

**RIDE ON ST. LOUIS, INC.**

**DECEMBER 31, 2005**

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**RIDE ON ST. LOUIS, INC.**

FINANCIAL STATEMENTS  
with  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

YEAR ENDED DECEMBER 31, 2005

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### Financial Statements

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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Board of Directors  
Ride on St. Louis, Inc.  
St. Louis, Missouri

We have audited the statement of financial position of Ride on St. Louis, Inc. ("ROSL") as of December 31, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of ROSL's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 St. Louis, Inc. at December 31, 2005, and the results of its operations and changes in net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Conner Ash P.C.*

St. Louis, Missouri  
September 29, 2006

**RIDE ON ST. LOUIS, INC.****STATEMENT OF FINANCIAL POSITION**December 31, 2005

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**ASSETS**

|   |                 |
|---|-----------------|
| Cash and equivalents                                    | \$36,116        |
| Accounts receivable                                     | 1,015           |
| Property and equipment, net of accumulated depreciation | <u>37,318</u>   |
|   | <u>\$74,449</u> |

**LIABILITIES AND NET ASSETS****CURRENT LIABILITIES**

|                  |                |
|------------------|----------------|
| Accounts payable | <u>\$7,023</u> |
|------------------|----------------|

|                          |              |
|--------------------------|--------------|
| <b>TOTAL LIABILITIES</b> | <u>7,023</u> |
|--------------------------|--------------|

**NET ASSETS**

|                        |               |
|------------------------|---------------|
| Unrestricted           | 48,263        |
| Temporarily restricted | <u>19,163</u> |

|                         |               |
|-------------------------|---------------|
| <b>TOTAL NET ASSETS</b> | <u>67,426</u> |
|-------------------------|---------------|

\$74,449

See accompanying notes.

# RIDE ON ST. LOUIS, INC.

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2005

### UNRESTRICTED NET ASSETS

#### REVENUE

|                                 |          |
|---------------------------------|----------|
| Donations                       |          |
| Professional services           | \$53,364 |
| Goods and facilities            | 57,887   |
| Grants                          | 18,178   |
| Contributions                   | 20,060   |
| Fundraiser events               | 38,068   |
| Program revenue - Students fees | 16,015   |
| Other revenue                   | 8,700    |

**TOTAL UNRESTRICTED REVENUE AND OTHER SUPPORT** 212,272

#### EXPENSES

|                  |         |
|------------------|---------|
| Program services | 176,906 |
| Support services | 33,249  |

**TOTAL EXPENSES** 210,155

**INCREASE IN UNRESTRICTED NET ASSETS** 2,117

#### TEMPORARILY RESTRICTED NET ASSETS

|                                |       |
|--------------------------------|-------|
| Donor-designated contributions | 9,563 |
|--------------------------------|-------|

**INCREASE IN TEMPORARILY RESTRICTED NET ASSETS** 9,563

**INCREASE IN TOTAL NET ASSETS** 11,680

**NET ASSETS AT BEGINNING OF YEAR** 55,746

**NET ASSETS AT END OF YEAR** \$ 67,426

See accompanying notes.

