\$ 20,018	\$ 22,459

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, 2023

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's mission is to promote the welfare of people with any type of physical, intellectual, or cognitive disability and of at-risk youth by means of equine assisted activities and therapies, and by providing instruction and education for all in equestrian-related social, vocational and recreational activities.

Ride On LA's program serves approximately 250 riders each week at three ranches in Los Angeles and Ventura Counties. The program is nationally accredited by PATH International, and the teaching staff includes 11 certified instructors and 7 licensed therapists assisted by over 40 horses. Ride On LA is the only nationally accredited program in Los Angeles and Ventura County and the only such program which uses a Physical, Occupational or Speech Therapist to employ the horses' movement to improve specific medical conditions. About half of the riders have physical disabilities and half are intellectually disabled; many have multiple handicaps requiring extensive staff and volunteer support. About seventy-five percent of the riders are children. In its 29-year history, Ride On LA has given over 147,000 lessons and therapy treatments to children as young as 2 and adults over the age of 80.

In 2023 Ride On LA operates three adaptive horseback riding facilities and a Community Equestrian Education Center. In Chatsworth, Ride On LA owns a 3-acre facility; in Thousand Oaks, Ride On LA operates two leased park sites comprising 33 acres operated in partnership with the Conejo Recreation and Park District (CRPD). In July 2023, Ride On LA accepted the transfer of assets of Move A Child Higher, Inc., a 501(c)(3) corporation also providing adaptive riding instruction which wanted to cease operating. Ride On LA agreed to assume its operations in Pasadena at a one-acre facility in the Hahamongna Watershed Park in partnership with the City of Pasadena.

In 2020, Ride On LA formed Rancho Potrero Trail Rides, LLC (RPTR) as a wholly-owned subsidiary. The intent of RPTR is to promote access to and awareness of open space for individuals of all abilities by providing trail rides on horseback in the open space adjoining RPTR. This operation meets one of the requirements of the lease between Ride On LA and the CRPD. The purpose of forming a separate LLC is part of a strategy to segregate risk relating to trail rides from core Ride On LA operations. As of December 31, 2023, RPTR recorded a net loss of \$91.

In 2021 Ride On entered into a 40-year lease to operate the Rancho Potrero Community Equestrian Education Center. RPCEC provides equestrian programming which integrates services to the able-bodied and disabled communities in partnership with the CRPD, other nonprofits and educational institutions. Ride On LA's other facility in Newbury Park is now entering its 24th year of operation under a similar 40-year CRPD lease.

During the year ended December 31, 2023, program operations of Ride On LA continued to recover from Covid-19 impacts. By year-end Ride On LA program operations exceeded pre-Covid service levels.

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

2. GRANTS AND FEES RECEIVABLE, NET OF ALLOWANCE

Grants and fees receivable at December 31, 2023 consist of the following:

	Amount
Rancho Potrero Trail Rides, LLC	\$ 5,833
Fees and other receivables	75,500
Total receivables	81,333
Less allowance for uncollectible receivable	(5,966)
Net grant and fees receivable at December 31, 2023	\$ 75,367

3. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at December 31, 2023:

	Amount
Buildings	\$ 2,551,323
Horses	128,165
Land	859,661
Leasehold improvements	621,568
Machinery and equipment	847,554
	5,008,271
Accumulated depreciation	(1,442,893)
Total property and equipment, net	\$ 3,565,378

Total depreciation expense for the year ended December 31, 2023 is \$178,505.

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

4. DEFERRED REVENUE

During the year ended December 31, 2023 Ride On LA collected funds in the amount of \$20,393 for riding dues. The activity for the year ended December 31, 2023 for deferred revenue is as follows:

	<u>Amount</u>
Beginning balance at December 31, 2022	\$ 20,393
Additions	2,304
Reductions	<u>(15,777)</u>
Ending balance at December 31, 2023	<u>\$ 6,920</u>

5. LOAN PAYABLE

In January 2021 Ride On LA purchased a utility vehicle for \$18,557 with a zero interest loan payable. The balance owed at December 31, 2023 was \$4,972. Minimum annual anticipated payments under the loan payable at December 31, 2023 are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2024	\$ 4,656
2025	<u>316</u>
Total	<u>\$ 4,972</u>

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

6. 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. This mortgage was refinanced in August 2021 in the amount of \$605,678 with interest fixed at 3.9% and monthly payments of \$3,904 per month for a period of 7 years.

