

RIDE ON ST. LOUIS, INC.

DECEMBER 31, 2006

RIDE ON ST. LOUIS, INC.

FINANCIAL STATEMENTS
with
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

YEARS ENDED DECEMBER 31, 2006 AND 2005

CONTENTS

Financial Statements

	Page
Report of Independent Certified Public Accountants	1
Statements of financial position	2
Statements of activities	3
Statement of functional expenses - 2006	4
Statement of functional expenses - 2005	5
Statements of cash flows	6
Notes to financial statements	7



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the statements of financial position of Ride on St. Louis, Inc. ("ROSL") as of December 31, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years 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 audits.

We conducted our audits 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 audits provide 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, 2006 and 2005, and the results of its operations and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Conner Ash P.C.

St. Louis, Missouri
February 26, 2007

RIDE ON ST. LOUIS, INC.

STATEMENTS OF FINANCIAL POSITION

December 31,	2006	2005
ASSETS		
Cash and equivalents	\$ 63,916	\$ 36,116
Accounts receivable	421	1,015
Pledge receivable	93,854	-
Property and equipment, net of accumulated depreciation	37,435	37,318
	\$ 195,626	\$ 74,449
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 9,429	\$ 7,023
NET ASSETS		
Unrestricted	70,774	48,263
Temporarily restricted	115,423	19,163
	186,197	67,426
TOTAL NET ASSETS	\$ 195,626	\$ 74,449

See accompanying notes.

RIDE ON ST. LOUIS, INC.

STATEMENTS OF ACTIVITIES

	Years Ended December 31,	2006	2005
UNRESTRICTED NET ASSETS			
REVENUE			
Donations			
Professional services	\$	25,637	\$ 53,364
Goods and facilities		47,133	57,887
Grants		42,833	18,178
Other		100	-
Contributions		33,375	20,060
Fundraiser events		65,035	38,068
Program revenue - Students fees		14,010	16,015
Other revenue		3,608	8,700
		<hr/>	
TOTAL UNRESTRICTED REVENUE AND OTHER SUPPORT		231,731	212,272
NET ASSETS RELEASED FROM RESTRICTIONS			
Restrictions satisfied by payments		3,403	-
		<hr/>	
TOTAL UNRESTRICTED REVENUE AND OTHER SUPPORT		235,134	212,272
EXPENSES			
Program services		164,194	176,906
Support services		48,429	33,249
		<hr/>	
TOTAL EXPENSES		212,623	210,155
INCREASE IN UNRESTRICTED NET ASSETS		<hr/>	
		22,511	2,117
TEMPORARILY RESTRICTED NET ASSETS			
Donor-designated contributions		99,663	9,563
Net assets released from restrictions - restrictions satisfied by payments		(3,403)	-
		<hr/>	
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS		96,260	9,563
INCREASE IN TOTAL NET ASSETS		<hr/>	
		118,771	11,680
NET ASSETS AT BEGINNING OF YEAR		<hr/>	
		67,426	55,746
NET ASSETS AT END OF YEAR		<hr/> <hr/>	
		\$ 186,197	\$ 67,426

See accompanying notes.

RIDE ON ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2006

	Program	Support			Total
		Management and general	Fundraising	Total support	
Salaries	41,561	\$ 9,983	\$ 1,132	\$ 11,115	52,676
Payroll taxes	3,559	856	97	953	4,512
Employee benefits	2,770	519	173	692	3,462
Total personnel expenses	47,890	11,358	1,402	12,760	60,650
Enrolled discount-services & therapist	25,104	-	-	-	25,104
Direct fundraiser expense	-	-	23,687	23,687	23,687
Stipends	888	-	-	-	888
Donation fees	-	-	149	149	149
Donated use of horses	12,600	-	-	-	12,600
Horse supplies	13,175	-	-	-	13,175
Equipment and tack	2,025	-	-	-	2,025
Office supplies	-	1,766	-	1,766	1,766
Repairs and maintenance	4,369	-	-	-	4,369
Postage and shipping	2,586	485	161	646	3,232
Printing and publications	5,115	959	320	1,279	6,394
Dues and subscription	743	-	-	-	743
Continuing education	4,993	-	-	-	4,993
Insurance	2,312	257	-	257	2,569
Telephone	2,511	279	-	279	2,790
Utilities	666	74	-	74	740
Rent	24,560	2,729	-	2,729	27,289
Bad debt expense	385	-	-	-	385
Depreciation	3,619	402	-	402	4,021
Financial fees	-	1,225	-	1,225	1,225
Other expenses	313	2,817	-	2,817	3,130
Travel	3,794	-	-	-	3,794
Professional fees	4,987	-	-	-	4,987
Advertising	-	-	359	359	359
Meals	1,559	-	-	-	1,559
Total expenses	\$ 164,194	\$ 22,351	\$ 26,078	\$ 48,429	\$ 212,623

See accompanying notes.

