

QUANTUM LEAP FARM, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

**QUANTUM LEAP FARM, INC.
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YEAR ENDED JUNE 30, 2015**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Quantum Leap Farm, Inc.
Odessa, Florida

We have audited the accompanying financial statements of Quantum Leap Farm, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, 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. 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 auditors' 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.

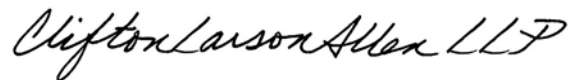
Board of Directors
Quantum Leap Farm, Inc.

Opinion

In our 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, 2015, 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.

Correction of Error

As described in Note 7 to the financial statements, the financial statements referred to above include a restatement to beginning net assets related to time restrictions on contributions receivable. Our opinion is not modified with respect to this matter.



CliftonLarsonAllen LLP

Tampa, Florida
December 10, 2015

QUANTUM LEAP FARM, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	250,139
Accounts Receivable		28,189
Promises to Give, Current Portion		113,817
Prepaid Expenses and Other Assets		10,065
Total Current Assets		402,210

LONG TERM PROMISES TO GIVE, NET

273,351

PROPERTY AND EQUIPMENT, NET

530,989

Total Assets

\$ 1,206,550

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	16,948
Accrued Expenses and Other Liabilities		3,775
Total Current Liabilities		20,723

NET ASSETS

Unrestricted		816,407
Temporarily Restricted		369,420
Total Net Assets		1,185,827

Total Liabilities and Net Assets

\$ 1,206,550

See accompanying Notes to Financial Statements.

**QUANTUM LEAP FARM, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND PUBLIC SUPPORT			
Contributions	\$ 405,448	\$ 66,204	\$ 471,652
Special Events, Net	285,248	319,020	604,268
Riding Lessons and Fees	326,919	-	326,919
Interest and Other Income	394	-	394
Net Assets Released from Restriction	83,621	(83,621)	-
Total Revenues, Gains, and Public Support	<u>1,101,630</u>	<u>301,603</u>	<u>1,403,233</u>
EXPENSES			
Program Services	688,966	-	688,966
Fundraising	53,659	-	53,659
Management and General	122,513	-	122,513
Total Expenses	<u>865,138</u>	<u>-</u>	<u>865,138</u>
CHANGES IN NET ASSETS	236,492	301,603	538,095
Net Assets - Beginning of Year As Previously Stated	647,732	-	647,732
PRIOR PERIOD ADJUSTMENT (NOTE 7)	<u>(67,817)</u>	<u>67,817</u>	<u>-</u>
Net Assets - Beginning of Year As Restated	<u>579,915</u>	<u>67,817</u>	<u>647,732</u>
NET ASSETS - END OF YEAR	<u>\$ 816,407</u>	<u>\$ 369,420</u>	<u>\$ 1,185,827</u>

See accompanying Notes to Financial Statements.

QUANTUM LEAP FARM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	Program Services	Supporting Services		Total Supporting Services	Total Functional Expenses
		Management and General	Fundraising		
Salaries and Taxes	\$ 336,047	\$ 88,900	\$ 53,078	\$ 141,978	\$ 478,025
Horse Maintenance	147,425	-	-	-	147,425
Professional Fees	23,929	14,939	-	14,939	38,868
Depreciation and Amortization	55,369	-	-	-	55,369
Other	32,393	18,215	581	18,796	51,189
Facilities	25,548	-	-	-	25,548
Computer and Office Expense	22,227	-	-	-	22,227
Insurance	16,533	459	-	459	16,992
Utilities	10,589	-	-	-	10,589
Marketing	3,475	-	-	-	3,475
Volunteer Expense	7,826	-	-	-	7,826
Travel	7,605	-	-	-	7,605
	<u>\$ 688,966</u>	<u>\$ 122,513</u>	<u>\$ 53,659</u>	<u>\$ 176,172</u>	<u>\$ 865,138</u>

See accompanying Notes to Financial Statements.

**QUANTUM LEAP FARM, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	538,095
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization		55,369
Loss on Sale of Property and Equipment		31
Donated Horses		(15,250)
Forgiveness of Trade Payable		(50,828)
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable		10,106
Promises to Give		(315,268)
Prepaid Expenses and Other Assets		(3,954)
Accounts Payable		(28,443)
Accrued Expenses and Other Liabilities		(7,712)
Net Cash Provided by Operating Activities		182,146

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment		(17,216)
Proceeds from Sale of Property and Equipment		600
Net Cash Used by Investing Activities		(16,616)

