

QUANTUM LEAP FARM, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2009

**QUANTUM LEAP FARM, INC.**

**TABLE OF CONTENTS**

**INDEPENDENT AUDITOR'S REPORT**

**FINANCIAL STATEMENTS**

Statement of Financial Position

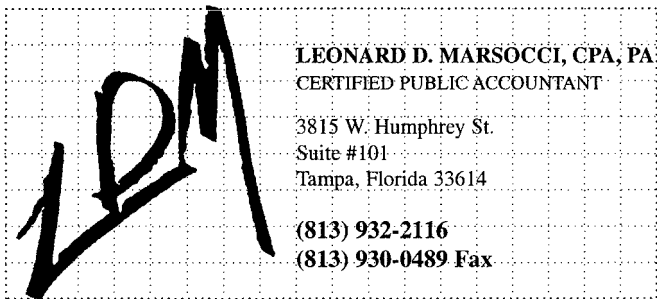
Statement of Activities

Statement of Functional Expenses

Statement of Cash Flows

Notes to Financial Statements

**REPORT ON INTERNAL CONTROL**




Board of Directors  
QUANTUM LEAP FARM, INC.

**INDEPENDENT AUDITOR'S REPORT**

I have audited the accompanying statement of financial position of **QUANTUM LEAP FARM, INC.** (a nonprofit organization) as of **June 30, 2009**, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the **QUANTUM LEAP FARM, INC.**'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. 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 of 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **QUANTUM LEAP FARM, INC.** as of **June 30, 2009**, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

  
Leonard D. Marsocci, CPA, PA  
Tampa, Florida

July 9, 2009

**Member**

★ ★

Florida Institute of Certified Public Accountants  
New York State Society of Certified Public Accountants  
American Institute of Certified Public Accountants

---

---

**QUANTUM LEAP FARM, INC.**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2009**

---

---

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$150,519
Investments	\$9,693
Accounts receivable	12,470
<b>TOTAL CURRENT ASSETS</b>	<b>172,682</b>
PROPERTY AND EQUIPMENT, NET	375,897
<b>TOTAL ASSETS</b>	<b>\$548,579</b>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts payable and accrued expenses	\$19,659
<b>TOTAL CURRENT LIABILITIES</b>	<b>19,659</b>
LONG TERM DEBT	0

**NET ASSETS**

Unrestricted	528,920
Temporarily restricted	0
Permanently restricted	0
<b>TOTAL NET ASSETS</b>	<b>528,920</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$548,579</b>

The accompanying notes are an integral part of these financial statements

---

---

QUANTUM LEAP FARM, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

---

---

	<u>Unrestricted</u>
<u>Support and revenue</u>	
<u>Support</u>	
Grant	\$330,432
Contributions	\$43,273
In-kind contributions	24,000
Fund raising	159,418
<b>Total support</b>	<u>557,123</u>
<u>Revenue</u>	
Riding lessons and fees	\$109,969
Interest and Dividends	920
<b>Total revenue</b>	<u>110,889</u>
<b>Total support and revenue</b>	668,012
<u>Expenses</u>	
Program services	\$410,379
Management and general	63,429
Fund raising	66,633
<b>Total expenses</b>	<u>540,441</u>
<b>Change in net assets</b>	127,571
Net assets, beginning of year	401,349
<b>Net assets, end of year</b>	<u><u>\$528,920</u></u>

The accompanying notes are an integral part of these financial statements

---

---

QUANTUM LEAP FARM, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2009

---

---

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:

Change in net assets	\$127,571
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	48,000
DECREASE in accounts payable & accrued expenses	(2,760)
INCREASE in other assets	<u>(7,472)</u>
<b>Total adjustments</b>	<u>37,768</u>
<b>Net cash provided by operating activities</b>	<u>165,339</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of property and equipment	(17,569)
INCREASE in investments	<u>(1,079)</u>
<b>Net cash used by investing activities</b>	<u>(18,648)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

DECREASE in long term debt	<u>(40,000)</u>
<b>Net cash used by financing activities</b>	<u>(40,000)</u>

NET DECREASE IN CASH	106,691
CASH, BEGINNING OF YEAR	<u>43,828</u>
<b>CASH, END OF YEAR</b>	<u><u>\$150,519</u></u>

The accompanying notes are an integral part of these financial statements

QUANTUM LEAP FARM, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED JUNE 30, 2009

	PROGRAM			SUPPORT SERVICES			Total Expenses
	Therapeutic and Recreational Riding	Total Program Services	Management and General	Fund Raising	Total Support Services	Total	
Salaries	\$128,565	\$128,565	\$42,855	\$0	\$42,855	\$171,420	
Bank charges	0	0	219	0	219	219	
Depreciation	48,000	48,000	0	0	0	48,000	
Horse maintenance	178,037	178,037	0	0	0	178,037	
Office expenses	0	0	14,402	0	14,402	14,402	
Professional fees	20,836	20,836	3,000	0	3,000	23,836	
Rent	24,000	24,000	0	0	0	24,000	
Supplies	0	0	0	66,633	66,633	66,633	
Utilities	10,941	10,941	0	0	0	10,941	
Interest	0	0	2,953	0	2,953	2,953	
	<b>\$410,379</b>	<b>\$410,379</b>	<b>\$63,429</b>	<b>\$66,633</b>	<b>\$130,062</b>	<b>\$540,441</b>	

