



Quantum Leap Farm, Inc.

FINANCIAL STATEMENTS

June 30, 2023



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INDEPENDENT AUDITOR'S REPORT

Quantum Leap Farm, Inc.
Odessa, Florida

Qualified Opinion

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the effects of Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 958, *Not-for-Profit Entities*, described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Quantum Leap Farm, Inc. as of June 30, 2023, and the statements of activities, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As more fully described in Note 13 to the financial statements, the Organization has not recorded contributions and related receivables in accordance with generally accepted accounting principles. Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 958, *Not-for-Profit Entities*, the net present value of in-kind rent as a contribution and related receivable.

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tampa, Florida
January 30, 2024

Quantum Leap Farm, Inc.
Statement of Financial Position

<i>June 30,</i>	2023
Assets	
Current assets	
Cash and cash equivalents	\$ 623,318
Accounts receivable, net	11,333
Marketable securities	297,094
Beneficial interest in assets held by others	28,068
Promises to give, current portion	7,070
Prepaid expenses	40,105
Total current assets	1,006,988
Non-current assets	
Promises to give, net	6,208
Property and equipment, net	3,212,121
Total non-current assets	3,218,329
Total assets	\$ 4,225,317
Liabilities and Net Assets	
Current liabilities	
Accounts payable	\$ 21,797
Accrued liabilities	11,520
Current portion of note payable	8,828
Total current liabilities	42,145
Long-term liabilities	
Note payable, less current portion	138,422
Total long-term liabilities	138,422
Total liabilities	180,567
Net assets	
Without donor restrictions	4,015,535
With donor restrictions	29,215
Total net assets	4,044,750
Total liabilities and net assets	\$ 4,225,317

The accompanying notes are an integral part of these financial statements

Quantum Leap Farm, Inc. Statement of Activities

<i>For the years ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2023 Total
Revenue and other support			
Contributions	\$ 3,109,394	\$ -	\$ 3,109,394
Grants	701,900	-	701,900
Special event revenue	760,631	-	760,631
Less: Special events expenses	(187,367)	-	(187,367)
Net revenues from special events	573,264	-	573,264
Riding lessons and fees	94,082	-	94,082
Investment income, net	7,827	-	7,827
Loss on disposal of property and equipment	(28,181)	-	(28,181)
Net assets released from restrictions	51,099	(51,099)	-
Total revenue and other support	4,509,385	(51,099)	4,458,286
Expenses			
Program services	1,046,846	-	1,046,846
General and administrative	162,629	-	162,629
Fundraising	273,496	-	273,496
Total expenses	1,482,971	-	1,482,971
Change in net assets	3,026,414	(51,099)	2,975,315
Net assets at beginning of year	989,121	80,314	1,069,435
Net assets at end of year	\$ 4,015,535	\$ 29,215	\$ 4,044,750

The accompanying notes are an integral part of these financial statements

Quantum Leap Farm, Inc. Statement of Functional Expenses

<i>For the year ended June 30,</i>	Program Service	General and Administrative	Fundraising	2023 Total
Salaries and related expenses	\$ 534,479	\$ 76,354	\$ 152,708	\$ 763,541
Contract services	83,790	52,000	100,655	236,445
Occupancy	16,965	2,424	4,846	24,235
Insurance	13,020	-	2,154	15,174
Marketing	7,320	5,703	-	13,023
Business	12,657	4,219	3,215	20,091
Barn and facility management	34,714	4,959	9,918	49,591
Farm animal expenses	208,747	-	-	208,747
Activity expenses	96,513	-	-	96,513
Donor stewardship and cultivation	-	7,715	-	7,715
Depreciation and amortization	37,548	-	-	37,548
Bad debt expense	1,093	9,255	-	10,348
Total	\$ 1,046,846	\$ 162,629	\$ 273,496	\$ 1,482,971

