

QUANTUM LEAP FARM, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019



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**QUANTUM LEAP FARM, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Quantum Leap Farm, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
January 25, 2021

QUANTUM LEAP FARM, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 531,325	\$ 167,549
Accounts Receivable	3,226	17,493
Beneficial Interest in Assets Held by Others	25,959	26,491
Promises to Give, Current Portion	95,162	77,492
Prepaid Expenses	27,951	25,240
Total Current Assets	683,623	314,265
PROMISES TO GIVE, NET OF CURRENT PORTION	96,438	189,907
PROPERTY AND EQUIPMENT, NET	342,633	375,878
Total Assets	\$ 1,122,694	\$ 880,050
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 14,667	\$ 24,400
Line of Credit	-	14,227
Current Portion of Notes Payable	1,579	5,159
Accrued Expenses and Other Liabilities	26,074	27,054
Total Current Liabilities	42,320	70,840
NONCURRENT LIABILITIES		
Notes Payable, Net of Current Portion	149,711	1,290
Payroll Protection Program Loan	148,316	-
Total Noncurrent Liabilities	298,027	1,290
Total Liabilities	340,347	72,130
NET ASSETS		
Without Donor Restrictions	484,486	482,804
With Donor Restrictions	297,861	325,116
Total Net Assets	782,347	807,920
Total Liabilities and Net Assets	\$ 1,122,694	\$ 880,050

See accompanying Notes to Financial Statements.

**QUANTUM LEAP FARM, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING REVENUES AND PUBLIC SUPPORT			
Contributions and Grants	\$ 427,833	\$ 120,914	\$ 548,747
Special Event Revenue	785,151	128,700	913,851
Less: Costs of Direct Benefits to Donors	<u>(59,643)</u>	<u>-</u>	<u>(59,643)</u>
Net Revenues from Special Events	725,508	128,700	854,208
Riding Lessons and Fees	82,810	-	82,810
Interest and Other Income	2,107	-	2,107
Net Assets Released from Restrictions	<u>276,869</u>	<u>(276,869)</u>	<u>-</u>
Total Operating Revenues and Public Support	1,515,127	(27,255)	1,487,872
OPERATING EXPENSES			
Program Services	877,002	-	877,002
Management and General	286,807	-	286,807
Fundraising	<u>231,808</u>	<u>-</u>	<u>231,808</u>
Total Operating Expenses	<u>1,395,617</u>	<u>-</u>	<u>1,395,617</u>
CHANGE IN OPERATING NET ASSETS	119,510	(27,255)	92,255
NONOPERATING ACTIVITIES			
Loss on Promises to Give	<u>(117,828)</u>	<u>-</u>	<u>(117,828)</u>
CHANGE IN NET ASSETS	1,682	(27,255)	(25,573)
Net Assets - Beginning of Year	<u>482,804</u>	<u>325,116</u>	<u>807,920</u>
NET ASSETS - END OF YEAR	<u>\$ 484,486</u>	<u>\$ 297,861</u>	<u>\$ 782,347</u>

See accompanying Notes to Financial Statements.

**QUANTUM LEAP FARM, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND PUBLIC SUPPORT			
Contributions and Grants	\$ 422,175	\$ 74,094	\$ 496,269
Special Event Revenue	538,515	145,860	684,375
Less: Costs of Direct Benefits to Donors	(45,836)	-	(45,836)
Net Revenues from Special Events	492,679	145,860	638,539
 Riding Lessons and Fees	 151,246	 -	 151,246
Interest and Other Income	1,384	-	1,384
Net Assets Released from Restrictions	244,590	(244,590)	-
Total Operating Revenues and Public Support	1,312,074	(24,636)	1,287,438
 OPERATING EXPENSES			
Program Services	905,730	-	905,730
Management and General	254,714	-	254,714
Fundraising	213,498	-	213,498
Total Operating Expenses	1,373,942	-	1,373,942
 CHANGE IN OPERATING NET ASSETS	 (61,868)	 (24,636)	 (86,504)
 NONOPERATING ACTIVITIES			
Loss on Promises to Give	(50,011)	-	(50,011)
 CHANGE IN NET ASSETS	 (111,879)	 (24,636)	 (136,515)
Net Assets - Beginning of Year	594,683	349,752	944,435
 NET ASSETS - END OF YEAR	\$ 482,804	\$ 325,116	\$ 807,920

See accompanying Notes to Financial Statements.