See Accountant's Report and Notes to Financial Statements

**QUANTUM LEAP FARM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Nature of Activities**

**Quantum Leap Farm, Inc.** (the Organization) is a nonprofit community service organization located in Odessa, Florida. The Organization offers therapeutic and recreational horseback riding to mentally and physically challenged adults living in the Tampa Bay area. The purpose of the organization is to improve the quality of life for its participants in three spheres: physical, mental, and social. **Quantum Leap Farm, Inc.** is affiliated with a large national organization, Certified Horseman Association (CHA), Equine Assisted Growth and Learning Association (EAGALA) and operates in accordance with their safety standards and guidelines.

**Functional Allocation of Expense**

Expenses that can be identified with a specific program have been allocated directly to the program activity as a direct expense. Indirect expenses have been allocated between the programs and supporting services benefitted.

**Investments**

Investments are recorded at cost and approximate fair market value. Investments consist of money market funds and one corporate bond.

**Property and Equipment**

It is the Organization's policy to capitalize property and equipment greater than \$500 and recorded at cost.

Donations of property and equipment are recorded as support at their estimated fair value. 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. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Property and equipment are depreciated using the straight line method over their estimated useful lives from five to fifteen years.

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization had no temporarily or permanently restricted net assets in 2009.

### **Donated Services, Property and Equipment, Investments, and Supplies**

Approximately 100 volunteers serve regularly at **Quantum Leap Farm, Inc.** as each rider requires 3 volunteers and horse-care is ongoing and labor intensive. Total volunteer hours approximated 4,000 hours during 2008. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

### **Income Taxes**

The Organization is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for Federal income taxes in the accompanying financial statements.

### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Financial statements presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, 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.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Receivables**

Individual customer accounts are reviewed for collectability, considering historical collection information and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation deemed uncollectible.

### **Cash Flow**

For purposes of reporting cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**NOTE B - PROPERTY AND EQUIPMENT:**

As of **June 30, 2009**, property and equipment consisted of the following:

Horses	\$59,200
Equipment	61,637
Riding Arena	410,805
	<hr/>
	531,642
Less accumulated depreciation	(155,745)
	<hr/>
	<b>\$375,897</b>
	<hr/> <hr/>

Depreciation expense for year ended **June 30, 2009** was **\$48,000**.

**NOTE C - RELATED PARTY TRANSACTIONS:**

Property is leased to the Organization by its Executive Director. The property includes approximately ten acres of land. A value of \$2,000 per month is estimated based on land lease payments made by area trainers for similar land. An amount of \$24,000 for has been included in in-kind contributions and rent expense in the statement of activities.

**NOTE D - CASH AND CASH EQUIVALENTS:**

The Organization maintains cash and cash equivalent balances at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The uninsured bank balances totaled **\$0**.

**NOTE E - FAIR VALUE OF FINANCIAL INSTRUMENTS:**

Statement of Financial Accounting Standards No. 107 requires disclosures about the fair value of all financial instruments, whether or not recognized, for financial statement purposes. Fair value estimates are based on existing financial instruments and on pertinent information available to management without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments.

**REPORT ON INTERNAL CONTROL**

**LEONARD D. MARSOCCHI, CPA, PA**

To the Board of Directors of  
**QUANTUM LEAP FARM, INC.**

In planning and performing my audit of the financial statements of **QUANTUM LEAP FARM, INC.** as of and for the year ended **June 30, 2009** in accordance with auditing standards generally accepted in the United States of America, I considered **QUANTUM LEAP FARM, INC.** internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control that I consider to be material weaknesses, as defined above.

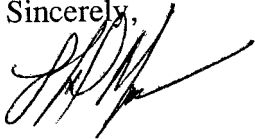
This written communication related to the significant deficiencies and material weaknesses identified during this year's audit is intended solely for the information and use by your management, those charged with your organization's governance, others you deem appropriate within your organization, and any governmental authorities you need to share this information with. It is not intended for use by anyone other than these specified parties.

LEONARD D. MARSOCCHI, CPA, PA

I am available to answer any questions that you may have related to the control deficiencies I identified during your audit or discuss the benefits and associated costs of any options you have for remedying them if you would like to do so. If you would like to set up a meeting to discuss this communication or your organization's internal controls, please feel free to contact me at 813-932-2116.

I appreciate the opportunity to conduct your organization's audit.

Sincerely,

A handwritten signature in black ink, appearing to read 'L. Marsocci', with a long horizontal flourish extending to the right.

Leonard D. Marsocci, CPA, PA  
Tampa, Florida

July 9, 2009