

RIDE ON ST. LOUIS, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

RIDE ON ST. LOUIS, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Ride On St. Louis, Inc.

Opinion

We have audited the accompanying financial statements of the Ride On St. Louis, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ride On St. Louis, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ride On St. Louis, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ride On St. Louis, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ride On St. Louis, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ride On St. Louis, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Ride On St. Louis, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fick, Eggemeyer, & Williamson

Fick, Eggemeyer, & Williamson, CPAs
Saint Louis, Missouri
March 31, 2023

RIDE ON ST. LOUIS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 363,049	\$ 47,307
Accounts receivable	185	685
Prepaid insurance	2,652	3,170
Right of use asset	15,376	14,701
Other assets	16,400	-
	397,662	65,863
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS		
Property and equipment, net of accumulated depreciation	12,729	19,413
	12,729	19,413
TOTAL NONCURRENT ASSETS		
	\$ 410,391	\$ 85,276
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 3,554
Credit cards payable	11,429	2,492
Accrued wages and payroll taxes	-	6,967
Future minimum lease obligation	15,376	14,701
	26,805	27,714
TOTAL CURRENT LIABILITIES		
NONCURRENT LIABILITIES		
None	-	-
	-	-
TOTAL NONCURRENT LIABILITIES		
	26,805	27,714
TOTAL LIABILITIES		
NET ASSETS		
Without donor restriction	203,586	47,562
With donor restriction	180,000	10,000
	383,586	57,562
TOTAL NET ASSETS		
	\$ 410,391	\$ 85,276
TOTAL LIABILITIES AND NET ASSETS		
	\$ 410,391	\$ 85,276

See accompanying notes and independent auditors' report.

RIDE ON ST. LOUIS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Without Donor Restriction	With Donor Restriction	2022 Total	2021 Total
SUPPORT AND REVENUE				
Contributions	\$ 156,198	\$ -	\$ 156,198	\$ 118,324
In-kind contributions	19,956	-	19,956	16,060
Grants	160,650	170,000	330,650	59,900
Student fees	63	-	63	650
Fundraising events	39,316	-	39,316	17,828
Debt forgiveness	-	-	-	25,556
Employee retention tax credits	43,079	-	43,079	-
Other	2,168	-	2,168	1,485
Total support and revenue	421,430	170,000	591,430	239,803
Net assets released from restrictions				
Satisfaction of restrictions	-	-	-	-
Total	421,430	170,000	591,430	239,803
EXPENSES				
Program	240,538	-	240,538	225,013
Total program expenses	240,538	-	240,538	225,013
Support expenses				
General and administration	16,222	-	16,222	16,131
Fundraising	9,074	-	9,074	6,896
Total support expenses	25,296	-	25,296	23,027
Total expenses	265,834	-	265,834	248,040
Changes in net assets from operations	155,596	170,000	325,596	(8,237)
INVESTMENT ACTIVITIES				
Interest income	428	-	428	33
Total investment activities	428	-	428	33
Changes in net assets	156,024	170,000	326,024	(8,204)
Net assets - beginning of year	47,562	10,000	57,562	65,766
Net assets - end of year	<u>\$ 203,586</u>	<u>\$ 180,000</u>	<u>\$ 383,586</u>	<u>\$ 57,562</u>

See accompanying notes and independent auditors' report.

RIDE ON ST. LOUIS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Program	General and Administration	Fundraising	2022 Total	2021 Total
Salary and payroll tax	\$ 71,364	\$ 8,396	\$ 4,198	\$ 83,958	\$ 85,743
Employee benefits	24,566	2,890	1,445	28,901	30,910
Continuing education	1,051	-	-	1,051	1,093
Horse supplies	17,228	-	-	17,228	13,506
Fundraising	-	-	2,391	2,391	1,114
Occupancy	12,962	1,440	-	14,402	14,400
Stipends	1,069	-	-	1,069	1,206
Small equipment	421	-	-	421	8
Office supplies	1,122	132	66	1,320	860
Repairs and maintenance	2,268	-	-	2,268	2,890
Postage and shipping	577	68	34	679	3,561
Printing and publications	6,280	739	369	7,388	5,182
Membership dues	1,778	-	-	1,778	1,174
Insurance	2,142	-	-	2,142	1,687
Telephone	1,718	191	-	1,909	2,316
Depreciation	6,684	-	-	6,684	7,890
Auto	5,344	-	-	5,344	6,212
Professional fees	5,314	590	-	5,904	5,836
In-kind	3,556	-	-	3,556	7,740
Program development	59,685	-	-	59,685	46,557
Other	9,715	1,143	571	11,429	2,235
Travel	5,694	633	-	6,327	5,920
	<u>\$ 240,538</u>	<u>\$ 16,222</u>	<u>\$ 9,074</u>	<u>\$ 265,834</u>	<u>\$ 248,040</u>
Total					

See accompanying notes and independent auditors' report.