QUANTUM LEAP FARM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services	Supporting Services			Total Supporting Services	Total Expenses
		Management and General	Fundraising	Cost of Direct Benefits to Donors		
Salaries and Related Expenses	\$ 473,835	\$ 208,809	\$ 120,467	\$ -	\$ 329,276	\$ 803,111
Contract Services Expenses	21,845	20,164	-	-	20,164	42,009
Occupancy Expenses	24,230	10,656	6,160	-	16,816	41,046
Insurance	4,835	14,506	-	-	14,506	19,341
Marketing Expenses	6,937	-	-	-	-	6,937
Business Expenses	10,108	3,318	3,372	-	6,690	16,798
Barn and Facility Management	47,027	20,724	11,956	-	32,680	79,707
Depreciation and Amortization	59,132	8,630	-	-	8,630	67,762
Farm Animals Expenses	188,718	-	-	-	-	188,718
Activity Expenses	34,127	-	-	-	-	34,127
Event Food and Beverage	-	-	-	59,643	59,643	59,643
Event Venue	-	-	7,410	-	7,410	7,410
Event Fees and Rentals	-	-	34,610	-	34,610	34,610
Other Event Expenses	-	-	41,946	-	41,946	41,946
Donor Stewardship and Cultivation	-	-	5,887	-	5,887	5,887
Bad Debt Expense	6,208	-	-	-	-	6,208
Loss on Promises to Give	71,008	23,223	23,597	-	46,820	117,828
Total Expenses	<u>948,010</u>	<u>310,030</u>	<u>255,405</u>	<u>59,643</u>	<u>625,078</u>	<u>1,573,088</u>
EXPENSES INCLUDED WITH REVENUE ON THE STATEMENT OF ACTIVITIES:						
Costs of Direct Benefits to Donors	-	-	-	59,643	59,643	59,643
EXPENSES INCLUDED IN NONOPERATING ACTIVITIES ON THE STATEMENT OF ACTIVITIES:						
Loss on Promises to Give	<u>71,008</u>	<u>23,223</u>	<u>23,597</u>	<u>-</u>	<u>46,820</u>	<u>117,828</u>
EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES						
	<u>\$ 877,002</u>	<u>\$ 286,807</u>	<u>\$ 231,808</u>	<u>\$ -</u>	<u>\$ 518,615</u>	<u>\$ 1,395,617</u>

See accompanying Notes to Financial Statements.

QUANTUM LEAP FARM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services			Total Supporting Services	Total Expenses
		Management and General	Fundraising	Cost of Direct Benefits to Donors		
Salaries and Related Expenses	\$ 517,986	\$ 180,510	\$ 86,331	\$ -	\$ 266,841	\$ 784,827
Contract Services Expenses	27,601	31,029	2,500	-	33,529	61,130
Occupancy Expenses	28,975	10,097	4,829	-	14,926	43,901
Insurance	3,094	9,827	-	-	9,827	12,921
Marketing Expenses	2,988	-	4,327	-	4,327	7,315
Business Expenses	14,687	-	-	-	-	14,687
Barn and Facility Management	38,519	13,423	6,420	-	19,843	58,362
Depreciation and Amortization	55,436	9,828	-	-	9,828	65,264
Farm Animals Expenses	174,483	-	-	-	-	174,483
Activity Expenses	38,389	-	-	-	-	38,389
Event Food and Beverage	-	-	-	45,836	45,836	45,836
Event Venue	-	-	18,756	-	18,756	18,756
Event Fees and Rentals	-	-	32,900	-	32,900	32,900
Other Event Expenses	-	-	53,887	-	53,887	53,887
Donor Stewardship and Cultivation	-	-	3,548	-	3,548	3,548
Bad Debt Expense	3,572	-	-	-	-	3,572
Loss on Promises to Give	32,007	9,002	9,002	-	18,004	50,011
Total Expenses	<u>937,737</u>	<u>263,716</u>	<u>222,500</u>	<u>45,836</u>	<u>532,052</u>	<u>1,469,789</u>
EXPENSES INCLUDED WITH REVENUE ON THE STATEMENT OF ACTIVITIES:						
Costs of Direct Benefits to Donors	-	-	-	45,836	45,836	45,836
EXPENSES INCLUDED IN NONOPERATING ACTIVITIES ON THE STATEMENT OF ACTIVITIES:						
Loss on Promises to Give	<u>32,007</u>	<u>9,002</u>	<u>9,002</u>	<u>-</u>	<u>18,004</u>	<u>50,011</u>
EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES	<u><u>\$ 905,730</u></u>	<u><u>\$ 254,714</u></u>	<u><u>\$ 213,498</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 468,212</u></u>	<u><u>\$ 1,373,942</u></u>

See accompanying Notes to Financial Statements.

