

QUANTUM LEAP FARM, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020



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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. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and June 30, 2020, 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. For the year ended June 30, 2021, we also conducted our audit in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information – Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2022 on our consideration of Quantum Leap Farm, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Quantum Leap Farm, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Quantum Leap Farm, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Tampa, Florida
April 26, 2022

QUANTUM LEAP FARM, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 584,191	\$ 531,325
Accounts Receivable	11,274	3,226
Beneficial Interest in Assets Held by Others	28,952	25,959
Promises to Give, Current Portion	48,118	95,162
Prepaid Expenses	22,153	27,951
Total Current Assets	694,688	683,623
PROMISES TO GIVE, NET OF CURRENT PORTION	70,245	96,438
PROPERTY AND EQUIPMENT, NET	302,561	342,633
Total Assets	\$ 1,067,494	\$ 1,122,694
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 26,528	\$ 14,667
Current Portion of Notes Payable	7,253	1,579
Accrued Expenses and Other Liabilities	33,913	26,074
Total Current Liabilities	67,694	42,320
NONCURRENT LIABILITIES		
Notes Payable, Net of Current Portion	154,613	149,711
Paycheck Protection Program Loan	139,120	148,316
Total Noncurrent Liabilities	293,733	298,027
Total Liabilities	361,427	340,347
NET ASSETS		
Without Donor Restrictions	565,925	484,486
With Donor Restrictions	140,142	297,861
Total Net Assets	706,067	782,347
Total Liabilities and Net Assets	\$ 1,067,494	\$ 1,122,694

See accompanying Notes to Financial Statements.

**QUANTUM LEAP FARM, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND PUBLIC SUPPORT			
Contributions and Grants	\$ 422,822	\$ 299,657	\$ 722,479
Special Event Revenue	499,794	-	499,794
Less: Costs of Direct Benefits to Donors	<u>(11,069)</u>	<u>-</u>	<u>(11,069)</u>
Net Revenues from Special Events	488,725	-	488,725
Riding Lessons and Fees	72,794	-	72,794
Interest and Other Income	13,932	-	13,932
Net Assets Released from Restrictions	<u>457,376</u>	<u>(457,376)</u>	<u>-</u>
Total Operating Revenues and Public Support	1,455,649	(157,719)	1,297,930
OPERATING EXPENSES			
Program Services	871,386	-	871,386
Management and General	241,501	-	241,501
Fundraising	<u>254,930</u>	<u>-</u>	<u>254,930</u>
Total Operating Expenses	<u>1,367,817</u>	<u>-</u>	<u>1,367,817</u>
CHANGE IN OPERATING NET ASSETS	87,832	(157,719)	(69,887)
NONOPERATING ACTIVITIES			
Loss on Promises to Give	<u>(6,393)</u>	<u>-</u>	<u>(6,393)</u>
CHANGE IN NET ASSETS	81,439	(157,719)	(76,280)
Net Assets - Beginning of Year	<u>484,486</u>	<u>297,861</u>	<u>782,347</u>
NET ASSETS - END OF YEAR	<u><u>\$ 565,925</u></u>	<u><u>\$ 140,142</u></u>	<u><u>\$ 706,067</u></u>

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
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>(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>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>(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><u>\$ 484,486</u></u>	<u><u>\$ 297,861</u></u>	<u><u>\$ 782,347</u></u>

See accompanying Notes to Financial Statements.

