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PROJECT R.I.D.E., INC.
BATON ROUGE, LOUISIANA

GRANT FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date August 7, 1998

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MEMBER:
AMERICAN INSTITUTE CPAs
LOUISIANA SOCIETY CPAs

INDEPENDENT AUDITOR'S REPORT

July 23, 1998

Members of the Board of Directors
Project R.I.D.E., Inc.
Baton Rouge, Louisiana

I have audited the accompanying statement of financial position of the Project R.I.D.E., Inc.'s Governor's Office of Urban Affairs and Development Grant as of June 30, 1998, and the related statements of activities, functional expenses and cash flows for the year then ended. These grant financial statements are the responsibility of the Project R.I.D.E., Inc., Inc.'s management. My responsibility is to express an opinion of these grant financial statements based on my audit.

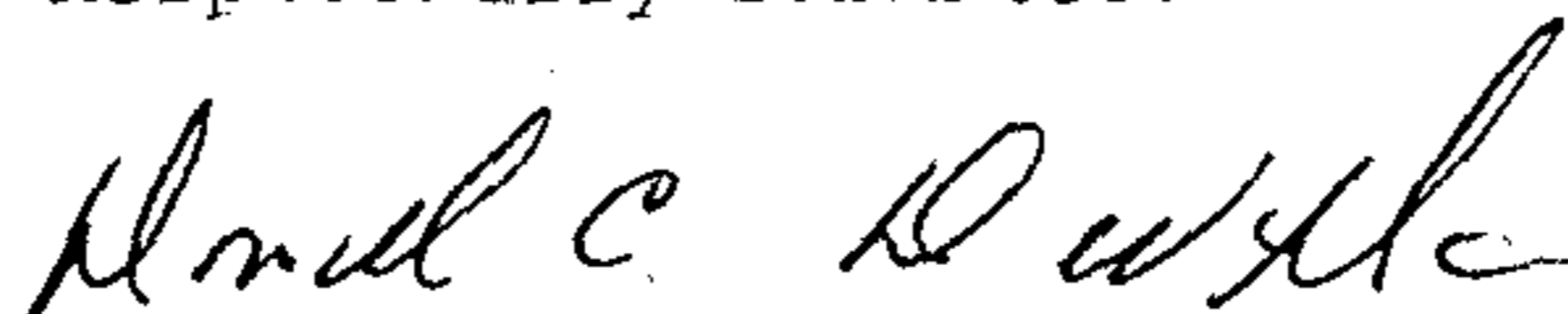
I conducted my audit in accordance with generally accepted auditing standards and the standards for financial audits contained in the Government Audit Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance 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 grant financial statement presentation. I believe that my audit provided a reasonable basis for my opinion.

As discussed in Note 1, the financial statements present only the Governor's Office of Urban Affairs and Development Grant and are not intended to present fairly the financial position and results of operations of Project R.I.D.E., Inc., in conformity with general accepted accounting principles.

In my opinion, the grant financial statements referred to above present fairly, in all material respects, the financial position of the Project R.I.D.E., Inc., Inc. as of June 30, 1998, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated July 23 1998, on our consideration of Project R.I.D.E., Inc.'s internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

Respectfully submitted



PROJECT R.I.D.E., INC., INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1998

(With June 30, 1997 Comparative Balances)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u> <u>1998</u>	<u>1997</u>
ASSETS:				
Cash	\$6,556	-0-	\$6,556	\$11,446
Equipment	6,570	-0-	6,570	5,370
Accumulated Depreciation	(2,596)	-0-	(2,596)	(1,309)
TOTAL ASSETS	<u>10,530</u>	<u>-0-</u>	<u>10,530</u>	<u>15,507</u>
 LIABILITIES & NET ASSETS:				
LIABILITIES:				
Employee Withholdings	-0-	-0-	\$-0-	\$-0-
TOTAL LIABILITIES	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
 NET ASSETS				
Net Assets	\$10,530	-0-	\$10,530	15,507
TOTAL LIABILITIES & NET ASSETS	<u>10,530</u>	<u>-0-</u>	<u>10,530</u>	<u>15,507</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

PROJECT R.I.D.E., INC., INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1998
(With June 30, 1997 Comparative Balances)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u> <u>1998</u>	<u>1997</u>
REVENUE:				
Department of Urban Affairs	\$20,000	\$-0-	\$20,000	\$30,000
Miscellaneous	230	-0-	230	150
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUE	20,230	-0-	20,230	30,000
EXPENSES:				
Program Services	21,199	-0-	21,199	23,876
Management	4,008	-0-	4,008	1,838
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	25,207	-0-	25,207	25,714
INCREASE IN NET ASSETS	(4,977)		(4,977)	4,436
NET ASSETS, July 1	15,507	-0-	15,507	11,071
	<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS, June 30	10,530	-0-	10,530	15,507
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

