

**RIDE ON LA**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**VASIN, HEYN & COMPANY**

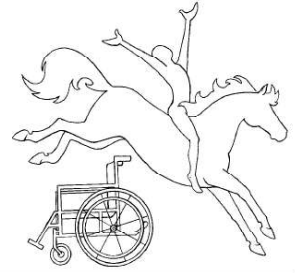
*ABOVE THE BRIGHT LINE*

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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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# VASIN, HEYN & COMPANY

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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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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, Hayn + Co.*

Calabasas, California  
May 25, 2022

**RIDE ON LA**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 332,612	\$ 291,619
Grants and fees receivable, net of allowance	12,836	70,801
Promises to give, net of allowance	1,123	1,013
Deposits and prepaid expenses	-	1,220
Property and equipment, net	<u>3,075,637</u>	<u>2,786,923</u>
Total assets	<u>\$3,422,208</u>	<u>\$3,151,576</u>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 30,057	\$ 18,355
Accrued payroll and related liabilities	30,266	34,035
Deferred revenue	27,971	19,509
Kubota RTV loan payable	14,287	-
Mortgage payable	588,844	615,542
Paycheck Protection Program Loan	<u>-</u>	<u>118,730</u>
Total liabilities	691,425	806,171
 <b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Designated for operating reserve	25,000	25,000
Undesignated	2,663,061	2,226,126
With Donor Restrictions	<u>42,722</u>	<u>94,279</u>
Total net assets	<u>2,730,783</u>	<u>2,345,405</u>
Total liabilities and net assets	<u>\$3,422,208</u>	<u>\$3,151,576</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, 2021 AND 2020**