The accompanying notes are an integral part of these financial statements

Quantum Leap Farm, Inc.
Statement of Cash Flows

<i>For the years ended June 30,</i>	2023
Operating Activities	
Change in net assets	\$ 2,975,315
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Bad debts	1,093
Depreciation	37,548
(Gain) loss on sale of property and equipment	28,181
Unrealized and realized loss (gain) on investments	(1,321)
Loss on promises to give	9,255
Changes in operating assets and liabilities	
Accounts receivable	2,129
Promises to give	41,844
Prepaid expenses and other assets	(8,035)
Accounts payable	5,083
Accrued expenses	1,572
Net cash provided by (used in) operating activities	3,092,664
Investing Activities	
Purchase of property and equipment	(3,025,166)
Purchase of Investments	(297,094)
Net cash provided by (used in) investing activities	(3,322,260)
Financing Activities	
Payments on note payable	(7,309)
Net cash provided by (used in) financing activities	(7,309)
Net change in cash, cash equivalents and restricted cash	(236,905)
Cash, cash equivalents and restricted cash at beginning of year	860,223
Cash, cash equivalents and restricted cash at end of year	\$ 623,318
Schedule of Certain Cash Flow Information	
Cash paid for interest	\$ 4,122

The accompanying notes are an integral part of these financial statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Quantum Leap Farm, Inc. (the Organization) is a nonprofit comprehensive equine-assisted therapies program incorporated in the state of Florida on January 19, 2000. This state-of-the-art ADA accessible farm operates on 20 acres in beautiful Odessa, Florida, and serves children and adults with disabilities living in and around the Tampa Bay area and current and former military service members who come from all over the US. The Organization also works with their family members understanding the impacts of having a disabled family member affects an entire family. The Organization's mission is to inspire and empower people of all ages and abilities to recognize and fulfill their potential, through equine-assisted therapies.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent 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.

Program Services

Therapeutic riding participants are encouraged to focus on their abilities instead of their disabilities. While they're learning horsemanship skills they're also experiencing exercises that stretch muscles, improve balance and provide a total body gentle muscular workout. Participants also experience social and intellectual benefits including improved communication and relationship-building skills, and decreased anxiety and impulsivity. Goals are horsemanship related and sessions are facilitated by our certified riding instructors.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Services (Continued)

Hippotherapy services utilize an intensive therapeutic approach facilitated by a specially trained, certified and licensed Occupational Therapist, Physical Therapist or Speech Pathologist. The practitioners utilize the characteristic movements of the horse to provide carefully graded sensory input resulting in functional improvements in balance, proprioception, range of motion, postural control, muscular strength, endurance and tone and, cardiovascular fitness, as well as helping with neurological reorganization.

Equine-Assisted Self Exploration psychotherapy: Is one of our mental health programs. In this, veterans will work with specially trained, certified and licensed Mental Health Counselors in sessions designed to help clients acknowledge and recognize emotional challenges and triggers, assess and identify available resources, and to learn and employ healthy coping strategies, self-reliance and personal responsibility. Metaphoric and experiential learning facilitate personal growth and development.

Other programs include family fun days, and internships for students in related fields. Family Fun Days are population-specific family-oriented events designed to encourage family member interaction and provide invaluable peer-to- peer support. Events feature a lunchtime cookout, pony rides for kids 12 and under, pony painting, equine-themed arts and crafts, and outdoor games of all kinds. These relaxing and fun afternoons provide special bonding time for families experiencing similar circumstances, in a beautiful and emotionally safe space where they can recreate, connect or re-connect and engage with each other.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Investments

The Organization reports investments in U.S. Treasury's with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beneficial Interest in Assets Held by Others

Consists of a fund with a local community foundation. The funds are invested in the Community Foundation's investment pool and the Organization receives a proportionate share of the overall investment return of the pool. The underlying investments in the community foundation's investment pool consists of cash, equity securities, debt securities, private equity funds, limited partnerships, and hedge funds. These assets are measured at fair value, as reported by community foundation.

Revenue Recognition and Related Accounts Receivable

Program service fees and payments under various contracts are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Program services include hippotherapy activities, therapeutic activities, and equine experiential learning. Program services fees and related receivables are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to their program participants. Revenue is recognized as performance obligations are satisfied. Revenue is recognized over time as the services are performed.

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 members to meet their obligations.

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, 2023.

Contributions and Grants and Related Promises to Give

Contributions and grants received are classified as with and without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions and grants receivable are recognized when an unconditional promise to give is received. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. The Organization has not recorded the present value discount for long-term contributions as they have determined it does not materially impact the financial statements. 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.

Quantum Leap Farm, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Grants and Related Promises to Give (continued)

Conditional contributions and grants – that is, those with a measurable performance or other barrier and a right of return – are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Payments received before conditions are substantially met are recorded as deferred revenue in the accompanying statements of financial position. There were no conditional contributions and grants awarded in the year ended June 30, 2023.

