

RIDE ON LA
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2010

**RIDE ON LA
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Ride On LA (A California Non-Profit Corporation) as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Ride On LA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information, including the comparative Statement of Activities for the year ended December 31, 2009, has been derived from the Ride On LA's financial statements and, in our report dated July 26, 2010 we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ride On LA as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Vasin, Heyn + Co.

July 15, 2011

RIDE ON LA
(A California Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 108,083	\$ 347,843
Grants receivable	406,793	-
Investments	6,009	6,025
Deposits and prepaid expenses	1,515	1,220
Property and equipment, net	<u>1,965,298</u>	<u>1,791,716</u>
 Total assets	 <u>\$2,487,698</u>	 <u>\$2,146,804</u>
 LIABILITIES		
Accounts payable	\$ 36,791	\$ 16,226
Accrued expenses	-	6,316
Accrued payroll and related liabilities	11,848	13,522
Mortgages payable	<u>785,599</u>	<u>799,919</u>
 Total liabilities	 834,238	 835,983
 COMMITMENTS AND CONTINGENCIES		
 NET ASSETS		
Unrestricted:		
Designated for operating reserve	50,000	50,000
Undesignated	1,155,093	1,103,927
Temporarily restricted	<u>448,367</u>	<u>156,894</u>
 Total net assets	 <u>1,653,460</u>	 <u>1,310,821</u>
 Total liabilities and net assets	 <u>\$2,487,698</u>	 <u>\$2,146,804</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, 2010 AND 2009

	2010			2009		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT						
Fees for services	\$ 321,438	\$ -	\$ 321,438	\$ 245,301	\$ -	\$ 245,301
Contributions and grants	127,799	445,000	572,799	205,151	195,000	400,151
Fundraising events:						
Gross revenue	299,714	-	299,714	141,496	-	141,496
Less: Direct costs	<u>(63,874)</u>	<u>-</u>	<u>(63,874)</u>	<u>(38,031)</u>	<u>-</u>	<u>(38,031)</u>
Fundraising events, net	235,840	-	235,840	103,465	-	103,465
In-kind revenue	73,874	-	73,874	136,871	-	136,871
Interest and dividend income	594	-	594	5,331	-	5,331
Realized gain(loss) on sale of investments	(20)	-	(20)	63	-	63
Unrealized gain(loss) on investments	212	-	212	226	-	226
Gain(loss) on sale of assets	(3,233)	-	(3,233)	(725)	-	(725)
Other revenue	5,190	-	5,190	7,572	-	7,572
Restrictions released	<u>153,527</u>	<u>(153,527)</u>	<u>-</u>	<u>604,680</u>	<u>(604,680)</u>	<u>-</u>
Total revenue and restrictions released	915,221	291,473	1,206,694	1,307,935	(409,680)	898,255
EXPENSES						
Program services	761,233	-	761,233	631,153	-	631,153
Support services	57,277	-	57,277	98,094	-	98,094
Fundraising expenses	<u>45,545</u>	<u>-</u>	<u>45,545</u>	<u>52,689</u>	<u>-</u>	<u>52,689</u>
	864,055	-	864,055	781,936	-	781,936
CHANGE IN NET ASSETS	51,166	291,473	342,639	525,999	(409,680)	116,319
NET ASSETS - beginning of year	<u>1,153,927</u>	<u>156,894</u>	<u>1,310,821</u>	<u>627,928</u>	<u>566,574</u>	<u>1,194,502</u>
NET ASSETS - end of year	<u>\$ 1,205,093</u>	<u>\$ 448,367</u>	<u>\$ 1,653,460</u>	<u>\$ 1,153,927</u>	<u>\$ 156,894</u>	<u>\$ 1,310,821</u>

See accompanying auditors' report and
notes to financial statements.