During the year ending December 31, 2023, interest costs were \$20,018 and principal payments of \$51,732 were made. The balance owed at December 31, 2023 was \$481,458.

Minimum annual anticipated principal payments under the mortgage payable at December 31, 2023 are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2024	\$ 26,184
2025	27,298
2026	28,397
2027	29,540
Thereafter	<u>370,039</u>
Total	<u>\$ 481,458</u>

7. SOURCES OF SUPPORT

Sources of contributions and grants received are as follows for the year ending December 31, 2023:

Without donor restrictions:	<u>Amount</u>
Corporations	\$ 670
Foundations	112,255
Individuals	316,645
Rancho Potrero	<u>214,503</u>
Total sources of support without donor restrictions	<u>\$ 644,073</u>

With donor restrictions:	
Foundations	<u>\$ 132,000</u>
Total sources of support with donor restrictions	<u>\$ 776,073</u>

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

8. FUNDRAISING EVENTS AND CAPITAL CAMPAIGN

Ride On LA conducted various special events and formalized its capital fundraising activities during the year. The revenue and expenses for these fund development activities for the year ended December 31, 2023 were as follows:

	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>
Annual Appeal	\$ 30,450	\$ (396)	\$ 30,054
Santa Anita	52,065	(8,353)	43,712
September Gala	49,781	(11,874)	37,907
Spring Gala	25,120	(18,210)	6,910
Tack sale	3,305	(-)	3,305
Trail Fest	28,587	(161)	28,426
Total	<u>\$ 189,308</u>	<u>\$ (38,994)</u>	<u>\$ 150,314</u>

9. IN-KIND CONTRIBUTIONS

For the year ended December 31, 2023, Ride On LA recorded total in-kind contributions of \$247,262. In-kind contributions are recorded at their fair market value; at December 31, 2023 consist of the following:

	<u>Amount</u>
Professional Services	\$ 63,262
Rent and maintenance	184,000
Total in-kind contributions	<u>\$ 247,262</u>

In-Kind Professional Services - During the fiscal year December 31, 2023, Ride On LA benefited from professional legal and IT services. Those professionals donated significant amounts of time and services in Ride On LA's program operations. Such services are valued and reported at the estimated fair value in the financial statements based on rates for similar services.

In-Kind Rent and Maintenance - The fair value of the donated facility is based on guidance from the Conejo Valley. Reported rent and maintenance revenues relate to the donation by Conejo Recreation and Park District of emergency shelter facilities.

Donor Restrictions - There were no donor restrictions on any in-kind contributions received during the year ended December 31, 2023.

Monetization of In-Kind Contributions – Ride On LA does not monetize in-kind contributions and only distributes goods or uses the services for program use.

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2023 consist of amounts restricted by donor-imposed stipulations, and are available for the following purposes:

Funding Source	Balance at 12/31/22	Income	Expenditures	Balance at 12/31/23
Capital Campaign	\$ -	\$ 10,000	\$ (-)	\$ 10,000
City of Thousand Oaks – SFEF	10,000	4,500	(4,500)	10,000
Conejo Recreation and Park District	3,222	25,000	(-)	28,222
County of Ventura	2,000	-	(-)	2,000
Green Foundation	-	37,500	(30,000)	7,500
Pasadena Community Foundation	-	25,000	(-)	25,000
Samuelsson Foundation	15,000	-	(15,000)	-
Sherwood Cares Foundation	20,000	30,000	(27,500)	22,500
Total	<u>\$ 50,222</u>	<u>\$ 132,000</u>	<u>\$ (77,000)</u>	<u>\$ 105,222</u>

Expenditures of donor-restricted net assets during the year ended December 31, 2023 were:

Grant	Expense Purpose	Amount
City of Thousand Oaks – SFEF	Capital Improvements	\$ 4,500
Green Foundation	Capital Improvements	30,000
Samuelsson Foundation	Scholarships	15,000
Sherwood Cares Foundation	Scholarships for Ventura County Children	27,500
Total Expenditures		<u>\$ 77,000</u>

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

11. COMMITMENTS

Ride On LA is obligated under three operating facility leases and one equipment lease.