	Program Services	Support Services	Fund- raising	2021 Total Expenses	Program Services	Support Services	Fund- raising	2020 Total Expenses
<b>Expenses</b>								
Accounting	\$ 4,025	\$ 1,550	\$ -	\$ 5,575	\$ 2,215	\$ 4,917	\$ -	\$ 7,132
Auto	5,957	-	-	5,957	1,974	-	-	1,974
Dues and fees	3,466	-	-	3,466	3,380	-	-	3,380
Education and training	2,435	-	-	2,435	2,266	-	-	2,266
Equipment rental and maintenance	-	-	-	-	-	-	3,000	3,000
Feed	196,186	-	-	196,186	213,781	-	-	213,781
Financial aid	13,104	-	-	13,104	11,149	-	-	11,149
In-kind, professional services	24,110	-	-	24,110	97,232	-	-	97,232
In-kind, rent	160,000	-	-	160,000	64,000	-	-	64,000
Insurance	30,752	-	-	30,752	25,848	-	-	25,848
Interest	32,253	-	-	32,253	32,825	-	-	32,825
Leased employees	753,199	47,307	-	800,506	636,324	41,349	12,899	690,572
Manure disposal	87,649	-	-	87,649	97,798	-	-	97,798
Miscellaneous	-	-	672	672	-	20	200	220
Office expense	7,511	31,273	-	38,784	29,479	21,695	-	51,174
Outside services	-	-	-	-	-	-	175	175
Postage	-	718	-	718	250	64	-	314
Printing	-	-	2,859	2,859	-	-	3,039	3,039
Professional fees	6,475	-	-	6,475	4,913	-	-	4,913
Program development	175	-	-	175	593	-	-	593
Provision for bad debt	10,384	-	-	10,384	2,912	-	-	2,912
Public relations	2,435	-	-	2,435	2,610	-	-	2,610
Recognition	2,186	-	-	2,186	6,556	-	-	6,556
Rent	1,955	-	-	1,955	22,780	-	-	22,780
Repairs and maintenance	22,997	-	-	22,997	12,950	-	-	12,950
Shoeing, tack and equipment	25,760	-	-	25,760	27,379	-	-	27,379
Supplies	32,157	1,748	1,508	35,413	27,595	1,746	-	29,341
Taxes	438	-	-	438	1,303	-	-	1,303
Telephone	4,224	1,437	-	5,661	3,059	1,584	-	4,643
Utilities	70,525	-	-	70,525	79,375	-	-	79,375
Veterinary expense	9,193	-	-	9,193	2,314	-	-	2,314
Volunteer expense	882	-	-	882	2,237	-	-	2,237
	<u>1,510,433</u>	<u>84,033</u>	<u>5,039</u>	<u>1,599,505</u>	<u>1,415,097</u>	<u>71,375</u>	<u>19,313</u>	<u>1,505,785</u>
Depreciation and amortization	117,784	-	-	117,784	106,094	-	-	106,094
<b>Total Expenses</b>	<u>\$ 1,628,217</u>	<u>\$ 84,033</u>	<u>\$ 5,039</u>	<u>\$ 1,717,289</u>	<u>\$ 1,521,191</u>	<u>\$ 71,375</u>	<u>\$ 19,313</u>	<u>\$ 1,611,879</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, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ <u>385,378</u>	\$ <u>(34,038)</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	117,784	106,094
Forgiveness of Paycheck Protection Program loan	(282,510)	-
Provision for bad debt	10,384	2,912
(Gain) loss on sale of property and equipment	(9,150)	-
Grants and fees receivable, net of allowance	47,581	(29,030)
Promises to give, net of allowance	(110)	1,000
Deposits and prepaid expenses	1,220	-
Increase (decrease) in:		
Accounts payable and accrued expenses	11,702	(5,776)
Accrued payroll and related liabilities	(3,769)	(13,940)
Deferred revenue	<u>8,462</u>	<u>322</u>
Total adjustments	<u>(98,406)</u>	<u>61,582</u>
Net Cash Provided (Used) by Operating Activities	286,972	27,544
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments related to the acquisition of property and equipment	<u>(263,166)</u>	<u>(170,949)</u>
Net Cash Provided (Used) by Investing Activities	<u>(263,166)</u>	<u>(170,949)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions restricted for purchases of property and equipment	(134,182)	-
Proceeds from Kubota RTV loan	18,557	-
Repayments of Kubota RTV loan	(4,270)	-
Principal repayments on mortgage payable	(26,698)	(14,028)
Proceeds from California Relief Fund	25,000	-
Proceeds from Paycheck Protection Program loan	<u>138,780</u>	<u>118,730</u>
Net Cash Provided (Used) by Financing Activities	<u>17,187</u>	<u>104,702</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	40,993	(38,703)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>291,619</u>	<u>330,322</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 332,612</u>	<u>\$ 291,619</u>
<b>Non-cash activities disclosure:</b>		
In-kind contributions	<u>\$ 184,110</u>	<u>\$ 161,232</u>
Forgiveness of Paycheck Protection Program loans	<u>\$ 282,510</u>	<u>\$ -</u>
Forgiveness of interest on Paycheck Protection Program loans	<u>\$ 2,060</u>	<u>\$ -</u>
<b>Supplemental disclosure:</b>		
Interest expense	<u>\$ 30,193</u>	<u>\$ 32,825</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, 2021**

**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 primarily promote the welfare of at-risk youth and people with any type of physical, mental or cognitive disability 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 two ranches in Los Angeles and Ventura Counties. The program is nationally accredited by PATH International, and the teaching staff includes 8 certified instructors and 4 licensed therapists assisted by over 30 horses. Ride On LA remains the only nationally accredited program in Ventura County and the only such program which brings a Physical Therapist to a ranch to use 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 28-year history, Ride On LA has given over 135,000 lessons and physical therapy treatments to children as young as 2 and adults over the age of 80.