RIDE ON LA
(A California Non-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	<u>Program Services</u>	<u>Support Services</u>	<u>Fund- raising</u>	<u>2010 Total Expenses</u>	<u>Program Services</u>	<u>Support Services</u>	<u>Fund- raising</u>	<u>2009 Total Expenses</u>
Expenses								
Accounting	\$ -	\$ 15,745	\$ -	\$ 15,745	\$ -	\$ 15,885	\$ -	\$ 15,885
Auto	3,598	-	-	3,598	3,190	-	-	3,190
Bad debts	5,462	-	-	5,462	12,467	-	-	12,467
Dues and fees	4,261	491	-	4,752	2,651	211	-	2,862
Education and training	13,729	-	-	13,729	12,057	-	-	12,057
Feed	50,165	-	-	50,165	38,187	-	-	38,187
Insurance	12,263	-	-	12,263	13,674	-	-	13,674
Interest	27,053	-	-	27,053	-	-	-	-
Leased employees	396,307	28,953	41,468	466,728	312,798	76,719	50,092	439,609
Office expense	4,773	7,206	-	11,979	2,474	3,985	-	6,459
Postage	1,825	2,750	264	4,839	4,735	76	1,259	6,070
Printing	552	-	1,188	1,740	-	-	1,338	1,338
Program development	1,997	-	-	1,997	7,971	-	-	7,971
Public relations	1,458	-	-	1,458	4,278	-	-	4,278
Recognition	3,451	-	-	3,451	3,545	-	-	3,545
Rent	58,400	-	-	58,400	58,015	-	-	58,015
Repairs and maintenance	19,637	-	-	19,637	19,888	-	-	19,888
Shoeing, tack and equipment	15,421	-	-	15,421	11,826	-	-	11,826
Supplies	19,542	2,132	2,625	24,299	21,248	1,218	-	22,466
Taxes	4,756	-	-	4,756	4,403	-	-	4,403
Telephone	5,764	-	-	5,764	5,950	-	-	5,950
Utilities	25,846	-	-	25,846	17,231	-	-	17,231
Veterinary expense	3,113	-	-	3,113	6,495	-	-	6,495
Volunteer expense	4,014	-	-	4,014	5,182	-	-	5,182
	<u>683,387</u>	<u>57,277</u>	<u>45,545</u>	<u>786,209</u>	<u>568,265</u>	<u>98,094</u>	<u>52,689</u>	<u>719,048</u>
Depreciation and amortization	<u>77,846</u>	<u>-</u>	<u>-</u>	<u>77,846</u>	<u>62,888</u>	<u>-</u>	<u>-</u>	<u>62,888</u>
	<u>\$761,233</u>	<u>\$ 57,277</u>	<u>\$ 45,545</u>	<u>\$ 864,055</u>	<u>\$ 631,153</u>	<u>\$ 98,094</u>	<u>\$ 52,689</u>	<u>\$ 781,936</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, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 342,639	\$ 116,319
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	77,846	62,888
In-kind donations	(28,584)	(94,887)
Unrealized (gain) loss on investments	(212)	(226)
Realized (gain) loss on sale of investments	20	(63)
(Gain) loss on disposition of property	3,233	725
(Increase) decrease in:		
Grants receivable	(406,793)	362,770
Deposits and prepaid expenses	(295)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	20,565	13,569
Accrued expenses	(6,316)	(4,425)
Accrued payroll and related liabilities	(1,674)	(8,564)
Deferred revenue	-	(825)
Total adjustments	<u>(342,210)</u>	<u>330,962</u>
Net Cash Provided (Used) by Operating Activities	429	447,281
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposition of property	-	500
Proceeds from disposition of investments	208	64,897
Purchases of property and equipment	(226,077)	(269,601)
Net Cash Provided (Used) by Investing Activities	(225,869)	(204,204)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments related to the acquisition of capital assets	<u>(14,320)</u>	<u>(15,831)</u>
Net Cash Provided (Used) by Financing Activities	<u>(14,320)</u>	<u>(15,831)</u>
NET INCREASE (DECREASE) IN CASH	(239,760)	227,246
CASH AT BEGINNING OF YEAR	<u>347,843</u>	<u>120,597</u>
CASH AT END OF YEAR	<u>\$ 108,083</u>	<u>\$ 347,843</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, 2010

