

**RIDE ON THERAPEUTIC HORSEMANSHIP**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITORS' REPORT**  
**YEAR ENDED DECEMBER 31, 2004**

**RIDE ON THERAPEUTIC HORSEMANSHIP  
TABLE OF CONTENTS**

	<b>Page</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>2</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>3</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>4</b>
<b>STATEMENT OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>6</b>

# VASIN, HEYN & COMPANY

AN ACCOUNTANCY CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS


## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Ride On Therapeutic Horsemanship (Ride On) (A California Non-Profit Corporation) as of December 31, 2004, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of Ride On's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Ride On's financial statements and, in our report dated April 30, 2004, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 as of December 31, 2004 and the changes in its net assets and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Vasin, Heyn & Co. 

May 5, 2005

**RIDE ON THERAPEUTIC HORSEMANSHIP**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2004**  
**(WITH COMPARATIVE TOTALS FOR 2003)**

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 139,409	\$ 128,188
Receivables:		
Pledges	27,810	37,340
Grants	16,930	38,000
Fees	675	4,375
Prepaid expenses and deposits	3,818	3,898
Property and equipment, net	<u>294,892</u>	<u>251,757</u>
 Total assets	 <u>\$ 483,534</u>	 <u>\$ 463,558</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 6,081
Accrued expenses	<u>14,526</u>	<u>12,350</u>
 Total liabilities	 14,526	 18,431
 <b>COMMITMENTS AND CONTINGENCIES</b>		
 <b>NET ASSETS</b>		
Unrestricted	417,928	360,340
Temporarily restricted	<u>51,080</u>	<u>84,787</u>
Total net assets	<u>469,008</u>	<u>445,127</u>
 Total liabilities and net assets	 <u>\$ 483,534</u>	 <u>\$ 463,558</u>

See accompanying auditors' report and  
notes to financial statements.

**RIDE ON THERAPEUTIC HORSEMANSHIP**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
**(WITH COMPARATIVE TOTALS FOR 2003)**

	<u>2004</u>	<u>2003</u>
<b>UNRESTRICTED NET ASSETS</b>		
<b>REVENUE</b>		
Program service fees	\$ 167,567	\$ 151,091
Interest and dividend income	888	837
Gain(loss) on sale of assets	(1,625)	(1,043)
Other income	<u>3,999</u>	<u>2,890</u>
	170,829	153,775
<b>SUPPORT</b>		
Grants and contributions	331,894	248,996
Fundraising events	20,943	21,931
In-kind goods and services	<u>81,648</u>	<u>43,872</u>
	434,485	314,799
<b>RESTRICTIONS RELEASED</b>	<u>89,929</u>	<u>55,345</u>
Total revenue, support and restrictions released	695,243	523,919
<b>EXPENSES</b>		
Program services	523,949	500,566
Support services	46,561	35,282
Fundraising expenses	<u>67,145</u>	<u>34,835</u>
	<u>637,655</u>	<u>570,683</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	57,588	(46,764)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Temporarily restricted support	56,222	117,000
Restrictions released	<u>(89,929)</u>	<u>(55,345)</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>(33,707)</u>	<u>61,655</u>
<b>CHANGE IN NET ASSETS</b>	23,881	14,891
<b>NET ASSETS - beginning of year</b>	<u>445,127</u>	<u>430,236</u>
<b>NET ASSETS - end of year</b>	<u>\$ 469,008</u>	<u>\$ 445,127</u>

See accompanying auditors' report and  
notes to financial statements.

**RIDE ON THERAPEUTIC HORSEMANSHIP**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
**(WITH COMPARATIVE TOTALS FOR 2003)**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 23,881	\$ 14,891
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	28,257	26,316
(Gain) loss on disposition of property	1,625	1,043
(Increase) decrease in contracts and fees receivable	3,700	(1,126)
(Increase) decrease in pledges receivable	9,530	(46)
(Increase) decrease in grants receivable	21,070	(35,818)
(Increase) decrease in prepaid expenses and deposit	80	1,079
Increase (decrease) in accounts payable	(6,081)	1,621
Increase (decrease) in accrued expenses	<u>2,176</u>	<u>4,063</u>
 Total adjustments	 <u>60,357</u>	 <u>(2,868)</u>
 Net Cash Provided (Used) by Operating Activities	 84,238	 12,023
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from disposition of property	2,000	-
Purchases of fixed assets	<u>(75,017)</u>	<u>(13,893)</u>
 Net Cash Provided (Used) by Investing Activities	 (73,017)	 (13,893)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of short-term debt	<u>-</u>	<u>(3,492)</u>
 Net Cash Provided (Used) by Financing Activities	 <u>-</u>	 <u>(3,492)</u>
 <b>NET INCREASE (DECREASE) IN CASH</b>	 11,221	 (5,362)
 <b>CASH AT BEGINNING OF YEAR</b>	 <u>128,188</u>	 <u>133,550</u>
 <b>CASH AT END OF YEAR</b>	 <u>\$ 139,409</u>	 <u>\$ 128,188</u>

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notes to financial statements.