Ride On' LA's oldest lease is for a park site owned by the Conejo Recreation and Park District (CRPD) - The Walnut Grove Equestrian Center which is a 13-acre site leased for \$40 per year for 40 years beginning in 2001. Management estimates the fair value of this contributed lease at \$64,000 annually. The lease has a 20-year option for renewal. The second lease is also with the CRPD for the Rancho Potrero Community Equestrian Center for 40 years beginning in 2020 at \$40 per year. Management estimates the fair value of this contributed lease at \$96,000 annually. The third facility lease is with the City of Pasadena for a one-acre facility in the Hahamongna Watershed Park. This lease expires April 30, 2025 with two five year options for renewal. The cost is \$0 per year. Management estimates the fair value of this contributed lease at \$24,000 annually.

The equipment lease for two copiers is for \$405 a month and expired in March 2024.

Minimum annual anticipated payments under the facility leases are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2024	\$ 1295
2025	80
2026	80
2027	80
Thereafter	<u>1,760</u>
Total	<u>\$ 3,295</u>

Total rental expense, including in-kind, for the year ended December 31, 2023 was \$192,393. Total rental expense for equipment for the year ended December 31, 2023 was \$6,130 and is included in office expenses on the comparative statements of functional expenses.

12. CONTINGENCIES

Contracts and Grants

Costs recorded under public grants and contracts are subject to disallowance upon audits directed by funding agencies.

Legal Matters

In the ordinary course of business Ride On LA may be subject to certain lawsuits and other potential legal actions.

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

13. LIQUIDITY AND FUNDS AVAILABLE

The total financial assets held by Ride On LA at December 31, 2023 and the amount of those financial assets that could be made available for general expenditure within one year of the date of the statement of financial position are summarized in the following table:

	December 31, 2023
Financial assets	
Cash and cash equivalents	\$ 194,564
Grants and fees receivable, net of allowance	75,367
Total financial assets	269,931
Less donor-imposed restrictions:	
Designated Funds	(105,222)
Financial assets available to meet cash needs for general expenditures within one year	\$ 164,709

In addition to existing financial assets available to meet general expenditures within one year Ride On LA receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Ride On LA manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Ride On LA has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 60 days operating expenses and has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets at 60 to 90 days of expected expenditures. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves ring the year ended December 31, 2023 the level of liquidity and reserves was managed within the policy requirements.

14. FINANCIAL AID

Ride On LA has adopted a policy of providing ridership services to certain designated individuals at no cost to them. The related billed receivables are forgiven, upon approval, and recognized as Financial Aid expense in the Statement of Functional Expenses. Beyond that, Ride On LA gave scholarships ranging from free lessons to ½ price for 1,300 lessons or treatments. Total estimated scholarship expense for the year ending December 31, 2023 is \$20,933.

RIDE ON LA
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(CONTINUED)

15. CONCENTRATION RISK

The majority of Ride On LA's contributions and grants are received from corporations, foundations, and individuals located in the greater Los Angeles metropolitan area and from agencies of the state of California. As such, Ride On LA's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of California. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for Ride On LA's services.

16. SUBSEQUENT EVENTS

Ride On LA has evaluated events and transactions occurring subsequent to the statement of financial position date of December 31, 2023 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through May 28, 2024, the date these financial statements were available to be issued.

17. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Ride On LA exclude the accounts of its wholly-owned subsidiary, Rancho Potrero Trail Rides, LLC. The financial statements of Ride On LA are required by Montecito Bank and Trust; in addition, the board of directors cause the audited financial statements to be made to increase transparency to stakeholders, for internal purposes and for other purposes deemed necessary by the board.

