

RIDE ON LA
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2007

**RIDE ON LA
TABLE OF CONTENTS**

Page

INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	2
COMPARATIVE STATEMENTS OF ACTIVITIES	3
STATEMENT OF FUNCTIONAL EXPENSES	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6

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, 2007, 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, 2006, has been derived from the Ride On LA's financial statements and, in our report dated July 18, 2007 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, 2007, 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.

October 2, 2008

RIDE ON LA
(A California Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007
(WITH COMPARATIVE TOTALS FOR 2006)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 408,553	\$ 272,839
Receivables, net:		
Pledges	1,000	4,484
Fees and other	3,526	10,415
Investments	282,789	381,866
Deposits and prepaid expenses	6,530	10,223
Property and equipment, net	<u>331,825</u>	<u>328,731</u>
 Total assets	 <u>\$ 1,034,223</u>	 <u>\$ 1,008,558</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 39,706	\$ 31,501
Deferred revenue	<u>2,462</u>	<u>9,290</u>
 Total liabilities	 42,168	 40,791
 COMMITMENTS AND CONTINGENCIES		
 NET ASSETS		
Unrestricted:		
Designated for operating reserve	250,000	250,000
Undesignated	478,328	534,810
Temporarily restricted	<u>263,727</u>	<u>182,957</u>
 Total net assets	 <u>992,055</u>	 <u>967,767</u>
 Total liabilities and net assets	 <u>\$ 1,034,223</u>	 <u>\$ 1,008,558</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, 2007 AND 2006

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Contributions and grants	\$ 156,168	\$ 155,164	\$ 311,332	\$ 215,459	\$ 73,047	\$ 288,506
Fees for services	242,349	-	242,349	200,447	-	200,447
Interest and dividend income	14,164	-	14,164	10,559	-	10,559
Realized gain(loss) on sale of investments	7,317	-	7,317	-	-	-
Unrealized gain(loss) on investments	11,765	-	11,765	20,677	-	20,677
Gain(loss) on sale of assets	(2,100)	-	(2,100)	(4,755)	-	(4,755)
In-kind revenue	57,525	-	57,525	51,151	-	51,151
Other revenue	10,872	-	10,872	6,735	-	6,735
Fundraising events:						
Gross revenue	242,354	-	242,354	240,831	-	240,831
Less: Direct costs	<u>(32,166)</u>	<u>-</u>	<u>(32,166)</u>	<u>(50,751)</u>	<u>-</u>	<u>(50,751)</u>
Fundraising events, net	210,188	-	210,188	190,080	-	190,080
Restrictions released	<u>74,394</u>	<u>(74,394)</u>	<u>-</u>	<u>105,871</u>	<u>(105,871)</u>	<u>-</u>
Total revenue and restrictions released	782,642	80,770	863,412	796,224	(32,824)	763,400
EXPENSES						
Program services	688,871	-	688,871	658,597	-	658,597
Support services	92,149	-	92,149	83,663	-	83,663
Fundraising expenses	<u>58,104</u>	<u>-</u>	<u>58,104</u>	<u>44,143</u>	<u>-</u>	<u>44,143</u>
	<u>839,124</u>	<u>-</u>	<u>839,124</u>	<u>786,403</u>	<u>-</u>	<u>786,403</u>
CHANGE IN NET ASSETS	(56,482)	80,770	24,288	9,821	(32,824)	(23,003)
NET ASSETS - beginning of year	<u>784,810</u>	<u>182,957</u>	<u>967,767</u>	<u>774,989</u>	<u>215,781</u>	<u>990,770</u>
NET ASSETS - end of year	<u>\$ 728,328</u>	<u>\$ 263,727</u>	<u>\$ 992,055</u>	<u>\$ 784,810</u>	<u>\$ 182,957</u>	<u>\$ 967,767</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, 2007
(WITH COMPARATIVE TOTALS FOR 2006)

	<u>Program</u> <u>Services</u>	<u>Support</u> <u>Services</u>	<u>Fund-</u> <u>raising</u>	<u>2007 Total</u> <u>Expenses</u>	<u>2006 Total</u> <u>Expenses</u>
Salaries and related expenses					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 88,575
Payroll taxes	-	-	-	-	9,993
Employee benefits	-	-	-	-	17,417
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,985</u>
Other expenses (Includes In-kind)					
Accounting	-	12,426	-	12,426	9,863
Auto	2,861	-	-	2,861	3,272
Bad debts	-	-	1,934	1,934	-
Education and training	24,669	-	-	24,669	20,557
Feed	39,114	-	-	39,114	35,285
Insurance	9,408	-	-	9,408	13,083
Leased employees	373,577	76,561	54,690	504,828	369,166
Office expense	3,677	3,129	-	6,806	6,955
Postage	6,514	33	-	6,547	7,236
Program development	10,939	-	-	10,939	8,493
Public relations	5,343	-	-	5,343	2,385
Recognition	6,274	-	-	6,274	4,092
Rent	57,070	-	-	57,070	56,720
Repairs and maintenance	19,726	-	-	19,726	14,840
Shoeing, tack and equipment	11,644	-	-	11,644	11,838
Supplies	27,376	-	1,480	28,856	27,859
Telephone	5,968	-	-	5,968	5,977
Utilities	24,947	-	-	24,947	24,919
Veterinary expense	7,565	-	-	7,565	7,019
Volunteer expense	8,166	-	-	8,166	3,217
	<u>644,838</u>	<u>92,149</u>	<u>58,104</u>	<u>795,091</u>	<u>748,761</u>
Depreciation and amortization	<u>44,033</u>	<u>-</u>	<u>-</u>	<u>44,033</u>	<u>37,642</u>
	<u>\$688,871</u>	<u>\$ 92,149</u>	<u>\$ 58,104</u>	<u>\$839,124</u>	<u>\$ 786,403</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, 2007
(WITH COMPARATIVE TOTALS FOR 2006)

