

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

**DECEMBER 31, 2007**

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

FINANCIAL STATEMENTS  
with  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

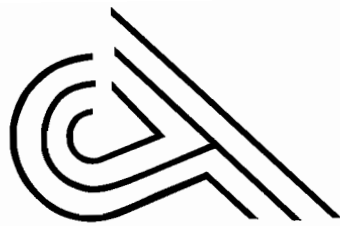
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## CONTENTS

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### Financial Statements

	<b>Page</b>
Report of Independent Certified Public Accountants	1
Statements of financial position	2
Statements of activities	3
Statement of functional expenses - 2007	4
Statement of functional expenses - 2006	5
Statements of cash flows	6
Notes to financial statements	7



CONNER ASH P.C.

Certified Public Accountants  
and Business Consultants

An independent member of BKR International

## 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 statements of financial position of Ride on St. Louis, Inc. ("ROSL") as of December 31, 2007 and 2006, 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits 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, 2007 and 2006, and the results of its operations, changes in net assets and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*Conner Ash P.C.*

St. Louis, Missouri  
January 24, 2008

# RIDE ON ST. LOUIS, INC.

## STATEMENTS OF FINANCIAL POSITION

December 31,	2007	2006
<b>ASSETS</b>		
Cash and equivalents	\$ 49,829	\$ 63,916
Accounts receivable	-	420
Pledges receivable	72,558	93,854
Property and equipment, net of accumulated depreciation	40,301	37,435
	<b>\$ 162,688</b>	<b>\$ 195,625</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 8,734	\$ 9,429
<b>NET ASSETS</b>		
Unrestricted	66,115	70,774
Temporarily restricted	87,839	115,423
<b>TOTAL NET ASSETS</b>	<b>153,954</b>	<b>186,197</b>
	<b>\$ 162,688</b>	<b>\$ 195,626</b>

See accompanying notes.

# RIDE ON ST. LOUIS, INC.

## STATEMENTS OF ACTIVITIES

	Years Ended December 31,	
	2007	2006
<b>UNRESTRICTED NET ASSETS</b>		
<b>REVENUE</b>		
Donations		
Professional services	\$ 4,950	\$ 25,637
Goods and facilities	23,782	47,133
Grants	48,535	42,833
Other	10	100
Contributions	33,705	33,375
Fundraiser events	73,731	65,035
Program revenue - Students fees	20,306	14,010
Other revenue	5,352	3,608
	<u>210,371</u>	<u>231,731</u>
<b>TOTAL UNRESTRICTED REVENUE AND OTHER SUPPORT</b>		
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>		
Restrictions satisfied by payments	49,545	3,403
	<u>49,545</u>	<u>3,403</u>
<b>TOTAL UNRESTRICTED REVENUE AND OTHER SUPPORT</b>		
	<u>259,916</u>	<u>235,134</u>
<b>EXPENSES</b>		
Program services	177,028	164,194
Support services	83,427	48,429
	<u>260,455</u>	<u>212,623</u>
<b>TOTAL EXPENSES</b>		
	<u>260,455</u>	<u>212,623</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>		
	<u>(539)</u>	<u>22,511</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Donor-designated contributions	17,841	99,663
Net assets released from restrictions - restrictions satisfied by payments	(49,545)	(3,403)
	<u>(31,704)</u>	<u>96,260</u>
<b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>		
	<u>(31,704)</u>	<u>96,260</u>
<b>INCREASE (DECREASE) IN TOTAL NET ASSETS</b>		
	<u>(32,243)</u>	<u>118,771</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>		
	<u>186,197</u>	<u>67,426</u>
<b>NET ASSETS AT END OF YEAR</b>		
	<u>\$ 153,954</u>	<u>\$ 186,197</u>

See accompanying notes.

