

RIDE SOLUTION, INC.
FINANCIAL REPORT

Year Ended June 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Ride Solution, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Ride Solution, Inc. (a Florida not-for-profit corporation), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ride Solution, Inc. as of June 30, 2014, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2014, on our consideration of Ride Solution, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ride Solution, Inc.'s internal control over financial reporting and compliance.

Krueger, Platt & Alan, PLLC

St. Augustine, FL
November 3, 2014

RIDE SOLUTION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

ASSETS

ASSETS	
Cash, including certificates of deposit	\$ 550,267
Accounts receivable, net	25,402
Grants receivable	279,911
Inventories	330,967
Prepaid expenses	41,082
Property and equipment, net	<u>1,247,119</u>
TOTAL ASSETS	<u>\$ 2,474,748</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable and accrued expenses	\$ 124,524
Deferred revenue	1,185
Due to affiliates	<u>652</u>
TOTAL LIABILITIES	<u>126,361</u>
NET ASSETS	
Unrestricted	<u>2,348,387</u>
TOTAL NET ASSETS	<u>2,348,387</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,474,748</u>

See accompanying notes

RIDE SOLUTION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND FEES			
Service contract revenue	\$ 768,896	\$ -	\$ 768,896
State grants	-	541,832	541,832
Federal grants	-	1,005,632	1,005,632
Local support	-	30,000	30,000
Fare box revenues	71,729	-	71,729
Interest	886	-	886
Other revenue	<u>22,987</u>	<u>-</u>	<u>22,987</u>
Total revenue and fees	<u>864,498</u>	<u>1,577,464</u>	<u>2,441,962</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>1,577,464</u>	<u>(1,577,464)</u>	<u>-</u>
EXPENSES			
Program	2,047,103	-	2,047,103
Management and general	<u>394,535</u>	<u>-</u>	<u>394,535</u>
Total expenses	<u>2,441,638</u>	<u>-</u>	<u>2,441,638</u>
CHANGE IN NET ASSETS	324	-	324
NET ASSETS, BEGINNING	<u>2,348,063</u>	<u>-</u>	<u>2,348,063</u>
NET ASSETS, ENDING	<u>\$ 2,348,387</u>	<u>\$ -</u>	<u>\$ 2,348,387</u>

See accompanying notes

RIDE SOLUTION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 324
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	191,739
Net change in:	
Accounts receivable	5,200
Grants receivable	47,826
Inventories	14,751
Prepaid expenses	(18,224)
Accounts payable and accrued expenses	(13,831)
Deferred revenue	227
Due to affiliates	(489)
Net cash provided by operating activities	<u>227,523</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	<u>(135,900)</u>
Net cash used by investing activities	<u>(135,900)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash provided by financing activities	<u>-</u>
NET INCREASE IN CASH	91,623
CASH, BEGINNING	<u>458,644</u>
CASH, ENDING	<u>\$ 550,267</u>

See accompanying notes

RIDE SOLUTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

Ride Solution, Inc. (the "Organization"), was organized as a Florida not-for-profit corporation on August 14, 1984 to provide transportation services to individuals in Northeast Florida who are classified as "Transportation Disadvantaged". "Transportation Disadvantaged" includes those individuals, who because of physical or mental disability, income status, or age, are unable to transport themselves or purchase transportation and are, therefore, dependent upon others to obtain access to health care, employment, education, shopping, social activities or other life-sustaining activities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Contributions

In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Under FASB ASC 958-605, contributions that are required to be reported as temporarily restricted support are then reclassified to unrestricted net assets upon expiration of time restrictions or satisfaction of donor restrictions.

Classification of Net Assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its ASC 958-210. Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The assets, liabilities, and net assets of the Organization are reported in net asset classes as follows:

- (a) Unrestricted net assets are resources over which the Board of Directors (the "Board") has discretionary control including those unrestricted net assets invested in property and equipment at the direction of the Board.
- (b) Temporarily restricted net assets are subject to donor-imposed stipulation that may or will be met by actions of the Organization and/or the passage of time. After the donor-imposed time or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported within the statement of activities as net assets released from restrictions. At June 30, 2014, there were no temporarily restricted net assets.
- (c) Permanently restricted net assets are limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. At June 30, 2014, there were no permanently restricted net assets.