In 2021 Ride On LA operates three facilities: one 3-acre facility in Chatsworth which it owns, and two park sites in Newbury Park comprising 33 acres operated in partnership with the Conejo Recreation and Park District. In March 2021 Ride On entered into a 40-year lease to operate the Rancho Potrero Community Equestrian Education Center which Ride On had been operating on an interim basis since August of 2019. RPCEC will provide equestrian programming which integrates services to the able-bodied and disabled communities in partnership with the CRPD, other nonprofits and educational institutions. Ride On's other facility in Newbury Park is now entering its 21<sup>st</sup> year of operation under a similar 40-year CRPD lease.

In August 2020, Ride On 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 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 part of an Operating Agreement, Ride On LA provided start-up equipment and funds to commence operation. RPTR repaid these start-up funds in the amount of \$66,346 over the course of 2021. As of December 31, 2021, RPTR recorded a net income of \$2,443.

During the year ended December 31, 2021, program operations of Ride On LA continued to recover from Covid-19 impacts. By year-end Ride On was operating at approximately 75% of pre-Covid service levels.

**RIDE ON LA**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(CONTINUED)**

**2. GRANTS AND FEES RECEIVABLE, NET OF ALLOWANCE**

Grants and fees receivable at December 31, 2021 consist of the following:

	<u>Amount</u>
Rancho Potrero Trail Rides, LLC	\$ 12,749
Fees and other receivables	<u>11,810</u>
Total receivables	24,559
Less allowance for uncollectible receivable	<u>(11,723)</u>
Net grant and fees receivable at December 31, 2021	<u>\$ 12,836</u>

Ride On LA completed construction of an Education and Therapy Building in June of 2016 partially funded by two grants from the City of Los Angeles. These grants provide for a right of recapture should Ride On LA cease to furnish continuous service for a 6-year period following completion of the related building project. The recapture right is evidenced by a secured promissory note, which was executed on September 16, 2015 and November 4, 2015. These notes, in the amounts of \$400,000 and \$250,000 respectively, will be reduced over a six year period as Ride On LA delivers service as required under the terms of the grant from the City of Los Angeles. The \$650,000 promissory note will be reduced ratably each 26 calendar quarters beginning July 1, 2016. Each quarter Ride On LA submits documentation to the City satisfying its service payback requirement. Management estimates that Ride On LA's failure to meet the Service Payback provisions of the grant is remote. By December 31, 2021 Ride On LA had submitted 22 quarterly reports of the 26 required.

	<u>Amount</u>
Note due City of Los Angeles	\$ 650,000
Service Payback through 12/31/2021	<u>(550,000)</u>
Balance Service Payback as of 12/31/2021	<u>\$ 100,000</u>

**3. PROMISES TO GIVE, NET OF ALLOWANCE**

Unconditional promises to give are measured as Level 1 inputs using market prices and are stated at fair value. Promises to give at December 31, 2021 are as follows:

	<u>Level 1</u>
Receivable in less than one year	\$ 1,250
Receivable in one to five years	<u>-</u>
Total unconditional promises to give	1,250
Less unamortized discount at 9%	<u>(127)</u>
Net unconditional promises to give at December 31, 2021	<u>\$ 1,123</u>

The promises to give were discounted, using an interest rate of 9%, to reflect net present value. The unamortized discount is based on a risk free rate and additional market risk factor.

**RIDE ON LA**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(CONTINUED)**

**4. PROPERTY AND EQUIPMENT, NET**

Property and equipment consists of the following at December 31, 2021:

	<u>Amount</u>
Buildings	\$ 2,303,575
Horses	101,275
Land	859,661
Leasehold Improvements	639,926
Machinery and Equipment	<u>580,824</u>
	4,485,261
Accumulated Depreciation	<u>(1,409,624)</u>
Total Property and Equipment, net	<u>\$ 3,075,637</u>

Total depreciation expense for the year ended December 31, 2021 is \$117,784.