**RIDE ON THERAPEUTIC HORSEMANSHIP**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
**(WITH COMPARATIVE TOTALS FOR 2003)**

	<u>Program Services</u>	<u>Support Services</u>	<u>Fund- raising</u>	<u>2004 Total Expenses</u>	<u>2003 Total Expenses</u>
<b>Salaries and related expenses</b>					
Salaries	\$234,842	\$ 31,118	\$ 39,918	\$305,878	\$ 283,309
Payroll taxes	22,708	2,381	3,054	28,143	23,854
Employee benefits	<u>27,883</u>	<u>618</u>	<u>833</u>	<u>29,334</u>	<u>23,661</u>
	285,433	34,117	43,805	363,355	330,824
<b>Other expenses (Includes In-kind)</b>					
Accounting	-	7,498	-	7,498	5,675
Annual appeal expenses	-	-	1,013	1,013	-
Auto	4,399	-	-	4,399	2,275
Feed	34,287	-	-	34,287	30,523
Insurance	8,650	-	-	8,650	7,170
Office expense	1,754	4,048	1,254	7,056	5,778
Miscellaneous	2,043	-	-	2,043	2,609
Postage	2,878	-	1,790	4,668	4,533
Printing	4,362	-	1,461	5,823	4,434
Program development	9,615	-	-	9,615	6,493
Public relations	2,695	-	-	2,695	1,252
Recognition	3,016	-	-	3,016	2,586
Rent	55,940	-	-	55,940	55,485
Repairs and maintenance	10,690	-	-	10,690	9,342
Shoeing	8,765	-	-	8,765	7,400
Special events expenses	-	-	15,322	15,322	16,101
Staff development	4,867	-	-	4,867	10,062
Supplies	14,522	898	-	15,420	11,860
Tack and equipment	8,663	-	-	8,663	1,691
Telephone	4,932	-	-	4,932	4,422
Training	-	-	2,500	2,500	-
Utilities	15,720	-	-	15,720	16,011
Veterinary expense	3,427	-	-	3,427	4,121
Volunteer expense	2,852	-	-	2,852	1,459
Workshops	<u>6,182</u>	<u>-</u>	<u>-</u>	<u>6,182</u>	<u>2,261</u>
	495,692	46,561	67,145	609,398	544,367
Depreciation and amortization	<u>28,257</u>	<u>-</u>	<u>-</u>	<u>28,257</u>	<u>26,316</u>
	<u>\$523,949</u>	<u>\$ 46,561</u>	<u>\$ 67,145</u>	<u>\$637,655</u>	<u>\$ 570,683</u>

See accompanying auditors' report and  
notes to financial statements.

**RIDE ON THERAPEUTIC HORSEMANSHIP**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization*

Ride On Therapeutic Horsemanship (Ride On) 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 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's program serves over 135 riders each week at two ranches in Los Angeles and Ventura Counties. The program is nationally accredited by the North American Riding for the Handicapped Association and the teaching staff consists of six certified instructors and two Physical Therapists.

During the year ended December 31, 2004, Ride On gave 5,072 lessons using an average of 115 volunteers per month who donated over 14,077 hours of service. 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 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.

*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. Pledges receivable at December 31, 2004 are collectible through ending 2007.

*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 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's management.



**RIDE ON THERAPEUTIC HORSEMANSHIP**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

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

*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's cash balances, deposited in one bank, exceeded Federally insured limits. Management believes Ride On is not exposed to any significant credit risk on cash and cash equivalents.

*Property*

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

*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 2003 financial statement totals were reclassified to conform with the 2004 reporting format.

**2. PROPERTY**

Property consists of the following at December 31, 2004:

Equipment	\$ 97,939
Horses	38,900
Mobile Buildings/Stalls	112,942
Leasehold Improvements	<u>146,071</u>
	395,852
Accumulated depreciation	<u>(100,960)</u>
	<u>\$294,892</u>

**RIDE ON THERAPEUTIC HORSEMANSHIP**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
**(CONTINUED)**

**3. SOURCES OF SUPPORT**

Sources of contributions received are as follows:

	<u>December 31,</u>	
	<u>2004</u>	<u>2003</u>
Unrestricted:		
Corporations	\$ 66,021	\$ 46,791
Foundations	62,515	67,500
Individuals	203,358	134,705
In-kind	<u>81,648</u>	<u>43,872</u>
	<u>\$413,542</u>	<u>\$292,868</u>
Temporarily restricted:		
Corporations	\$ 13,472	\$ 28,000
Foundations	42,750	89,000
Individuals	--	--
In-kind	<u>--</u>	<u>--</u>
	<u>\$ 56,222</u>	<u>\$ 117,000</u>

**4. COMMITMENTS**

Ride On is obligated under two operating facility leases. The Chatsworth lease, for a two-acre ranch where it has operated for 8 years, expires in October 2008 but contains an annual cancellation provision after October 31, 2004. 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.

An equipment operating lease provides for monthly payments of \$130 through 2006.

Minimum annual anticipated payments under these leases are as follows:

2005	\$ 16,265
2006	\$ 16,720
2007	\$ 17,070
2008	\$ 14,640
2009	\$ 40
Thereafter	\$ 1,280

Total rental expense, excluding in-kind, for the year ended December 31, 2004 was \$15,940.

**RIDE ON THERAPEUTIC HORSEMANSHIP**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
**(CONTINUED)**

**5. PENSION PLAN**

Ride On provides a non-contributory 403(b)(7) pension plan to all employees over age 21 after 90 days of employment.

**6. PLEDGES**

Pledges (promises to give) consist of:

Unrestricted promises to give	\$36,310
Less: unamortized discount	--
Less: allowance for doubtful collectibility	<u>(8,500)</u>
Net unrestricted promises to give	<u>\$27,810</u>

Amounts due in:

Less than one year	\$ 5,200
One to five years	<u>22,610</u>
	<u>\$27,810</u>

Reflected at the present value of estimated future cash flows using a discount rate of 5%.