Special Events

Special fundraising events comprise an exchange element based on the value of benefits provided and a contribution element for the difference between the total support and the exchange element. The exchange element includes the meals and services provided to participants and the auction items purchased at the events. The performance obligation for meals and services provided is met over time as the event occurs. The performance obligation for auction items purchased is met at a point in time when auction closes.

The following table shows the Organization’s special events revenue for the year ended June 30, disaggregated according to the timing of revenue recognition:

	2023
Unconditional Contributions	\$ 655,574
Meals and Services	48,560
Auction Proceeds	56,497
Total	\$ 760,631

Property and Equipment

Property and equipment is recorded at historical cost less accumulated depreciation, 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 \$2,500, or if donated, at fair market value at the date of acquisition. Depreciation and amortization of property and equipment is computed using the straight-line method over the estimated useful lives of the assets. 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated services are recognized as contributions upon performance of service 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 Organization. Volunteers serve regularly as disabled riders can require up to three volunteers and horse-care is ongoing and labor intensive. The accompanying statements of activities do not include any contributions related to these volunteer hours because the recognition criteria were not met.

Functional Allocation of Expenses

The costs of providing various program and related supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated to one or more of the appropriate program and supporting services. Salaries and related expense, occupancy expense and barn and facility management are allocated based on estimated time and effort of personnel. Depreciation and amortization are allocated based on estimated use of asset. All other expenses are directly or indirectly allocated to the programs and services they support.

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 utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2023, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and capital assets reserve.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 30, 2024, see Note 13, for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Quantum Leap Farm, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

The Organization adopted the standard effective July 1, 2022, and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the earliest comparative period presented) using a modified retrospective approach, with certain practical expedients available. There were no significant impacts of implementing this Statement.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<u>June 30,</u>	<u>2023</u>
Total assets at year end	\$ 4,225,317
Less non-financial assets	
Prepaid expenses and other assets	(40,105)
Property and equipment, net	(3,212,121)
<hr/>	
Financial assets at year-end	973,091
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions	
Restricted by donor with time or purpose restrictions	(29,215)
<hr/>	
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 943,876</u>

The Organization is principally supported by contributions and grants from the public. The goal of the Organization is to maintain available financial assets to meet its next 30 days of operating expenses of approximately \$142,000. In the event of unanticipated liquidity needs, the Organization has a line of credit with available borrowings of \$50,000.

Quantum Leap Farm, Inc.
Notes to Financial Statements

Note 4: PROMISES TO GIVE

Unconditional promises to give consist of the following:

<i>June 30,</i>	2023
Receivable within one year	\$ 23,007
Receivable in one to five years	6,208
Total promises to give	<u>29,215</u>
Less: Allowance for uncollectible promises to give	<u>(15,937)</u>
Promises to give, net	13,278
Less: Promises to give, net of current portion	<u>(7,070)</u>
Promises to give, net of current portion	<u><u>\$ 6,208</u></u>

Note 5: PROPERTY AND EQUIPMENT

The components of property and equipment at June 30, 2023, are as follows:

	Estimated Useful Lives	2023
Land	NA	\$ 2,914,576
Riding Arena	5 to 15 Years	520,508
Barn Equipment	5 to 12 Years	40,054
Horses	3 to 10 Years	25,550
Building	5 to 39 Years	337,768
Leasehold Improvements	15 Years	49,785
Furniture and Fixtures	5 Years	42,815
Computers and Servers	3 to 10 Years	25,018
		<u>3,956,074</u>
Less accumulated depreciation		<u>(743,953)</u>
Property and equipment, net		<u><u>\$ 3,212,121</u></u>

Depreciation expense for the year ended June 30, 2023 amounted to \$37,548.

Quantum Leap Farm, Inc.
Notes to Financial Statements

Note 6: LONG-TERM DEBT

The Organization has a 30 year loan with the U.S. Small Business Administration (SBA) that originated in May 2020 and bears interest at a fixed rate of 2.75%. The loan is secured by the organization's assets. Monthly payments of principal and interest are \$640. At June 30, 2023 the total amount outstanding on this loan was \$142,266.