**5. DEFERRED REVENUE**

During the year ended December 31, 2021 Ride On LA collected funds in the amount of \$27,971 for riding dues. The activity for the year ended December 31, 2021 for deferred revenue is as follows:

	<u>Amount</u>
Beginning balance at December 31, 2021	\$ 19,509
Additions	27,971
Reductions	<u>(19,509)</u>
Ending balance at December 31, 2021	<u>\$ 27,971</u>

**6. 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, 2021 was \$14,287. Minimum annual anticipated payments under the loan payable at December 31, 2021 are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2022	\$ 4,656
2023	4,656
2024	4,656
2025	<u>319</u>
Total	<u>\$ 14,287</u>

**RIDE ON LA**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(CONTINUED)**

**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. 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.

Interest costs incurred during the year end December 31, 2021 were \$30,193. The balance owed at December 31, 2021 was \$588,844.

Minimum annual anticipated principal payments under the mortgage payable at December 31, 2021 are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2022	\$ 18,200
2023	25,228
2024	26,184
2025	27,298
2026	28,397
Thereafter	<u>463,537</u>
Total	<u>\$ 588,844</u>

**8. PAYCHECK PROTECTION PROGRAM LOANS**

During the year ended December 31, 2020 Ride On LA received a Paycheck Protection Program (PPP) loan for \$118,730 to address the impact of the COVID-19 pandemic described in Note 13.

The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loan and accrued interest is forgivable after either eight weeks or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes such as payroll, benefits, rent and utilities, and maintains its payroll levels.

In March of 2021, the entire loan balance from the first round of PPP funding, \$118,730, was forgiven.

On January 22, 2021 Ride On LA received a second round of funding from the PPP Loan program in the amount of \$138,730. The full amount of the second PPP loan was forgiven on October 18, 2021.

**RIDE ON LA**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(CONTINUED)**

**9. SOURCES OF SUPPORT**

Sources of contributions and grants received are as follows for the year ending December 31, 2021:

Without donor restrictions:	<u>Amount</u>
Corporations	\$ 140
Foundations	7,010
Individuals	85,547
Rancho Potrero	<u>297,146</u>
Total sources of support without donor restrictions	<u>\$ 389,843</u>
With donor restrictions:	
Foundations	<u>\$ 95,000</u>
Total sources of support with donor restrictions	<u>\$ 95,000</u>

**10. FUNDRAISING EVENTS**

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, 2021 were as follows:

	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>
Capital Campaign	\$ 3,000	\$ -	\$ 3,000
Special Events	<u>84,898</u>	<u>(5,038)</u>	<u>79,860</u>
Total	<u>\$ 87,898</u>	<u>\$ (5,038)</u>	<u>\$ 82,860</u>

**11. IN-KIND CONTRIBUTIONS**

For the year ended December 31, 2021, Ride On LA recorded total in-kind contributions of \$184,110. In-kind contributions are recorded at their fair market value; at December 31, 2021 consist of the following:

	<u>Amount</u>
Legal Services	\$ 12,110
Professional IT Services	12,000
Rent – CRPD Walnut Grove & RPCEC Equestrian Centers	<u>160,000</u>
Total In-Kind Contributions	<u>\$ 184,110</u>

**RIDE ON LA**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(CONTINUED)**

**12. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2021 consist of amounts restricted by donor-imposed stipulations, and are available for the following purposes:

Funding Source	Balance at 12/31/20	Income	Expenditures	Balance at 12/31/21
Capital Campaign	\$ 9,000	\$ -	\$ (9,000)	\$ -
City of Thousand Oaks – Community endowment	1,875	-	(1,875)	-
City of Thousand Oaks – Rancho Potrero	51,179	-	(51,179)	-
City of Thousand Oaks – SFEF	-	20,000	(-)	20,000
Conejo Recreation and Park District	27,225	50,000	(74,003)	3,222
County of Ventura	4,000	-	(2,000)	2,000
Knistrom Foundation	-	5,000	(2,500)	2,500
Livingston Memorial Foundation	1,000	-	(1,000)	-
Sherwood Cares Foundation	-	20,000	(5,000)	15,000
Total	<u>\$ 94,279</u>	<u>\$ 95,000</u>	<u>\$ (146,557)</u>	<u>\$ 42,722</u>