## RIDE ON ST. LOUIS, INC.

### STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2005

|   | Program           | Support                   |                  |                  | Total             |
|---|-------------------|---------------------------|------------------|------------------|-------------------|
|   |                   | Management<br>and general | Fund<br>raising  | Total<br>support |                   |
| Salaries                                | \$ 37,864         | \$ 10,745                 | \$ 1,308         | \$ 12,053        | \$ 49,917         |
| Payroll taxes                           | 2,507             | 762                       | 94               | 856              | 3,363             |
| Employee benefits                       | 479               | 90                        | 30               | 120              | 599               |
| <b>Total personnel expense</b>          | <b>40,850</b>     | <b>11,597</b>             | <b>1,432</b>     | <b>13,029</b>    | <b>53,879</b>     |
| Enrolled discount- Services & Therapist | 53,544            | -                         | -                | -                | 53,544            |
| Direct fundrasier expense               | -                 | -                         | 12,329           | 12,329           | 12,329            |
| Stipends                                | 3,902             | -                         | -                | -                | 3,902             |
| Donation fees                           | 328               | -                         | -                | -                | 328               |
| Donated use of horses                   | 12,600            | -                         | -                | -                | 12,600            |
| Horse supplies                          | 12,926            | -                         | -                | -                | 12,926            |
| Equipment and tack                      | 4,849             | -                         | -                | -                | 4,849             |
| Office supplies                         | 1,478             | -                         | -                | -                | 1,478             |
| Repairs and maintenance                 | 567               | -                         | -                | -                | 567               |
| Postage and shipping                    | 2,215             | 415                       | 138              | 553              | 2,768             |
| Printing and publications               | 405               | 76                        | 2,469            | 2,545            | 2,950             |
| Dues and subscriptions                  | 435               | -                         | -                | -                | 435               |
| Organization costs                      | 293               | 80                        | -                | 80               | 373               |
| Continuing education                    | 2,819             | -                         | -                | -                | 2,819             |
| Insurance                               | 981               | 109                       | -                | 109              | 1,090             |
| Telephone                               | 1,909             | 212                       | -                | 212              | 2,121             |
| Utilities                               | 306               | 34                        | -                | 34               | 340               |
| Rent                                    | 30,709            | 380                       | -                | 380              | 31,089            |
| Bad debt expense                        | 630               | -                         | -                | -                | 630               |
| Depreciation                            | 2,757             | 513                       | -                | 513              | 3,270             |
| Financial fees                          | -                 | 842                       | -                | 842              | 842               |
| Other expenses                          | 630               | 2,623                     | -                | 2,623            | 3,253             |
| Travel                                  | 912               | -                         | -                | -                | 912               |
| Meals                                   | 861               | -                         | -                | -                | 861               |
| <b>Total expenses</b>                   | <b>\$ 176,906</b> | <b>\$ 16,881</b>          | <b>\$ 16,368</b> | <b>\$ 33,249</b> | <b>\$ 210,155</b> |

See accompanying notes.

# RIDE ON ST. LOUIS, INC.

## STATEMENT OF CASH FLOWS

Year Ended December 31, 2005

|   |                         |
|---|-------------------------|
| <b>OPERATING ACTIVITIES</b>   |                         |
| Increase in net assets  | \$ 11,680               |
| Adjustments to reconcile increase in net assets to cash provided by operating activities: |                         |
| Depreciation  | 3,270                   |
| Contributions of changes in operating assets and liabilities                              | (8,830)                 |
| Effects of changes in operating assets and liabilities:                                   |                         |
| Accounts receivable   | (1,015)                 |
| Accounts payable  | <u>5,515</u>            |
| <b>Net cash provided by operating activities</b>  | <u>10,620</u>           |
| <b>INVESTING ACTIVITIES</b>   |                         |
| Purchase of property and equipment  | <u>(6,453)</u>          |
| <b>Net cash used by investing activities</b>  | <u>(6,453)</u>          |
| <b>NET INCREASE IN CASH AND EQUIVALENTS</b>   | 4,167                   |
| <b>BEGINNING CASH AND EQUIVALENTS</b>   | <u>31,949</u>           |
| <b>ENDING CASH AND EQUIVALENTS</b>  | <u><u>\$ 36,116</u></u> |

See accompanying notes.

# RIDE ON ST. LOUIS, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005

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### 1. ORGANIZATION

Ride on St. Louis, Inc. ("ROSL"), a not-for-profit organization, was founded in 1998. ROSL provides hippotherapy (therapy with the aid of a horse) and/or therapeutic horsemanship to achieve emotional, mental, and physical benefits for the developmentally and physically disabled, as well as the disadvantaged youth of the community.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial statement presentation

The financial statements are prepared in accordance with the American Institute of Certified Public Accountants *Audit and Accounting Guide for Not-for-Profit Organizations*. ROSL uses the accrual method of accounting for its operations.

ROSL reports its information regarding financial position and activities according to three classes of net assets depending upon the existence or nature of any donor restriction. The following is a description of these classes of net assets:

**Unrestricted** - Those resources over which the Board of Directors has discretionary control. Designated amounts represent those revenues that the Board has set aside for a particular purpose.