Fair Value of Financial Instruments

All financial instruments are carried at amounts that approximate estimated fair value.

RIDE SOLUTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with an original maturity of 90 days or less. Certificates of deposit are readily convertible to cash and are stated at cost plus accrued earnings, which approximate fair value. Cash and cash equivalents consists of the following as of June 30, 2014:

Cash	\$ 340,122
Certificates of Deposit	210,145
Total cash, including certificates of deposit	<u>\$ 550,267</u>

Accounts Receivable

Accounts receivable includes contract billings for services performed and other immaterial receivables, and they are stated at the net amount that management expects to collect from outstanding balances. Accounts receivable is reported on the statement of financial position net of a \$3,500 allowance for doubtful accounts at June 30, 2014, which was determined by management's assessment of the current status of individual accounts. Receivables for program services are considered delinquent when the account is 30 days or more past due. Balances still outstanding after management has used reasonable collection efforts are written off. The Organization does not require collateral for receivable balances and does not assess finance charges against accounts considered past due.

Grants Receivable

Grants receivable include grant reimbursement requests for qualified expenditures and is stated at the net amount that management expects to collect from outstanding balances. During the year the Organization writes off all grants receivable balances that management deems to be uncollectible. All grants receivable were considered to be fully collectible by the Organization at June 30, 2014 and consequently no allowance for uncollectible accounts was deemed necessary.

Property and Equipment

Property and equipment that are purchased are carried at cost, or, if donated, at the approximate fair value at the date of donation. Donated property and equipment 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. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Expenditures for renewals or improvements that either materially add value or prolong the useful lives of assets are capitalized. Expenditures that are less than \$1,000 are expensed as incurred.

Building and improvements are depreciated using the straight-line method over their estimated useful lives, which range from 3 to 40 years. Furniture and equipment are depreciated using the straight-line method over their estimated useful lives, which range from 3 to 20 years. Depreciation expense for the year ended June 30, 2014 was \$399,898.

Inventory

The Organization values its inventory at the lower of cost or market. Cost is determined on the first-in, first-out method.

RIDE SOLUTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Materials and Services

Ride Solution, Inc. records the value of donated goods or services when there is an objective basis available to measure their value. Donated services of a professional or skilled nature are presented at the estimated value of such services. Donated materials and equipment are reflected in the accompanying statements at their estimated value at date of receipt. Contributions for the use of facilities totaled \$14,400.

A number of unpaid volunteers have made significant contributions of their time, which meet the requirements for recognition in the financial statements under accounting principles generally accepted in the United States of America and were reflected at their fair value in the Statement of Activities. Additionally, a number of volunteers periodically donate significant amounts of time to the Organization. No amounts have been reflected in the statements for these contributed services since the contribution of these services did not create or enhance non-financial assets or require specialized skills.

Compensated Absences

Employees accrue vacation pay at a rate based on their length of service according to the following schedule.

Years of Service Hours Earned/Month

0–3 years - 8 hours
4–5 years - 10 hours
6–9 years - 12 hours
10+ years - 14 hours

Employees may carry 120 hours of earned annual leave to the following year; any hours exceeding 120 are forfeited. While the inclusion of unused annual leave in an employee's final paycheck will be solely at the Director's discretion, the accrued vacation liability recorded at June 30, 2014, totaling \$31,517, has been computed using the total number of unpaid hours earned as of June 30, 2014.

Functional Expense Allocation

The costs of providing the Organization's programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and other supporting services benefited.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The significant estimates made by management relate to the accounts receivable, accounts payable and depreciable lives of fixed assets. Accordingly, actual results could differ from those estimated. The nature of those estimates, however, is such that variances from actual results are held to be immaterial.

Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). In accordance with the applicable provisions of the Internal Revenue Code, the Organization is subject to an excise tax on unrelated business income.

RIDE SOLUTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for Income Taxes

The Organization has adopted FASB ASC 740-10, *Accounting for Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Based on analyses of various federal and state filing positions of the Organization, management believes that its income tax filing positions and deductions are well documented and supported.

As of June 30, 2014, the Organization had no temporary differences relating to the recognition of income and expenses for financial and tax reporting purposes. Accordingly, no deferred tax assets or liabilities are recorded. Additionally, as of June 30, 2014, the Organization had no uncertain tax positions that would qualify for either recognition or disclosure in the financial statements. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to FASB ASC 740-10. In addition, no cumulative effect adjustment related to the adoption of FASB ASC 740-10 was recorded.

There have been no increases or decreases in unrecognized tax benefits for current or prior years since the date of adoption. Furthermore, no interest or penalties have been included since no reserves were recorded and no significant increases or decreases are expected to occur within the next 12 months. When applicable, such interest and penalties will be reported as income tax expense.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. At June 30, 2014, the periods that remain open to examination under federal statute are for the fiscal years ended June 30, 2011 through 2013.

NOTE 3 INVENTORIES

Inventories consisted of the following as of June 30, 2014:

Brevi Bus Components	\$ 304,607
Bus tools and parts	26,360
Total	<u>\$ 330,967</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2014:

Land	\$ 22,442
Buildings and improvements	346,955
Furniture, fixtures and equipment	582,517
Vehicles	2,565,988
Construction in progress	99,555
Total property and equipment	3,617,457
Less, accumulated depreciation	<u>(2,370,338)</u>
Property and equipment, net	<u>\$ 1,247,119</u>

NOTE 5 LINE OF CREDIT

The Organization has a \$75,000 unsecured line of credit with a local financial institution to be drawn upon as needed, with an interest rate of 1% above prime. As of June 30, 2014, \$75,000 was available to borrow on the line of credit.

RIDE SOLUTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors. Temporarily restricted net assets released during the year ended June 30, 2014, totaling \$1,577,464, were utilized for program expenditures.

NOTE 7 OPERATING LEASES

The Organization leases certain office equipment under an operating lease agreement which expires in 2015. The lease provides for total minimum monthly rental fees of \$354. Rent expense under this operating lease agreement, including additional fees, was \$8,302 for 2014 and is included in management and general expenses on the statement of activities. The amounts due under the lease commitments at June 30, 2014 are as follows:

2015	\$ <u>1,770</u>
Total	\$ <u>1,770</u>

NOTE 8 RELATED PARTY TRANSACTIONS

The Arc of Putnam County, Inc., a related party, provides administrative and operating support including wages and benefits to the Organization and other related parties. These organizations are related through common Board members and common management. If the Organization was autonomous, the results of its operations and its financial position could vary significantly. During the year ended June 30, 2014, the Organization expensed \$43,400 to the Arc of Putnam County, Inc. for bookkeeping services and maintenance services. The Due to affiliates balance as of June 30, 2014, totaling \$652, resulted from reimbursements due from transports. The amount is non-interest bearing.

NOTE 9 CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances with high quality financial institutions. Accounts at these institutions currently are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times, such balances may be in excess of the FDIC insurance limits. As of June 30, 2014, the Organization's uninsured cash balances totaled approximately \$80,313.

NOTE 10 OTHER CONCENTRATIONS OF RISK

The Organization receives approximately 78% of its support through Federal and State government funding. For the year ending June 30, 2014, this funding represented approximately 61% of Federal and State grants and 17% of government programs. Consequently, changes in government funding levels in future periods have the potential to significantly impact the financial position and operations of the Organization.

NOTE 11 SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 3, 2014. No events were identified as necessary to be disclosed to keep these financial statements from being misleading or that provide additional evidence about conditions that existed at June 30, 2014, including estimates inherent in the process of preparing these financial statements.