PROJECT R.I.D.E., INC., INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1998

(With June 30, 1997 Comparative Balances)

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT</u>	<u>TOTAL EXPENSES</u>	
			<u>1998</u>	<u>1997</u>
Salaries	\$3,861	-0-	\$3,861	\$3,600
Payroll Taxes	290	-0-	290	299
Professional	-0-	\$2,700	2,700	1,200
Bank Charges	-0-	21	21	112
Depreciation	-0-	1,287	1,287	526
Supplies	10,260	-0-	10,260	15,060
Youth Activities	5,925	-0-	5,925	4,917
Other	863	-0-	863	-0-
	<hr/>		<hr/>	<hr/>
TOTAL EXPENSES	21,199	4,008	25,207	25,714
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

PROJECT R.I.D.E., INC., INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1998

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Increase In Net Assets	\$ (4,977)
Adjustments To Reconcile Increase In Net Assets To Net Cash Provided By Operating Activities:	
Depreciation	1,287
(Increase) Decrease In Operating Assets:	
Increase (Decrease) In Operating Liabilities:	
Withholding	(-0-)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(3,690)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Purchase of Equipment	<u>(1,200)</u>
 NET INCREASES (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,890)
 CASH AND CASH EQUIVALENTS, Beginning of Year	<u>11,446</u>
 CASH AND CASH EQUIVALENTS, End of Year	<u><u>6,556</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

PROJECT R.I.D.E., INC., INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE #1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Project R.I.D.E., Inc. was incorporated as a non-profit corporation. The purpose of the Organization is to motivate and keep students in school, to use horses as a vehicle for developing, organizing, structuring the children in our community, and to use positive role models to counsel and train the children in our society.

Reporting Entity - The accompanying financial statements present information only on the Governor's Office of Urban Affairs and Development Grant and are not intended to present fairly the financial position and results of operations of Project R.I.D.E., Inc., in conformity with general accepted accounting principles.

BASIS OF PRESENTATION

The financial statements are presented in accordance with Statement of Financial Accounting Standards No. 116 (SFAS No. 116), "Accounting for Contributions Received and Contributions Made" and Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". SFAS No. 116 requires contributions to be recognized as revenue when they are received or unconditionally pledged. SFAS No. 117, which eliminates the utilization of fund accounting for financial reporting purposes, requires net assets to be classified as either 1) unrestricted, 2) temporarily restricted, or 3) permanently restricted depending on limitations placed on the net assets.

DONATED SERVICES

Amounts have not been reported in the statements for donated services because they do not meet the criteria for recognition under SFAS No. 116. A substantial number of volunteers have donated significant amounts of their time to the Organization.

Contributions of service shall be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individual possessing those skills and would typically need to be purchased if not provided by donation.

REVENUE RECOGNITION

Contributions are recognized as revenue when they are received or unconditionally pledged.

Conditions - Contributions are recorded as unrestricted as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

PROJECT R.I.D.E., INC., INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

REVENUE RECOGNITION: CONTRIBUTIONS - Continued...

All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purposes restriction is accomplished), temporarily restricted net assets are classified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Contributions receivable represent amounts committed by donors that have not been received by the Organization.

INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

INVENTORIES

Inventory is stated at the lower cost or market, determined by the first-in, first-out method.

PREPAID

Insurance and similar services which extend over more than one accounting period have been recorded as prepaid.

ACCOUNTS RECEIVABLE

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income. The direct charge-off method is not a material departure from GAAP as it approximates the valuation method.

USE OF ESTIMATES

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

PROJECT R.I.D.E., INC., INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

PROPERTY AND EQUIPMENT

The purchase of property and equipment is recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Property and equipment is depreciated using the straight-line method over the estimated useful lives of 5 years.

Functional Allocation of Expenses

The cost of providing Club's various programs and supporting services have been summarized on a functional basis in the statement of support, revenue and expenses, and changes in fund balances. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

COMPARATIVE DATA

Comparative data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the Clubs' financial position and operations. However, presentation of comparative data by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE #2. FIXED ASSETS

Fixed assets at year-end consist of the following:

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>BOOK VALUE</u>
Equipment	\$6,570	\$2,596	\$3,974

NOTE #3. BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE #4 - STATE COMPLIANCE CONTINGENCIES

The Association receives large amounts of State grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. Based on past experience, disallowed cost, if any, for grants will be immaterial.

SUPPLEMENTAL INFORMATION

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MEMBER:
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LOUISIANA SOCIETY CPAs

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

July 23, 1998

Members of the Board of Directors
Project R.I.D.E., Inc.
Baton Rouge, Louisiana

I have audited the financial statements of the Project R.I.D.E., Inc. as of and for the year ended June 30, 1998, and have issued my report thereon dated July 23, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether Organization's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered Organization's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and distribution is not limited.