QUANTUM LEAP FARM, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (25,573)	\$ (136,515)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	67,762	65,264
Bad Debt Expense	6,208	3,572
Loss on Promises to Give	117,828	50,011
Donated Property and Equipment	(13,500)	-
(Increase) Decrease in Assets:		
Accounts Receivable	14,267	28,331
Promises to Give	(48,237)	28,080
Prepaid Expenses	(2,711)	(11,524)
Increase (Decrease) in Liabilities:		
Accounts Payable	(9,733)	(1,371)
Accrued Expenses and Other Liabilities	(980)	(480)
Net Cash Provided by Operating Activities	105,331	25,368
 CASH FLOWS FROM INVESTING ACTIVITIES		
Beneficial Interest in Assets Held by Others	532	(789)
Purchase of Property and Equipment	(21,017)	(3,586)
Net Cash Used by Investing Activities	(20,485)	(4,375)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	298,316	-
Principal Payments on Notes Payable	(5,159)	(5,159)
Net Payments on Line of Credit	(14,227)	(9,094)
Net Cash Provided (Used) by Financing Activities	278,930	(14,253)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	363,776	6,740
Cash and Cash Equivalents - Beginning of Year	167,549	160,809
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 531,325	\$ 167,549
 SUPPLEMENTARY INFORMATION		
Cash Paid for Interest	\$ 397	\$ 1,643

See accompanying Notes to Financial Statements.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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 affect 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.

With the help of volunteers, the Organization serves its participants, including wounded warriors, kids, and adults with special needs, military families, and pediatric cancer patients. Their lives are enriched and enhanced through participation in a variety of equestrian activities designed to promote and improve physical, mental, and social well-being. Services include Therapeutic (Adaptive) Horseback Riding, Hippotherapy (Occupational and Speech Therapy on horseback), and equine-experiential learning activities including Kinesthetic Therapy, At EASE (equine-assisted self-exploration – a mental/behavioral health program), Family Fun Days for specific populations, and Military Programs including therapeutic retreats for service members and/or family members. All services are professionally staffed by licensed therapists and certified instructors who all maintain special certifications to use horses as a therapeutic tool in various equine-assisted activities. For more detailed explanations and additional services see the Description of Program and Supporting Services section.

The Organization has seen significant growth since its inception. Physical facilities include a spacious covered riding arena with large fans, lights, restrooms, an outdoor kitchen and a comfortable observation deck from which family members and caregivers may watch ongoing sessions or just relax and socialize with peers. Other structures include three horse barns, three storage barns, a smaller arena for conducting sessions in privacy when needed, an office building and 20 beautiful acres for therapy horse grazing, trail rides and wildlife watching. The Organization has an extensive waiting list of clients for all programs. Sources of revenue for the Organization's services include contributions and grants, special events, and program revenue generated through fees and collaborative projects with other nonprofit organizations.

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.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed (or certain grantor-imposed) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Description of Program and Supporting Services

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

Hippotherapy Activities

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 licensed Occupational 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 horse's 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.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Description of Program and Supporting Services (Continued)

Therapeutic Riding Activities

Therapeutic riding (also called adaptive riding) is an excellent form of exercise therapy that is fun, safe, challenging, and socially rewarding for participants with physical, emotional, or cognitive disabilities. 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. The therapeutic riding instructors are specially trained and certified to instruct clients with a wide variety of physical and mental disabilities, as well as siblings or other family members who are not disabled. Sessions are conducted in a 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 the therapeutic equine programs are self-referred or may be referred by a medical professional.