**Temporarily Restricted** - Those resources subject to donor-imposed restrictions that will be satisfied by actions of ROSL or the passage of time.

**Permanently Restricted** - Those resources subject to a donor-imposed restriction that ROSL maintain them permanently. The donors of these resources would permit ROSL to use all or part of the income earned, including capital appreciation on related investments for unrestricted or temporarily restricted purposes. At December 31, 2005, ROSL has no permanently restricted net assets.

#### Revenue recognition

Revenues and expenses are recorded on an accrual basis. Donations are recognized as revenues in the period received. Unconditional promises to give are recognized in the period in which the pledge is made.

ROSL records increases in temporarily restricted net assets whose restrictions are met in the same period as increases in unrestricted net assets.

Additionally, ROSL recognizes donations of land, property and equipment as unrestricted contributions at the time of donation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### **Cash and equivalents**

Cash and equivalents include all bank account balances and short-term investments with an original maturity of three months or less. ROSL maintains certain cash and equivalent balances in financial institutions in the metropolitan St. Louis area, which provide Federal Deposit Insurance Corporation coverage on the first \$100,000 at each bank. ROSL also maintains a cash equivalent balance in money market funds. All bank account balances of ROSL are insured.

### **Donated services and materials**

Various services and materials are donated to ROSL by individuals and organizations. Donated materials and services that meet the criteria for recognition under Statement on Financial Accounting Standards ("SFAS") No. 116, *Accounting for Contributions Received and Contributions Made*, are recorded at fair value at the date of donation.

In addition, a substantial number of volunteers have donated a significant amount of their time. However, such donated services have not been recorded because they do not meet the criteria for recognition under SFAS No. 116.

### **Allocated expenses**

Expenses by function have been allocated among program and support services classifications on the basis of time, direct expenditures, and estimates by ROSL's management.

### **Use of estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could vary from the estimates that were used.

### 3. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost if purchased and fair value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

|                                    | December 31, 2005 |               |                             | Book value      |
|------------------------------------|-------------------|---------------|-----------------------------|-----------------|
|                                    | Cost              | Life<br>years | Accumulated<br>depreciation |                 |
| Computers and software             | \$3,066           | 3-10          | \$1,043                     | \$2,023         |
| Horses                             | 6,050             | 6-22          | 3,776                       | 2,274           |
| Furniture, fixtures, and equipment | 17,422            | 10            | 4,533                       | 12,889          |
| Leasehold improvements             | 13,594            | 40            | 1,346                       | 12,248          |
| Vehicles                           | 8,299             | 10            | 415                         | 7,884           |
|                                    | <u>\$48,431</u>   |               | <u>\$11,113</u>             | <u>\$37,318</u> |

### 4. TEMPORARY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31, 2005:

|                            |                 |
|----------------------------|-----------------|
| Construction project       | \$13,800        |
| Legacy Program - Chad      | 1,960           |
| Variety Club Grant         | 3,403           |
|                            | <u>3,403</u>    |
| Total program restrictions | <u>\$19,163</u> |

### 5. INCOME TAXES

ROSL is exempt from the payment of Federal income taxes on its exempt-purpose activities under provisions of Section 501(c)(3) of the Internal Revenue Code.

### 6. CONTRIBUTED SERVICES

ROSL recognized the following in-kind contributions as revenues and expenses in these financial statements:

|                                   | <u>2005</u>     |
|-----------------------------------|-----------------|
| Veterinary care                   | \$ 280          |
| Donated use of land and buildings | 27,289          |
| Donated use of horses             | 12,600          |
| Occupational therapist services   | 53,084          |
|                                   | <u>53,084</u>   |
| Total contributed services        | <u>\$93,253</u> |

## 7. LEASES

ROSL leases its facility from the City of Kimmswick for an annual rent of \$1. The lease expires in February 2007. The term of the lease shall be extended for a term of 5 years commencing immediately upon the expiration of the initial lease term and upon the same terms and conditions. The real estate is the subject of a lawsuit between the city and its former owner, the Anheuser Permanent Trust. It is of the opinion of the Anheuser Permanent Trust and ROSL's legal council that this lawsuit will not adversely effect the operation of ROSL as to the use of this facility for the entire term of the lease.