NET CHANGE IN CASH AND CASH EQUIVALENTS

165,530

Cash and Cash Equivalents - Beginning of Year

84,609

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 250,139

See accompanying Notes to Financial Statements.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 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 and incorporated in the state of Florida on January 19, 2000. The Organization's mission is to enrich and enhance the lives of kids and adults by engaging them in a variety of equestrian activities designed to promote and improve physical, mental, and social well-being. The Organization serves hundreds of challenged individuals a year in a dynamic environment. In 2000, it served only the adult disabled population. It has since seen significant growth and now serves people of all ages and abilities. In 2008, the Organization developed programs to address a variety of social, emotional, and mental health needs of participants. It now targets programs to serve military service members, families, and children dealing with pediatric cancer. The sources of revenue for the Organization's services include contributions and grants, fundraising events, and fees charged to customers.

Basis of Accounting

The Organization's financial statements have been prepared using the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when incurred.

Basis of Presentation

The Organization has presented its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) for nonprofit organizations. Under this guidance, 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, or permanently restricted net assets.

- Unrestricted amounts are those currently available at the discretion of the Board of Directors for use in the Organization's operations, and those resources invested in land, buildings, and equipment.
- Temporarily restricted amounts are those restricted by donors for specific purposes that may become unrestricted by actions taken by the Organization or the passage of time.
- Permanently restricted amounts are those that are restricted by donors that must be retained and permanently invested by the Organization. There were no permanently restricted net assets as of June 30, 2015.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Description of Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Therapeutic Riding

Therapeutic riding is an excellent form of exercise therapy that is fun, safe, challenging and socially rewarding. The goals of therapeutic riding revolve around learning horsemanship, improving basic riding skills and many times, learning a specific riding discipline such as dressage or western pleasure. In therapeutic riding, special attention is paid to facilitating improvements in muscle strength, coordination, balance, stamina, self-confidence and social interaction. Lesson plans are tailored individually to address clients' special needs. Our therapeutic riding instructors are specially trained and certified to instruct clients with a wide variety of physical and mental disabilities, as well as clients who are not disabled. Sessions are conducted in our covered riding arena, pastures and round pen. Therapeutic sessions are conducted according to each rider's interests, needs, abilities and rate of progress. Participants in our therapeutic equine programs are self-referred or may be referred by a medical professional.

Hippotherapy

Hippotherapy is a form of physical, occupational or speech therapy in which a licensed therapist uses the characteristic movements of a horse to provide carefully graded sensory input. For clients recovering from injury or who have physical disability, Hippotherapy is an excellent exercise for improving functional mobility. Facilitated by our licensed Occupational Therapist and our licensed Physical Therapist, sessions are conducted mounted or on the ground. Patient and therapist develop goals and treatment plans for functional improvements using the horse as a therapeutic tool and exploiting the horses' movement to benefit the rider. Goals do not involve horsemanship and are strictly focused on physical improvements in balance, proprioception, range of motion, postural control, muscular strength and endurance, and cardiovascular fitness. Participants are referred through their physicians and therapists.

At E.A.S.E (Equine-Assisted Self Exploration)

This program facilitates learning through experiences with horses in specifically designed activities for emotional and relational growth. The horse's innate ability to sense the imbalance between the outward self and the inner self creates a powerful tool for self-exploration and adjustment. At E.A.S.E. is the process and the goal aided by the horse. The program is effective for corporate team building, recovery support, couples, families and individuals.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Description of Program and Supporting Services (Continued)

EAGALA Model of Equine Assisted Psychotherapy

Engaging, Active and Effective – Experiences with horses in EAGALA model EAP provide real opportunities for mirroring life which helps you quickly see the problems and find solutions that work for you.

For Everyone - Working with individuals, families or groups, and with all ages, EAGALA model EAP provides powerful opportunities to get to the heart of the issues and lead to healthier communication, stronger partnerships and happier relationships.

For Any Problem - Whether treating addictions, trauma, social and behavioral disorders, depression or other issues, EAGALA model EAP can help you find meaningful, lasting solutions.

Grounded - In EAGALA model EAP, work with horses is done on the ground, and no prior knowledge of horses is needed.

Professional Therapy - The EAGALA model of EAP involves a team incorporating the skills of a licensed mental health professional, an experienced equine specialist, and horse(s) – working with you to successfully reach your goals.

Military Programs

Injured service members may participate in therapeutic or recreational riding, Hippotherapy, kinesthetic therapy, or At EASE sessions. Once per quarter we host “Military Family Fun Day” for military families featuring a cook-out, pony rides for the kids, pony painting, arts & crafts, hay rides and all kinds of down-on-the-farm fun for everyone!

Our At EASE Program assists service members and their families who are in transition, injured and/or seeking personal or professional development.