1. ORGANIZATION

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

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

Ride On LA’s program serves over 140 riders each week at two ranches in Los Angeles and Ventura Counties. The program is nationally accredited by NARHA, the North American Riding for the Handicapped Association, and the teaching staff includes 7 certified instructors and 6 licensed therapists assisted by 30 horses. Ride On LA remains the only nationally-accredited program in LA or Ventura counties which brings a Physical Therapist to a ranch to use the horses’ movement to improve specific medical conditions. In its 17-year history, Ride On has given a total of nearly 60,000 lessons and physical therapy treatments to children as young as 2 and adults over the age of 80.

During the year ended December 31, 2010, Ride On LA gave nearly 4,800 lessons benefitting from the work of 211 volunteers who donated over 12,000 hours of service. Ride On LA subsidizes the Fee for Service for all clients but also gives scholarships at further reduced rates ranging from free to 1/2 of published rates. During 2010, 18% of all lessons, approximately 861 treatments and lessons, were given scholarships. About half of the riders have physical disabilities and half are mentally disabled; many have multiple handicaps requiring extensive staff and volunteer support. Over seventy-five percent of the riders are children. Ride On LA operates three facilities: two small ranches in Chatsworth comprising 5-acres total, and a 13-acre park site in Newbury Park operated in partnership with the Conejo Recreation and Park District.

In May 2008 Ride On LA purchased a 3-acre operating facility in Chatsworth, California. Chatsworth operations were transferred to this new facility in March 2010. This 3-acre ranch will provide a permanent and expanded base of service to the San Fernando Valley.

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Statement Presentation

The financial statements are presented based on Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. ASC Topic 958, Sections 210 and 225 requires classification of Ride On LA's net assets, revenues as well as expenses based on the existence or absence of donor-imposed restrictions. The statement requires presentation of the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – in the statement of financial position and the amounts of change in each of those classes of net assets in the statement of activities.

Net Assets

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

- *Unrestricted net assets.* Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting for the nature of Ride On LA, 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.
- *Temporarily restricted net assets.* Temporarily restricted net assets 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, as are the unspent appreciation of its donor-restricted endowment funds. 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 temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted 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.
- *Permanently restricted net assets.* Permanently restricted net assets are resources whose use by Ride On LA is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time.

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses are reported as decreases in unrestricted net assets.

Cash Equivalents

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.

Investments

Investments in marketable securities with readily redeemable fair values and all investments in debt securities are carried at their fair market values in the statement of financial position. Unrealized gains and losses are included in the change in restricted net assets in the accompanying statement of activities.

Receivables

Receivables are primarily unsecured amounts due from grantors on cost reimbursement or performance grants. Receivables are stated at the amount management expects to collect from outstanding balances.

Pledges Receivables

Pledges receivable were recognized at the promised amount because the difference between the promised amount and the fair value of the promise is immaterial.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets 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 either temporarily restricted or permanently restricted net assets, 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 temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent 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.

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Government Revenue

Government revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit under the Office of Management and Budget Circular A-133 and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, Ride On LA's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of Ride On LA.

Salaries, Related Expenses and Leased Employees

Salaries, payroll taxes and employee benefits are reported as Leased employees beginning April 2006. Ride On LA's employees became leased employees to improve employee benefits, while reducing costs and administration. Total salaries, related expenses and leased employees were \$466,728 for the year ending December 31, 2010.

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>
1 - 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, 2010, was \$11,848.

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

Property and equipment consists of the cost of fixed assets which are depreciated on the straight-line method over their estimated useful lives ranging from five to ten years, for equipment and horses, to fifteen years for leasehold improvements. Fully depreciated assets are retained in the accounts until their retirement. Purchases of small items are expensed as acquired. All assets with an estimated life that exceeds one year and with a cost greater than \$1,000 must be capitalized.