The Organization has a four-year equipment loan that originated in October 2020 and bears interest at 1.2%. The loan secured by the financed equipment with net book value of approximately \$12,000. Monthly payments of principal and interest are \$311. At June 30, 2023, the amount outstanding on this loan is \$4,984.

Maturities of long-term debt subsequent to June 30, 2023, are as follows:

For the years ending June 30,

2024	\$	8,828
2025		3,951
2026		4,061
2027		4,174
2028		4,290
Thereafter		121,946
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Total	\$	147,250

Note 7: LINE OF CREDIT

The Organization maintains a line of credit agreement with a financial institution. Available borrowings related to the agreement are \$50,000, with an interest rate of 9.00%, secured by real property with a net book value of 3,212,122. The credit line expires on December 31, 2024 and renews annually. The outstanding balance as of June 30, 2023 was \$0.

Note 8: NET ASSETS

A summary of net assets with donor restrictions follows:

With donor restrictions		2023
<i>June 30,</i>		
Time restricted on promises to give	\$	29,215
Total net assets with donor restrictions	\$	29,215

A summary of the release of donor restrictions follows:

<i>For the years ended June 30,</i>		2023
Time restrictions	\$	51,099
Total net assets with donor restrictions	\$	51,099

Note 9: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Note 9: FAIR VALUE MEASUREMENTS (Continued)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

U.S. Treasury securities classified as Level 1 of the fair value hierarchy are valued using quoted prices at June 30 (or the most recent market close date if the market are closed on June 30) in active markets from the custodian bank's primary external pricing vendors.

Beneficial Interest in Assets Held by Others: The investments are managed by a third party unrelated to the organization. The assets are valued based on third party pricing information without adjustment. The organization does not develop nor are they provided with quantitative inputs used to develop the fair values. There have been no purchases, issues or transfers of these assets for the year ended June 30, 2023.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets and liabilities measured at fair value on a recurring basis, are summarized for the year ended June 30, 2023:

<i>June 30, 2023</i>	Level 1	Level 2	Level 3	Total
U.S. Treasuries	\$ 297,094	\$ -	\$ -	\$ 297,094
Beneficial Interest in Assets Held by Others	-	-	28,068	28,068
Total investments at fair value	\$ 297,094	\$ -	\$ 28,068	\$ 325,162

Note 9: FAIR VALUE MEASUREMENTS (Continued)

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the year ended June 30, 2023, there were no significant transfers in or out of Levels 1, 2 or 3.

Note 10: CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash deposits with financial institutions at June 30, 2023 in excess of federally insured limits of approximately \$606,000.

NOTE 11: CONTINGENCIES

The Organization was awarded forgivable, interest-free mortgages from the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG), which is passed through Hillsborough County. These funds were recognized as revenue in the year of receipt.

In 2006, the Organization executed a mortgage, which has a balance of \$568,295 as of June 30, 2023. The mortgage shall be forgiven on August 12, 2024 if the terms and conditions of the CDBG agreement are met. Among other CDBG requirements, the property is required to be maintained and used for training, educational and socialization for the disabled until October 4, 2036.

Note 12: RELATED PARTIES

The Organization maintains a contract for \$1,000 per month with a family member of the Executive Director to provide social media & design services to the Organization. The total expense was \$12,000 for the year ended June 30, 2023.

NOTE 13: BASIS FOR QUALIFIED OPINION

On June 22, 2006 the Organization signed a 99 year lease for the farm, barn and associated land located in Odessa, Florida. The Organization is responsible for paying all taxes, insurance and utilities related to the property. The annual lease payment is \$1.00. The lessor has ability to terminate the lease at any time during the lease.

NOTE 13: BASIS FOR QUALIFIED OPINION (Continued)

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 958, *Not-for-Profit Entities*, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets requires the Organization to determine the market rate for the leases property and record the net present value of the market rate as a contribution and related receivable.

The Organization determined the annual market rate lease to be \$30,000. Using a 3% discount rate over the remaining term of the lease the contribution receivable as of June 30, 2023 is \$911,418. In-kind rent expense is \$30,000 for June 30, 2023.

On December 13, 2023 the lease was amended to include an annual base rent of \$30,000 for the period July 1, 2023 through June 30, 2024 and \$31,500 for the period July 1, 2024 through June 30, 2025. Each subsequent year through the term of the lease will increase by 5% or CPI, whichever is greater. The amendment allows either party to terminate the lease with 60 days notice.