Equine Experiential Learning

Kinesthetic Therapy – Kinesthetic Therapy sessions are designed for participants who may be too fragile to sit astride a horse safely, or who may not be mobile enough for other equine activities. Sessions may involve sensory integration work, socialization activities, occupational therapy, or just friendly visits with the gentle therapy animals and staff. Sessions are facilitated by licensed therapists or certified instructors.

At E.A.S.E (Equine-Assisted Self Exploration) – This mental and behavioral health program facilitates learning through experiences with horses in specifically designed activities for emotional and relational growth. The horse's innate ability to sense imbalance between the outward self and the inner self creates a powerful tool for self-exploration. The scope of this program includes actual psychotherapy for issues relating to substance abuse, trauma recovery and grief work, to personal and professional growth and development. This program is highly effective for individuals, couples, families, groups, and even corporate workshops, and is facilitated by a team of specially certified and licensed mental health counselors.

Family Fun Days (FFD) – Family Fun Days are designed to facilitate social interaction and peer-to-peer support for families of disabled participants. The Organization hosts FFDs exclusively for four different populations of clients including: military service members, kids, and adults with special needs, wounded warriors, pediatric cancer patients, and their families. Activities include a picnic lunch, pony rides, equestrian themed arts and crafts, and all sorts of outdoor games and activities to promote engagement with friends and family members.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Description of Program and Supporting Services (Continued)

Equine Experiential Learning (Continued)

Youth Occupational Therapy Program – The Youth Occupational Therapy Program is furthering that mission by providing client centered, out-patient Occupational Therapy in a functional setting to children with disabilities, ages 3 to 18. The primary purpose is to focus on physical, emotional, and cognitive skills in order to transfer to independence in activities of daily living. This will include focusing on social skills, sensory stimulation, and appropriate interactions with animals. This will help with emotional and cognitive creativity, also riding and walking with horses to help with movement and balance coordination and working on eye contact and transitions to help with social skills and safety awareness.

Military Programs

Injured service members and their families may participate in any of the therapeutic activities including Therapeutic Riding, Hippotherapy, Kinesthetic Therapy, At E.A.S.E. sessions and Family Fun Days.

In addition, the Organization hosts five-day Therapeutic Retreats for 8-10 current or former military service members with post-traumatic stress, traumatic brain injury, chronic pain, and military sexual trauma and/or their spouses and caregivers. Retreats are professionally facilitated and feature equine-assisted therapies along with Accelerated Resolution Therapy (ART), cranio-sacral massage, adaptive yoga, neuro-feedback training, and story-telling workshops to help them better communicate their experiences to their families and communities.

Internship Opportunities

The Organization offers internship opportunities to undergraduate and graduate students alike. Many of the Organization's interns are pursuing careers in fields such as Physical, Occupational and Speech Therapy, Exercise Science, Behavioral Health, Medicine, Social Work and Mental Health Counseling. The Organization hosts students from the University of South Florida, University of Tampa, South University, Polk State College, Rasmussen University, and others.

Volunteer Opportunities

The Organization provides a variety of volunteer opportunities for people, who are 16 years and older, to volunteer. The volunteers are Bright Futures Scholars, Boy Scouts, Girl Scouts, church groups, corporate groups, and individuals from all walks of life. Volunteers provide clients with physical support, social support, and intergenerational interaction during therapy sessions. They also serve on the Organization's board, board committees, and fundraising and event committees and help execute events and perform day-to-day operations.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Description of Program and Supporting Services (Continued)

Collaboration

The Organization has long-standing collaborative relationships with local VA hospitals, MacDill Air Force Base and numerous other agencies and nonprofit organizations. Participants are referred from multiple departments at James A. Haley Veterans Administration Hospital, Bay Pines Veterans Administration Medical Center, various family services centers located on MacDill Air Force Base, and other nonprofit 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. The Organization has developed a variety of funding programs to ensure the long-term viability of the Organization's current and expanding therapeutic services for clients and their families.

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.

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. The Organization may request distributions from the fund up to four times per year by an affirmative vote of 75% of the Organization's board of directors.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Riding Lessons and Fees and Related Accounts Receivable

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 clients 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, 2020 and 2019.

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.

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, 2020.

**QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

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:

	2020	2019
Unconditional Contributions	\$ 804,606	\$ 544,034
Meals and Services	51,500	42,000
Auction Proceeds	57,745	98,341
Total	<u>\$ 913,851</u>	<u>\$ 684,375</u>

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.