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 24,288	\$ (23,003)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	44,033	37,642
Unrealized (gain) loss on investments	(11,765)	(20,677)
Realized (gain) loss on sale of investments	(7,317)	-
Securities received	-	(1,863)
(Gain) loss on disposition of property	2,100	4,755
(Increase) decrease in:		
Pledges receivable	3,484	7,800
Grants receivable	-	13,625
Fees and other receivables	6,889	(8,545)
Deposits and prepaid expenses	3,693	(4,157)
Increase (decrease) in:		
Accounts payable and accrued expenses	8,205	7,351
Deferred revenue	<u>(6,828)</u>	<u>9,290</u>
 Total adjustments	 <u>42,494</u>	 <u>45,221</u>
 Net Cash Provided (Used) by Operating Activities	 66,782	 22,218
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposition of property	1,450	1,700
Proceeds from disposition of investments	137,572	58,081
Purchases of property and equipment	(50,677)	(76,558)
Net purchase of investments	<u>(19,413)</u>	<u>-</u>
 Net Cash Provided (Used) by Investing Activities	 <u>68,932</u>	 <u>(16,777)</u>
 NET INCREASE (DECREASE) IN CASH	 135,714	 5,441
 CASH AT BEGINNING OF YEAR	 <u>272,839</u>	 <u>267,398</u>
 CASH AT END OF YEAR	 <u>\$ 408,553</u>	 <u>\$ 272,839</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, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 175 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 9 certified instructors and 5 licensed therapists assisted by 27 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.

During the year ended December 31, 2007, Ride On LA gave 6,035 lessons using an average of 150 volunteers per month who donated over 16,000 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 LA operates two facilities, a two-acre ranch in Chatsworth, and a 13-acre park site in Newbury Park operated in partnership with the Conejo Recreation and Park District.

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, 2007 are collectible through ending 2008.

Contributed Equipment and Services

Contributions (In-Kind) of fixed assets and qualifying services are reflected as contributions in the accompanying statements at their estimated values at the date of receipt and are classified as unrestricted, temporarily restricted or permanently restricted increases in net assets based on donor specifications. In addition to In-Kind rent (Note 4) volunteers have contributed services related to improvements and maintenance of the primary operating facilities.

Functional Expense Allocations

The costs of providing services of Ride On LA have been summarized on a functional basis in the statement of functional expenses. Certain costs have been allocated among the program and supporting services based upon time studies and estimates made by Ride On LA’s management.

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

Property

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.

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 \$504,828 and \$485,151 for 2007 and 2006 respectively.

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 2006 financial statement totals were reclassified to conform with the 2007 reporting format.

Comparative Totals

The financial statements at December 31, 2007 and for the year then ended include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Ride On LA's financial statements for the year ended December 31, 2006, 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, 2007
(CONTINUED)

2. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2007:

Equipment	\$ 181,843
Horses	68,400
Leasehold Improvements	165,726
Mobile Buildings/Stalls	<u>126,177</u>
	542,147
Accumulated depreciation	<u>(210,321)</u>
	<u>\$ 331,825</u>

3. SOURCES OF SUPPORT

Sources of contributions received are as follows for the year ending December 31, 2007:

Unrestricted:	
Corporations	\$ 38,401
Foundations	23,950
Individuals	<u>93,817</u>
	<u>\$ 156,168</u>
Temporarily restricted:	
Corporations	\$ 5,000
Foundations	120,500
Individuals	<u>29,664</u>
	<u>\$ 155,164</u>

4. INVESTMENTS

Investments at December 31, 2007 consist of:

Corporate bonds	\$ 186,076
Corporate equity securities	73,432
Government securities	<u>23,281</u>
	<u>\$ 282,789</u>

RIDE ON LA
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

5. PLEDGES

Pledges (promises to give) consist of:

Amounts due in:

Less than one year	\$ 1,000
One to five years	-
	<u>\$ 1,000</u>

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

6. PENSION PLAN

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

7. COMMITMENTS

Ride On LA is obligated under two operating facility leases. The Chatsworth lease, for a two-acre ranch where it has operated since 1994, expires in October 2008 renewed in 2008 until October 2013 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 provided for monthly payments of \$130 through 2007.

Minimum annual anticipated payments under these leases are as follows:

2008	\$ 14,600
2009	\$ 40
2010	\$ -
2011	\$ -
2012	\$ -
Thereafter	\$ 1,280

Total rental expense, including in-kind, for the year ended December 31, 2007 was \$57,070.

8. SUBSEQUENT EVENT

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.