Ride On LA prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America for. The significant accounting and reporting policies used by Ride On LA are described below to enhance the usefulness and understandability of the financial statements.

RIDE ON LA
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NOTES TO FINANCIAL STATEMENTS
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17. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- *Net assets without donor restrictions.* Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- *Net assets with donor restrictions.* Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Ride On LA's unspent contributions are classified in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by Ride On LA, unless the donor provides more specific directions about the period of its use.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to net assets with donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. 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.

Grants and Fees Receivable, Net of Allowance

Receivables consist of grants from the City of Thousand Oaks, the Conejo Recreation and Park District, and fees receivable due from riding lessons. Any amount that is denied for reimbursement is written off when the Institute receives notification from the grantor agency. Management provides for probable uncollectible amounts through a provision for bad debt and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. As of December 31, 2023, Ride On LA has made a provision of \$5,966 for possible uncollectible or disallowed revenues.

RIDE ON LA
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

17. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment, Net

Land, buildings, building improvements, property, and equipment consist of the cost of fixed assets which are depreciated on the straight-line method over their estimated useful lives. Fully depreciated assets are retained in the accounts until their retirement. Purchases of small items are expensed as acquired. All land, buildings, and property are capitalized. Equipment with an estimated life that exceeds one year and with a cost greater than \$1,000 must be capitalized.

The estimated useful lives of the assets are as follows:

Buildings	30 to 39 years
Horses	5 to 10 years
Leasehold improvements	15 years
Machinery and equipment	5 to 10 years

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Vacation Policy

Accrued vacation benefits are accrued on a monthly basis. Full-time employees accrue vacation time based upon years of service to Ride On LA as follows:

<u>Years Employed</u>	<u>Annualized Accrual</u>
0 - 5 years	Two Weeks
6 -10 years	Three Weeks
11+ years	Four Weeks

Unused vacation leave will be paid at the time of termination. Total accrued vacation at December 31, 2023, was \$34,457.

RIDE ON LA
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

17. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Revenue

Deferred revenue represents revenues collected but not earned as of December 31, 2023.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent donor restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributed Goods and Services

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Salaries, Related Expenses and Leased Employees

Since April 2006, salaries, payroll taxes and employee benefits are reported as leased employees. 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 \$1,001,977 for the services of 11 instructors, 8 therapists, 4 facility and 3 management staff for the year ended December 31, 2023.

RIDE ON LA
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NOTES TO FINANCIAL STATEMENTS
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17. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Expense Recognition and Allocation

The cost of providing Ride On LA's programs and other activities is summarized on a functional basis in the comparative statement of activities and comparative statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of Ride On LA.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Ride On LA generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Income Taxes

Ride On LA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. Ride On LA is also exempt from federal unemployment tax. The IRS classified the organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Ride On LA has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended December 31, 2023, Ride On LA had no material unrecognized tax benefits, tax penalties or interest.

Ride On LA's Forms 990, *Return of Organization Exempt from Income Tax*, for each of the tax years ended December 31; 2022, 2021, and 2020, are subject to examination by the IRS, generally for 3 years after they were filed.

Ride On LA's Forms 199, *California Exempt Organization Return*, for each of the tax years ended December 31; 2022, 2021, 2020, and 2019 are subject to examination by the Franchise Tax Board, generally for 4 years after they were filed.

RIDE ON LA
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NOTES TO FINANCIAL STATEMENTS
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17. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, Ride On LA's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Ride On LA's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2022 comparative totals have been reclassified to conform with the 2023 reporting format.

Comparative Totals

The financial statements 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 Ride On LA's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

RIDE ON LA
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NOTES TO FINANCIAL STATEMENTS
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17. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurement

Ride On LA reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1* - Quoted prices for identical assets or liabilities in active markets to which Ride On LA has access at the measurement date.
- *Level 2* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3* - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The carrying amounts of cash and cash equivalents and receivables approximate fair value because of the terms and relatively short maturity of these financial instruments.

The carrying amounts of liabilities, approximate fair value because of the relatively short maturity of these financial instruments.

When available, Ride On LA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.