SUPPLEMENTAL INFORMATION

RIDE SOLUTION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Federal Expenditures</u>
<u>FEDERAL AWARDS</u>			
U.S. Department of Transportation			
Pass Through Program From:			
MNTRC:			
Brevi Bus Study	20.701	N/A	\$ 36,111
State of Florida Department of Transportation:			
Formula grants for other than urbanized areas	20.509	AQU22	145,724
Formula grants for other than urbanized areas	20.509	AR851	248,648
Formula grants for other than urbanized areas	20.509	AR912	177,361
Formula grants for other than urbanized areas	20.509	APY49	13,622
Formula grants for other than urbanized areas	20.509	AQT10	36,144
Formula grants for other than urbanized areas	20.509	AQP10	59,288
NOGA	20.509	N/A	108,892
Job Access and Reverse Commute Program	20.516	AQP12	31,678
Job Access and Reverse Commute Program	20.516	ARB05	23,305
New Freedom Capital Assistance	20.521	AQP13	111,990
New Freedom Program	20.521	AQP11	<u>12,869</u>
Total Expenditures of Federal Awards			<u>\$ 1,005,632</u>
<u>STATE FINANCIAL ASSISTANCE</u>			
State of Florida Department of Transportation:			
Transportation Disadvantaged (CTD) Trip and Equipment Grant	55001	AR209	\$ 364,546
Altoona testing		AQU42	25,000
Shirley Conroy Rural Area Capital Assistance Program Grant	55001	AQU25	70,200
Commuter	55007	AQH46	<u>82,086</u>
Total Expenditures of State Financial Assistance			<u>\$ 541,832</u>
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 1,547,464</u>

RIDE SOLUTION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2014

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal grant and state assistance activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Because the Schedule presents only a selected portion of the operations of Ride Solution, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Ride Solution, Inc.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

To the Board of Directors of
Ride Solution, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ride Solution, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 3, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

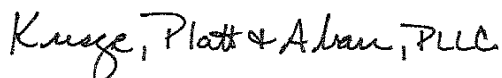
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



St. Augustine, FL
November 3, 2014

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.650

To the Board of Directors of
Ride Solution, Inc.

Report on Compliance for Each Major Federal Program and State Award

We have audited Ride Solution, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the requirements described in the Executive Office of the Florida Governor's State Projects Compliance Supplement, that could have a direct and material effect on each of the Organization's major federal programs and state awards for the year ended June 30, 2014. The Organization's major federal programs and state awards are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state awards.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs and state awards based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Those standards, the OMB Circular A-133 and Chapter 10.650 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state award occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state award. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program and State Award

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state awards for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state award to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state award and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, respectively, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state award on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state award will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state award that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Accordingly, this report is not suitable for any other purpose.

Krusge, Platt & Adam, PLLC

St. Augustine, FL
November 3, 2014

RIDE SOLUTION, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2014

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X _____ No	
Significant deficiency(ies) identified?	_____ Yes	_____ X _____ None reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____ No	

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X _____ No	
Significant deficiency(ies) identified?	_____ Yes	_____ X _____ None reported	

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

	_____ Yes	_____ X _____ No	
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Identification of major programs and projects:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
20.509	Formula grants for other than urbanized areas
<u>CSFA Number(s)</u>	<u>Name of State Program</u>
55001	Transportation Disadvantaged (CTD) Trip and Equipment Grant
55001	Shirley Conroy Rural Area Capital Assistance Program Grant

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	\$	300,000	
State	\$	162,550	

Auditee qualified as low-risk auditee? _____ Yes **X** _____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

RIDE SOLUTION, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2014

There are no prior audit findings.

KRESGE, PLATT & ABARE, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Directors
Ride Solution, Inc.

We have audited the financial statements of Ride Solution, Inc., as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated November 2, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, *Rules of the Florida Auditor General*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 and Chapter 10.650, Rules of the Florida Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated November 2, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General, which requires disclosure in the management letter noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Kresge, Platt & Abare, PLLC

St. Augustine, FL
November 2, 2014