RIDE ON ST. LOUIS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 326,024	\$ (8,204)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,684	7,890
In-kind contribution of other asset	(16,400)	(8,320)
Debt forgiveness - Paycheck Protection Program	-	(25,556)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	500	10
(Increase) decrease in prepaid insurance	518	-
(Increase) decrease in right of use asset	(675)	-
(Increase) decrease in security deposit	-	500
Increase (decrease) in accounts payable	(3,554)	3,554
Increase (decrease) in credit cards payable	8,937	1,737
Increase (decrease) in accrued wages and payroll taxes	(6,967)	206
Increase (decrease) in future minimum lease obligation	675	-
Net cash provided by (used in) operating activities	315,742	(28,183)
CASH FLOWS FROM INVESTING ACTIVITIES		
None	-	-
Net cash provided by (used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	-	21,556
Net cash provided by (used in) financing activities	-	21,556
Net increase (decrease) in cash and cash equivalents	315,742	(6,627)
Cash and cash equivalents - beginning of year	47,307	53,934
Cash and cash equivalents - end of year	\$ 363,049	\$ 47,307

See accompanying notes and independent auditors' report.

RIDE ON ST. LOUIS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Ride On St. Louis, Inc. (the “Organization”) is organized as a nonprofit corporation. The Organization promotes health and enriches lives through love, joy, and holistic healing. The Organization provides programs that incorporate the movement of the horse, equine environment, and horse-human interaction to provide substantial and sustaining quality of life improvements for children and adults with disabilities, veterans, youth, and people with health-related obstacles.

New Accounting Pronouncement

During 2022, the Organization adopted ASU 2016-02 *Leases (Topic 842)*, which superseded existing guidance for accounting for leases under *Topic 840, Leases*. The adoption of the guidance requires the recognition of the remaining value of operating leases as assets and liabilities on the statement of financial position as right of use assets and future minimum lease obligations, respectively. The Organization applied the change on a retroactive basis beginning in 2022. The effect of this change is a \$675 decrease in right of use assets and a \$675 decrease in future minimum lease obligations on the statement of cash flows.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting standards generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions - Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

RIDE ON ST. LOUIS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data

The amounts shown for the year ended December 31, 2021 in the accompanying financial statements are included to provide a basis for comparison with 2022 and present summarized totals only. Accordingly, the 2021 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to prior year financial statements to conform to classifications used in the current year. These reclassifications had no impact on changes in nets assets or cash flows as previously reported.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for the purposes of the statement of cash flows.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Allowances would be established to recognize when outstanding receivables are less than fully collectible. The allowance for uncollectible accounts at December 31, 2022 and 2021 was \$0.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair market value at the date of the donation. Depreciation of fixed assets is provided over the estimated useful lives of the respective assets on a straight-line basis. Currently, assets are depreciated over useful lives of three to twenty-two years. Expenditures for repairs and maintenance are charged to operating expenses as incurred. The cost of assets sold or returned, and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal. The resulting gains or losses are included in operations. Depreciation expense for the years ended December 31, 2022 and 2021 was \$6,684 and \$7,890, respectively.

Revenue from Contracts with Customers

The Organization recognizes revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Contributed Services

Several volunteers contribute services to the Organization. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort have not been satisfied.

RIDE ON ST. LOUIS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction, depending on the nature of the restriction, is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's program services and support services. Nonoperating activities are limited to resources that generate a return on investment and other activities considered to be of a more unusual or nonrecurring nature.

Compensated Absences

Full-time employees of the Organization are entitled to paid vacations and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying statement of financial position. The Organization's policy is to recognize the costs of compensated absences when actually paid.

Income Taxes

The Organization is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

The Organization adopted the provisions of Accounting for Uncertainty in Income Taxes on January 1, 2011. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of December 31, 2022, no amounts have been recognized for uncertain tax positions. The Organizations tax returns for 2019 and prior are closed.