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	5 to 15 Years
Barn Equipment	5 to 12 Years
Horses	5 to 10 Years
Building	5 to 39 Years
Leasehold Improvements	15 Years
Furniture and Fixtures	5 Years
Computers and Servers	3 to 10 Years

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Property and Equipment (Continued)

Donations of property and equipment are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose upon receipt. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions at that time.

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.

Nonoperating Activities

In the accompanying statements of activities, the Organization includes in its definition of operating activities all revenues and expenses that are an integral part of its programs and supporting activities. Nonoperating activities consist primarily of losses incurred on promises to give.

Functional Allocation of Expense

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 is allocated based on estimated use of asset. All other expenses are directly or indirectly allocated to the programs and services they support.

Reclassifications

Certain amounts previously reported in the financial statements for the prior year have been reclassified in order for them to be in conformity with the current year presentation.

Use of 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. Accordingly, actual results could differ from those estimates.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Change in Accounting Estimate

During 2020, the Organization changed its functional method of allocating marketing expenses changed from a direct to indirect allocation based on the programs and services they support. The allocation for business expenses changed from indirectly allocating based on the programs and services supported to indirectly allocating based on operating expenses. The Organization believes that the new method more accurately allocates its expenditures within the Statement of Functional Expenses. The accounting change has not been applied retrospectively. There is no impact on the change in net assets as a result of this change in accounting estimate.

Change in Accounting Principle

The Organization has adopted the accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. No change to the financial statements as the adoption of ASU 2018-08 did not significantly impact the Organization's reported revenues.

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The financial statements reflect the application of ASC 606 guidance beginning in the year ended June 30, 2020. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

**QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

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.

Subsequent Events

Subsequent events were evaluated through January 25, 2021 which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

As part of the Organization's liquidity management, the Organization has two lines of credit totaling \$100,000 available for unanticipated liquidity needs. The Organization has a goal to maintain financial assets, which consists of cash and cash equivalents on hand to meet 30 days of normal operating expenses, which are, on average, approximately 115,000. The Organization's financial assets available within one year of the financial position date for general expenditures are as follows as of June 30:

	2020	2019
Cash and Cash Equivalents	\$ 531,325	\$ 167,549
Accounts Receivable	3,226	17,493
Promises to Give, Current Portion	95,162	77,492
Total Financial Assets	629,713	262,534
Less: Donor-Imposed Restrictions	(36,681)	(50,000)
Total Financial Assets Available for General Expenditures Within One Year	<u>\$ 593,032</u>	<u>\$ 212,534</u>

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 FAIR VALUE MEASUREMENTS

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

The following table sets forth, by level within the fair value hierarchy, the Organization’s assets measured at fair value on a recurring basis as of June 30:

	2020			
	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets				
Held by Others	\$ -	\$ -	\$ 25,959	\$ 25,959
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,959</u>	<u>\$ 25,959</u>
	2019			
	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets				
Held by Others	\$ -	\$ -	\$ 26,491	\$ 26,491
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,491</u>	<u>\$ 26,491</u>

The following table summarizes the activity of Level 3 assets for the years ended June 30:

	2020	2019
Beneficial Interest in Assets Held by Others - Beginning of Year	\$ 26,491	\$ 25,702
Investment Income (Loss)	(532)	789
Beneficial Interest in Assets Held by Others - End of Year	<u>\$ 25,959</u>	<u>\$ 26,491</u>

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 PROMISES TO GIVE

Unconditional promises to give consists of the following as of June 30:

	2020	2019
Due in Less Than 1 Year	\$ 95,162	\$ 77,492
Due in 1 to 5 Years	184,438	213,374
Total Promises to Give	279,600	290,866
Less: Allowance for Uncollectible Promises	(88,000)	(23,467)
Promises to Give, Net	191,600	267,399
Less: Promises to Give, Current Portion	(95,162)	(77,492)
Promises to Give, Net of Current Portion	\$ 96,438	\$ 189,907

Promises to give that are due in more than one year are discounted at a rate of 1.19% to 2.57%.