# RIDE ON ST. LOUIS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2007

	Program	Support		Total support	Total
		Management and general	Fundraising		
Salaries	\$ 64,284	\$ 16,628	\$ 13,866	\$ 30,494	\$ 94,778
Payroll taxes	5,082	1,178	1,050	2,228	7,310
Employee benefits	6,319	1,185	395	1,580	7,899
<b>Total personnel expenses</b>	<b>75,685</b>	<b>18,991</b>	<b>15,311</b>	<b>34,302</b>	<b>109,987</b>
Direct fundraiser expense	-	-	28,367	28,367	28,367
Stipends	883	-	-	-	883
Donation fees	-	-	192	192	192
Donated use of horses	14,350	-	-	-	14,350
Horse supplies	13,488	-	-	-	13,488
Equipment and tack	965	-	-	-	965
Office supplies	-	740	-	740	740
Repairs and maintenance	6,649	-	-	-	6,649
Postage and shipping	2,542	477	158	635	3,177
Printing and publications	8,011	1,502	501	2,003	10,014
Dues and subscription	967	-	-	-	967
Continuing education	1,810	-	-	-	1,810
Insurance	8,263	918	-	918	9,181
Telephone	2,772	308	-	308	3,080
Utilities	707	79	-	79	786
Rent	22,519	2,502	-	2,502	25,021
Bad debt expense	40	-	-	-	40
Depreciation	4,043	449	-	449	4,492
Financial fees	-	3,184	-	3,184	3,184
Other expenses	1,010	9,088	-	9,088	10,098
Travel	8,009	-	-	-	8,009
Professional fees	3,054	-	-	-	3,054
Advertising	-	-	660	660	660
Meals	1,261	-	-	-	1,261
<b>Total expenses</b>	<b>\$ 177,028</b>	<b>\$ 38,238</b>	<b>\$ 45,189</b>	<b>\$ 83,427</b>	<b>\$ 260,455</b>

See accompanying notes.

# RIDE ON ST. LOUIS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2006

	Program	Support		Total support	Total
		Management and general	Fundraising		
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
<b>Total personnel expenses</b>	<b>47,890</b>	<b>11,358</b>	<b>1,402</b>	<b>12,760</b>	<b>60,650</b>
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
<b>Total expenses</b>	<b>\$ 164,194</b>	<b>\$ 22,351</b>	<b>\$26,078</b>	<b>\$ 48,429</b>	<b>\$ 212,623</b>

See accompanying notes.

# RIDE ON ST. LOUIS, INC.

## STATEMENTS OF CASH FLOWS

Years Ended December 31,	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (32,243)	\$ 118,771
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	4,492	4,021
Donated property and equipment	(3,047)	(1,419)
Effects of changes in:		
Accounts receivable	420	594
Pledges receivable	21,296	(93,854)
Accounts payable	(694)	2,406
<b>Net cash provided (used) by operating activities</b>	<b>(9,776)</b>	<b>30,519</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(4,311)	(2,719)
<b>Net cash used by investing activities</b>	<b>(4,311)</b>	<b>(2,719)</b>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>(14,087)</b>	<b>27,800</b>
<b>BEGINNING CASH AND EQUIVALENTS</b>	<b>63,916</b>	<b>36,116</b>
<b>ENDING CASH AND EQUIVALENTS</b>	<b>\$ 49,829</b>	<b>\$ 63,916</b>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Noncash transactions:		
Contribution of goods and facilities	\$ 23,782	\$ 146,766
Donated professional services	\$ 4,950	\$ 25,637

See accompanying notes.

# RIDE ON ST. LOUIS, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

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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, 2007, 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 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 U.S. generally accepted accounting principles. 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,	
2008	\$ 27,289
2009	27,289
2010	27,289
2011	27,289
2012	<u>2,274</u>
	\$111,430
Less: valuation allowance	<u>(38,872)</u>
Total Pledges	<u><u>\$ 72,558</u></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, 2007			
	Cost	Life years	Accumulated depreciation	Book value
Computers and software	\$ 3,066	3-10	\$ 1,904	\$ 1,162
Horses	6,050	6-22	4,463	1,587
Furniture, fixtures, and equipment	20,441	10	9,063	11,378
Leasehold improvements	22,071	40	2,121	19,950
Vehicles	8,299	10	2,075	6,224
	<b>\$59,927</b>		<b>\$19,626</b>	<b>\$40,301</b>

	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	1,244	7,055
	<b>\$52,569</b>		<b>\$15,134</b>	<b>\$37,435</b>

Depreciation expense totaled \$4,492 and \$4,021 for 2007 and 2006.

#### 5. TEMPORARY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31, 2007 and 2006:

	2007	2006
Cardinal care	\$ 2,500	\$ -
Ridership	4,934	-
Construction project	-	13,800
Bargain lease	72,558	93,854
Legacy Program - Chad	2,911	2,911
Variety Club Grant	4,936	4,858
Total program restrictions	<b>\$87,839</b>	<b>\$115,423</b>

## 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 in unrestricted revenue and expenses in these financial statements:

	<u>2007</u>	<u>2006</u>
Veterinary care	\$ 100	\$ 533
Donated use of land and buildings	27,289	27,289
Donated use of horses	14,350	12,600
Occupational therapist services	<u>4,850</u>	<u>25,104</u>
Total contributed services	<u>\$46,589</u>	<u>\$65,526</u>