RIDE ON ST. LOUIS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between fundraising, administration, or the appropriate program based on evaluations of the related benefits. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on time and effort or specific identification, when available.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization maintained cash deposits at Enterprise Bank and Trust. Each depositor is entitled to up to \$250,000 of insurance coverage by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2022 and 2021, the carrying amount of deposits totaled \$413,049 and \$47,307, respectively. Bank balances totaled \$361,487 and \$47,521, respectively. Of the bank balances, \$111,487 and \$0, respectively, were uninsured.

NOTE 4 - PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2022 and 2021 follows:

	2022	2021
Furniture and fixtures	\$ 25,009	\$ 25,009
Horses	16,200	16,200
Vehicles	34,392	34,392
Equipment	14,367	14,367
Total depreciable property	89,968	89,968
Accumulated depreciation	(77,239)	(70,555)
Property and equipment, net	<u>\$ 12,729</u>	<u>\$ 19,413</u>

NOTE 5 - OPERATING LEASES AS LESSEE

In December 2022, the Organization renewed a 12-month lease agreement with Sharon Gonzalez for barn space and 9 acres of land for the horses. The lease starts in January 2023 and requires minimum monthly payments of \$1,200. Future minimum lease payments are as follows:

For the year ending December 31,

2023	<u>\$ 14,400</u>
Total	<u>\$ 14,400</u>

Lease payments totaled \$14,400 for the year ended December 31, 2022.

RIDE ON ST. LOUIS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6 - REVENUE RECOGNITION UNDER ASU 2014-09

Contracts with Customers

The Organization recognized \$63 of revenue from contract-type transactions during 2022. No impairment losses were recognized on receivables or contract assets.

Disaggregated Revenue

Contract revenue is recognized at a point in time when services are provided. The Organization promotes health and strives to enrich lives through the use of equine-assisted services. The cost of these services are covered by individual clients, contributions, and other nonprofit foundations. Due to the nature of the Organization's revenue, economic factors such as health pandemics and extreme weather can materially affect the nature, timing, and uncertainty of contract-type revenues and cash flows.

Contract Balances

A summary of beginning and ending contract-type balances follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	\$ 185	\$ 685	\$ 695

Significant Judgements

There were no significant judgments used for the recognition of revenue for 2022. Also, there were no changes in the judgments utilized for determining the timing of the satisfaction of performance obligations or transaction prices allocated to performance obligations.

The Organization bills for services using rates agreed upon in the contracts. Adjusting consideration for the effects of the time value of money is not necessary for the Organization's contract receivables. The financial statements include no estimates of variable consideration or noncash consideration. The Organization does not allocate costs to goods or services.

Performance Obligations

- Performance obligations for contract revenues are satisfied when services are provided, and revenues are shown on the statement of activities.
- The Organization provides various types of equine-assisted services, which can be subject to change.
- The Organization does not charge interest on accounts receivable or provide discounts to customers.
- The Organization has a formal obligation to provide refunds for clients who cannot attend their weekly session due to medical reasons or because of extreme weather.

Practical Expedients Used for Financing Components

There is no financing component to the Organization's recognition of revenue.

RIDE ON ST. LOUIS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2022 and 2021 are restricted as follows:

	2022		2021	
	Purpose	Period	Purpose	Period
Purchase of new property	\$ 180,000	\$ -	\$ 10,000	\$ -
Total	<u>\$ 180,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>

NOTE 8 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2022 and 2021:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	\$ 363,049	\$ 47,307
Accounts receivable	185	685
Total financial assets at year-end	<u>363,234</u>	<u>47,992</u>
Less amounts not available for general expenditures within one year:		
Net assets with period restrictions in excess of one year	-	-
Net assets with purpose restrictions	180,000	10,000
Total amounts not available to meet general expenditures within one year	<u>180,000</u>	<u>10,000</u>
Financial assets available to meet general expenditures within one year	<u>\$ 183,234</u>	<u>\$ 37,992</u>

NOTE 9 - IN-KIND CONTRIBUTIONS

The Organization recognized the following in-kind contributions for 2022 and 2021:

	2022	2021
Horse boarding	\$ -	\$ 3,000
Horse supplies	1,045	341
Program	1,091	2,117
Capacity campaign	1,120	-
Equipment	16,400	10,602
Other	300	-
Total	<u>\$ 19,956</u>	<u>\$ 16,060</u>

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 31, 2023, the date which the financial statements were available for issue, and noted no reportable events.