NOTE 5 PROPERTY AND EQUIPMENT

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

	2020	2019
Riding Arena	\$ 491,001	\$ 491,001
Barn Equipment	90,237	90,237
Horses	99,450	89,950
Building	290,836	290,836
Leasehold Improvements	73,785	49,785
Furniture and Fixtures	11,964	11,964
Computers and Servers	34,883	33,866
Total	1,092,156	1,057,639
Less: Accumulated Depreciation and Amortization	(749,523)	(681,761)
Total	\$ 342,633	\$ 375,878

Depreciation and amortization expense totaled approximately \$68,000 and \$65,000 for years ended June 30, 2020 and 2019, respectively.

NOTE 6 LINES OF CREDIT

The Organization has a \$50,000 revolving line of credit with Suncoast National Bank. The outstanding balance on the line of credit was approximately \$-0- and \$14,000 as of June 30, 2020 and 2019, respectively. Advances on the line of credit are due on demand. Interest is due monthly at a variable rate equal to the prime rate plus 0.50% (3.75% and 6.00% at June 30, 2020 and 2019, respectively). The line of credit is secured by the business assets.

In July 2020, the Organization opened a \$50,000 revolving line of credit with Bank of Tampa. Advances on the line of credit are due on demand. Interest is due monthly at a variable rate equal to the prime rate plus 0.50%. The line of credit is secured by the business assets.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 NOTES PAYABLE

In May 2020, the Organization received a loan from the U.S. Small Business Administration (SBA) in the amount of approximately \$150,000. The loan bears interest at a fixed rate of 2.75% per annum, has a term of 30 years, and is secured by the business assets. Repayment to begin in May 2021 for a monthly payment of \$641.

Maturities of notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 1,579
2022	3,522
2023	3,620
2024	3,721
2025	3,824
Thereafter	135,024
Total	<u>\$ 151,290</u>

NOTE 8 PAYROLL PROTECTION PROGRAM LOAN

On April 29, 2020, the Organization received a loan from The Bank of Tampa in the amount of \$148,316 to funds payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral term retroactively. The PPP Loan bears interest at a fixed rate of 1% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from 5/4/2020 – 10/19/2020, is the time that a business has to spend their PPP Loan funds.

The Organization has not yet received forgiveness. Management anticipates that these amounts will be forgiven and the Organization will not be required to repay this obligation.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	<u>2020</u>	<u>2019</u>
Time Restrictions on Promises to Give	\$ 261,180	\$ 275,116
At E.A.S.E Retreats	36,681	50,000
Total	<u>\$ 297,861</u>	<u>\$ 325,116</u>

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions as follows for the years ended June 30,

	<u>2020</u>	<u>2019</u>
Purpose Restrictions Accomplished:		
At E.A.S.E Retreats	\$ 74,283	\$ 103,344
Capital Expenditures	-	2,750
Little Leapers Program	12,000	10,000
Horse Retirement	22,200	-
Horse Sponsorship	23,250	-
Family Fun Days	2,500	1,750
Total Purpose Restrictions Accomplished	<u>134,233</u>	<u>117,844</u>
Time Restrictions Expired	142,636	126,746
Total Restrictions Released	<u>\$ 276,869</u>	<u>\$ 244,590</u>

NOTE 11 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 has not experienced any losses on its deposits with financial institutions.

NOTE 12 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, 2020 and 2019. The mortgage shall be forgiven on October 4, 2021 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.

In 2013, the Organization executed a mortgage which has a balance of \$-0- and \$74,674 as of June 30, 2020 and 2019, respectively. The mortgage was forgiven on December 31, 2018. Among other CDBG requirements, the property was required to be maintained and used for therapeutic and recreational riding and as a research facility for persons with physical and mental disabilities until December 31, 2018.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 13 RISK AND UNCERTAINTIES

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has been having significant effect on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 has impacted various parts of the 2020 operations and financial results which is why the Organization had to modify the offering of programs to their participants. All lessons were cancelled from April 2020 to June 2020. When the lessons resumed in July 2020, the Organization increased the time between appointments to ensure safety of participants leading to a decline in services provided. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 14 RELATED PARTIES

The Organization receives contributions from employees and members of its governing board. The Organization received contributions from employees and members of the governing board totaling approximately \$89,000 and \$49,000 during the years ended June 30, 2020 and 2019, respectively. The accompanying statements of financial position include approximately \$33,000 and \$23,000 of promises to give from employees and members of the governing board as of June 30, 2020 and 2019, respectively.