Expenditures of donor-restricted net assets during the year ended December 31, 2021 were:

Grant	Expense Purpose	Amount
Capital Campaign	Capital Purchase	\$ 9,000
City of Thousand Oaks	Capital Improvements	53,054
Conejo Recreation and Park District	Capital Improvements	74,003
County of Ventura	Scholarships for Veterans	2,000
Knistrom Foundation	Scholarships	2,500
Livingston Memorial Fdn	Scholarships for Youth	1,000
Sherwood Cares Foundation	Scholarships for Ventura County Children	5,000
Total Expenditures		<u>\$ 146,557</u>

**RIDE ON LA**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(CONTINUED)**

**13. COMMITMENTS**

Ride On LA is obligated under one equipment, and two operating facility leases. The equipment lease for two copiers is for \$405 a month and will expire in March 2024. Ride On has two leases for park sites owned by the Conejo Recreation and Park District. The Walnut Grove Equestrian Center 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 Rancho Potrero Community Equestrian Center is a 20-acre facility also leased for \$40 per year for 40 years beginning in March of 2021, and is renewable annually. Management estimates the fair value of this contributed lease at \$160,000 annually.

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

<u>Year Ended December 31,</u>	<u>Amount</u>
2022	\$ 80
2023	80
2024	80
2025	80
2026	80
Thereafter	<u>2,000</u>
Total	<u>\$ 2,400</u>

Total rental expense, including in-kind, for the year ended December 31, 2021 was \$161,955. Total rental expense for equipment for the year ended December 31, 2021 was \$4,860 and is included in office expenses on the comparative statements of functional expenses.

**14 CONTINGENCIES**

*Contracts and Grants*

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

*COVID-19*

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time.



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**15. LIQUIDITY AND FUNDS AVAILABLE**

The total financial assets held by Ride On LA at December 31, 2021 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, 2021
Financial assets	
Cash and cash equivalents	\$ 332,612
Grants and fees receivable, net of allowance	12,836
Promises to give, net of allowance	1,123
Total financial assets	346,571
Less donor-imposed restrictions:	
Designated Funds	(42,722)
Financial assets available to meet cash needs for general expenditures within one year	\$ 303,849

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, 2021 the level of liquidity and reserves was managed within the policy requirements.

**16. 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 806 lessons or treatments. Total estimated scholarship expense for the year ending December 31, 2021 is \$13,104.

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**17. 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.

**18. SUBSEQUENT EVENTS**

Ride On LA has evaluated events and transactions occurring subsequent to the statement of financial position date of December 31, 2021 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through May 25, 2022, the date these financial statements were available to be issued. The following material events or transactions were noted to have occurred:

**19. 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 and are intended only for the purposes of submission to the County of Los Angeles, and the City of Chatsworth, to meet government contracting requirements, requesting Grantors, banking institutions and those deemed necessary by the Board of Directors of Ride On LA.

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.

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**19. 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, 2021, Ride On LA has made a provision of \$11,723 for possible uncollectible or disallowed revenues.

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**19. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Promises to Give, Net of Allowance*

Promises to give were recognized at fair value of the promise. Management provides for probable uncollectible amounts through a provision for an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

*Deposits and Prepaid Expenses*

Prepaid deposits and other costs are expensed ratably over their respective terms of agreement.

*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, 2021, was \$20,510.

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**19. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Deferred Revenue*

Deferred revenue represents revenues collected but not earned as of December 31, 2021.

*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 \$800,506 for the year ended December 31, 2021.

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**19. 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, 2021, 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; 2020, 2019, and 2018, 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; 2020, 2019, 2018, and 2017 are subject to examination by the Franchise Tax Board, generally for 4 years after they were filed

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**19. 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 2020 comparative totals have been reclassified to conform with the 2021 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, 2020, from which the summarized information was derived.

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**19. 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 accounts receivable 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.