Quantum Leap Farm has long-standing relationships with both our local VA hospitals. Injured service members are referred from multiple departments at James Haley Veterans Administration Medical Center, Bay Pines Veterans Administration Medical Center, various family services centers located on MacDill Air Force Base, and many other local veterans’ support organizations.

Management and General

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization’s program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on historical experience and other circumstances which may affect the ability of clients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management has determined that no allowance is needed as of June 30, 2015.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Management estimates an allowance for promises to give based on historical experience and other circumstances which may affect the ability of donors to meet their obligations. It is the Organization's policy to charge off uncollectible promises to give when management determines the balance will not be collected.

Property and Equipment

Property and equipment is recorded at historical cost and includes expenditures which substantially increase the useful lives of existing property and equipment. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000, or if donated, at fair market value at the date of acquisition. Maintenance and repairs are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the related asset account and related accumulated depreciation account are relieved, and any gain or loss is included in other income or expense.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Property and Equipment (Continued)

Depreciation and amortization of property and equipment is computed using the straight line method over the estimated useful lives of the assets as follows:

Riding Arena	15 years
Barn Equipment	5 years
Horses	5-10 years
Building	5-15 years
Leasehold Improvements	10 years
Computers and Servers	3-10 years

Donations of property and equipment reported as increases in unrestricted net assets 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 contributions. 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.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or their fair value less costs to sell.

Contributions

Under accounting principles generally accepted in the United States of America for nonprofit organizations, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions and vendor support received with donor-imposed restrictions that are met in the same year in which received are classified as unrestricted.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. Approximately 600 volunteers serve regularly as disabled riders can require up to 3 volunteers and horse-care is ongoing and labor intensive. Total volunteer hours approximated 11,000 hours during the year ended June 30, 2015, respectively. No amounts have been recognized in the accompanying statement of activities because the recognition criteria were not met.

Functional Allocation of Expense

The costs of providing various program and related supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated to the appropriate program and supporting services.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and from state corporate income tax under applicable Florida Statutes. The IRC provides for taxation of unrelated business income under certain circumstances. The Organization has no unrelated business income; however, such status is subject to final determination upon examination of the related income tax returns by the appropriate taxing authorities. The Organization has no uncertain tax positions that it has taken and believes that it can defend its tax return in any jurisdiction.

NOTE 2 PROMISES TO GIVE

Unconditional promises to give at June 30, 2015 are as follows:

Less Than 1 Year	\$ 113,817
1 to 5 Years	303,484
Total Promises to Give	<u>417,301</u>
Less Allowance for Uncollectible Promises	(15,174)
Less Net Present Value Discount	<u>(14,959)</u>
Promises to Give, Net	<u><u>\$ 387,168</u></u>

Promises to give that are due in more than one year are discounted at 1.6%.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2015:

Riding Arena	\$ 491,001
Barn Equipment	62,637
Horses	87,950
Building	273,196
Leasehold Improvements	23,871
Computers and Servers	15,081
	953,736
Less Accumulated Depreciation	(422,747)
Total	\$ 530,989

Depreciation expense for year ended June 30, 2015, totaled \$55,369.

NOTE 4 LINE OF CREDIT

The Organization has a \$50,000 revolving line of credit, all of which was unused at June 30, 2015. Bank advances on the credit line are due at maturity in May 2017. Interest is due monthly at a variable rate equal to the prime rate plus 0.5% (3.75% at June 30, 2015). The credit line is secured by business assets.

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Purpose Restrictions	\$ 7,302
Time Restrictions on Promises to Give	362,118
Total	\$ 369,420

NOTE 6 CONCENTRATION OF CREDIT RISK

The Organization maintains deposits in a financial institution that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization believes that there is no significant risk with respect to these deposits. The Organization has not experienced any losses on its deposits with financial institution.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 PRIOR PERIOD ADJUSTMENT

In prior years, the Organization classified all contributions receivable as unrestricted net assets. During the current year, the Organization concluded that some contributions receivable have implicit time restrictions that should be classified as temporarily restricted net assets. Therefore, beginning net assets have been restated to reclassify \$67,817 from unrestricted net assets to temporarily restricted net assets. This adjustment had no effect on the change in net assets for the year ended June 30, 2014.

NOTE 8 RELATED PARTIES

The Organization receives contributions from members of its governing board. The Organization received contributions from members of the governing board totaling \$117,500 during the year ended June 30 2015. The accompanying statement of financial position includes \$148,732 of promises to give from members of the governing board as of June 30, 2015.

NOTE 9 SUBSEQUENT EVENTS

Subsequent events were evaluated through December 10, 2015, which is the date the financial statements were available to be issued.