RIDE ON ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2005

	Program	Support			Total
		Management and general	Fundraising	Total 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
Total personnel expenses	40,850	11,597	1,432	13,029	53,879
Enrolled discount-services & therapist	53,544	-	-	-	53,544
Direct fundraiser 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 subscription	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
Total expenses	\$ 176,906	\$ 16,881	\$ 16,368	\$ 33,249	\$ 210,155

See accompanying notes.

RIDE ON ST. LOUIS, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31,	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 118,771	\$ 11,680
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,021	3,270
Contributions of changes in operating assets and liabilities	(1,419)	(8,830)
Effects of changes in:		
Accounts receivable	594	(1,015)
Pledge receivable	(93,854)	-
Accounts payable	2,406	5,515
Net cash provided by operating activities	30,519	10,620
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,719)	(6,453)
Net cash used by investing activities	(2,719)	(6,453)
NET INCREASE IN CASH AND EQUIVALENTS	27,800	4,167
BEGINNING CASH AND EQUIVALENTS	36,116	31,949
ENDING CASH AND EQUIVALENTS	\$ 63,916	\$ 36,116
SUPPLEMENTAL DISCLOSURES		
Noncash transactions:		
Contribution of goods and facilities	\$ 146,766	\$ 57,877
Donated professional services	\$ 25,637	\$ 53,364

See accompanying notes.

RIDE ON ST. LOUIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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, 2006, 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. PLEDGES RECEIVABLE

ROSL renewed its lease agreement with the city of Kimmswick for continuing use of its only facility at \$1 per annum for a period of five years effective February, 2007. Management estimated the fair value of the lease at its inception to be \$136,445. Since the bargain lease is applicable to future periods, it was recorded as pledge receivable and a temporarily restricted contribution.

Pledges receivable within one year are recorded at their estimated net realizable value, while pledges receivable subsequently are recorded at their discounted value. Decreases to the discount are reflected in the statement of activities as additional contributions. The pledges receivable are as follows:

Year ending December 31,	
2007	\$ 25,015
2008	27,289
2009	27,289
2010	27,289
2011	27,289
2012	2,274
	<hr/>
	136,445
Less: valuation allowance	(42,591)
	<hr/>
Total Pledges	<u>\$ 93,854</u>

4. 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, 2006			
	Cost	Life years	Accumulated depreciation	Book value
Computers and software	\$ 3,066	3-10	\$ 1,474	\$ 1,592
Horses	6,050	6-22	4,120	1,930
Furniture, fixtures, and equipment	20,141	10	6,596	13,545
Leasehold improvements	15,013	40	1,700	13,313
Vehicles	8,299	10	1,245	7,054
	<u>\$52,569</u>		<u>\$15,135</u>	<u>\$37,434</u>
	December 31, 2005			
	Cost	Life years	Accumulated depreciation	Book value
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>

Depreciation expense totaled \$4,021 and \$3,270 for 2006 and 2005.

5. TEMPORARY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31, 2006:

	2006	2005
Construction project	\$ 13,800	\$13,800
Bargain lease	93,854	-
Legacy Program - Chad	2,911	1,960
Variety Club Grant	4,858	3,403
	<u>\$115,423</u>	<u>\$19,163</u>
Total program restrictions		

6. INCOME TAXES

ROSL is a Missouri not-for-profit corporation described in Section 501(c) (3) of the Internal Revenue Code (the "Code") and has received an Internal Revenue Service (IRS) determination letter stating that it is exempt from federal income taxes on its related income pursuant to Section 501(a) of the Code.

7. CONTRIBUTED SERVICES

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

	<u>2006</u>	<u>2005</u>
Veterinary care	\$ 533	\$ 280
Donated use of land and buildings	27,289	27,289
Donated use of horses	12,600	12,600
Occupational therapist services	<u>25,104</u>	<u>53,084</u>
Total contributed services	<u>\$65,526</u>	<u>\$93,253</u>