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.

New Accounting Standards

Ride On LA measures fair value in accordance with FASB ASC 820-10. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels; Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly, and Level 3 unobservable inputs in which there is little or no market data, which requires Ride On LA to develop its own assumptions. Ride On LA uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Ride On LA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. All assets reported at fair value at December 31, 2010, are Level 1 inputs.

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 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, 2010, Ride On LA had no material unrecognized tax benefits, tax penalties or interest.

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

2. 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.

Expense Recognition and Allocation

The cost of providing Ride On LA's programs and other activities is summarized on a functional basis in the statement of activities and 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.

Reclassifications

Certain amounts in the 2009 comparative totals have been reclassified to conform with the 2010 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, 2009, from which the summarized information was derived.

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

3. FAIR VALUE MEASUREMENTS

Ride On LA reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. 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 the Institute 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.

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

4. INVESTMENTS

Investments consist of the following at December 31, 2010:

	Fair Value
Securities	\$ 6,009
Total investments	\$ 6,009

As discussed in Note 3 to these financial statements, Ride On LA is required to report its fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to Ride On LA's valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of the December 31, 2010. Level 2 is for investments measured using inputs such as quoted prices for similar assets, quoted prices for the identical asset in inactive markets, and for investments measured at net asset value that can be redeemed in the near term. Level 3 is for investments measured using inputs that are unobservable, and is used in situations for which there is little, if any, market activity for the investment.

	Total	Level 1
Securities	\$ 6,009	\$ 6,009
	\$ 6,009	\$ 6,009

At December 31, 2010, Ride On LA does not have any investments measured using level 2 or level 3 inputs.

The composition of the investment return reported in the statement of activities as follows:

	Fair Value
Interest and dividends	\$ 594
Realized gain(loss) on sale of investments	(20)
Unrealized gain(loss) on investments	212
Total investment return	\$ 786

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2010:

Buildings	\$ 907,587
Horses	93,800
Land	859,661
Leasehold Improvements	272,415
Machinery and Equipment	232,556
	2,366,019
Accumulated Depreciation	(400,721)
	\$ 1,965,298

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

6. SOURCES OF SUPPORT

Sources of contributions received are as follows for the year ending December 31, 2010:

Unrestricted:	
Corporations	\$ 26,257
Foundations	45,510
Individuals	<u>56,032</u>
	<u>\$ 127,799</u>
Temporarily restricted:	
Corporations	\$ 400,000
Foundations	45,000
Individuals	<u>-</u>
	<u>\$ 445,000</u>

7. PENSION PLAN

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

8. COMMITMENTS

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

Minimum annual anticipated payments under these leases are as follows:

2011	\$ 18,915
2012	\$ 19,335
2013	\$ 16,390
2014	\$ 40
Thereafter	\$ 40

Total rental expense, including in-kind, for the year ended December 31, 2010 was \$58,400.

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9. MORTGAGE PAYABLE

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

Interest costs incurred during the year end December 31, 2010 were \$33,318 of which \$6,265 and were included in the cost of buildings.

Minimum annual anticipated principal payments under the mortgage payable of \$785,599 at December 31, 2010 are as follows:

2011	\$ 15,900
2012	\$ 16,600
2013	\$ 17,300
2014	\$ 18,000
2015	\$ 18,800
Thereafter	\$ 680,258

10. RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2010, are available for the following purposes:

Patricia McQueeney Program	\$ 22,418
Amerman Family Foundation Program	20,949
Kristrom Foundation Program	5,000
City of Los Angeles - Neighborhood Improvement Program	<u>400,000</u>
	<u>\$ 448,367</u>

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11. CONCENTRATION RISK

The majority of Ride On LA's contributions and grants are received from corporations, Ride On LA's, 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.

Ride On LA's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to Ride On LA's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

12. SUBSEQUENT EVENTS

Ride On LA has evaluated events subsequent to December 31, 2010, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through July 15, 2011, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.