**QUANTUM LEAP FARM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Supporting Services					Total Expenses
	Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total Supporting Services	
Salaries and Related Expenses	\$ 485,494	\$ 169,538	\$ 115,594	\$ -	\$ 285,132	\$ 770,626
Contract Services	25,730	34,400	26,280	-	60,680	86,410
Occupancy	18,919	6,616	4,505	-	11,121	30,040
Insurance	16,385	3,912	-	-	3,912	20,297
Marketing	3,885	-	709	-	709	4,594
Business	8,105	2,223	2,745	-	4,968	13,073
Barn and Facility Management	38,100	13,305	9,071	-	22,376	60,476
Depreciation and Amortization	38,523	11,507	-	-	11,507	50,030
Farm Animals Expenses	183,322	-	-	-	-	183,322
Activity Expenses	42,478	-	-	-	-	42,478
Event Food and Beverage	-	-	-	11,069	11,069	11,069
Event Fees and Rentals	-	-	23,034	-	23,034	23,034
Other Event Expenses	-	-	69,829	-	69,829	69,829
Donor Stewardship and Cultivation	-	-	3,163	-	3,163	3,163
Loss on Disposal of Property and Equipment	7,497	-	-	-	-	7,497
Bad Debt Expense	2,948	-	-	-	-	2,948
Loss on Promises to Give	-	-	6,393	-	6,393	6,393
Total Expenses	<u>871,386</u>	<u>241,501</u>	<u>261,323</u>	<u>11,069</u>	<u>513,893</u>	<u>1,385,279</u>
EXPENSES INCLUDED WITH REVENUE ON THE STATEMENT OF ACTIVITIES						
Costs of Direct Benefits to Donors	-	-	-	11,069	11,069	11,069
EXPENSES INCLUDED IN NONOPERATING ACTIVITIES ON THE STATEMENT OF ACTIVITIES:						
Loss on Promises to Give	<u>-</u>	<u>-</u>	<u>6,393</u>	<u>-</u>	<u>6,393</u>	<u>6,393</u>
EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES	<u><u>\$ 871,386</u></u>	<u><u>\$ 241,501</u></u>	<u><u>\$ 254,930</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 496,431</u></u>	<u><u>\$ 1,367,817</u></u>

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	21,845	20,164	-	-	20,164	42,009
Occupancy	24,230	10,656	6,160	-	16,816	41,046
Insurance	4,835	14,506	-	-	14,506	19,341
Marketing	6,937	-	-	-	-	6,937
Business	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.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (76,280)	\$ (25,573)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	50,030	67,762
Bad Debt Expense	2,948	6,208
Loss on Promises to Give	6,393	117,828
Loss on Disposal of Property and Equipment	7,497	-
Donated Property and Equipment	-	(13,500)
Forgiveness of Paycheck Protection Program Loan	(148,316)	-
(Increase) Decrease in Assets:		
Accounts Receivable	(8,048)	14,267
Promises to Give	63,896	(48,237)
Prepaid Expenses	5,798	(2,711)
Increase (Decrease) in Liabilities:		
Accounts Payable	11,861	(9,733)
Accrued Expenses and Other Liabilities	7,839	(980)
Net Cash Provided (Used) by Operating Activities	(76,382)	105,331
 CASH FLOWS FROM INVESTING ACTIVITIES		
Beneficial Interest in Assets Held by Others	(2,993)	532
Proceeds from Sale of Property and Equipment	1,000	-
Purchase of Property and Equipment	(3,860)	(21,017)
Net Cash Used by Investing Activities	(5,853)	(20,485)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	-	150,000
Principal Payments on Notes Payable	(4,019)	(5,159)
Proceeds from Paycheck Protection Program Loan	139,120	148,316
Net Payments on Line of Credit	-	(14,227)
Net Cash Provided by Financing Activities	135,101	278,930
 NET CHANGE IN CASH AND CASH EQUIVALENTS	52,866	363,776
 Cash and Cash Equivalents - Beginning of Year	531,325	167,549
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 584,191	\$ 531,325
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Noncash Investing and Financing Activities:		
Purchase of Property and Equipment with Notes Payable	\$ 14,595	\$ -
 Cash During the Year for:		
Interest	\$ 687	\$ 397

See accompanying Notes to Financial Statements.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, 2021 AND 2020

**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, 2021 AND 2020

**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, 2021 AND 2020

**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, 2021 AND 2020

**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.

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.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

Riding Lessons and Fees and Related Accounts Receivable (Continued)

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, 2021 and 2020.

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, 2021 and 2020.

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:

	<u>2021</u>	<u>2020</u>
Unconditional Contributions	\$ 432,646	\$ 804,606
Meals and Services	18,600	51,500
Auction Proceeds	48,548	57,745
Total	<u>\$ 499,794</u>	<u>\$ 913,851</u>

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

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	3 to 10 Years
Building	5 to 39 Years
Leasehold Improvements	15 Years
Furniture and Fixtures	5 Years
Computers and Servers	3 to 10 Years

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.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

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 are 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.

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.

Change in Accounting Principle

Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2018-13 *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU removes and modifies disclosure requirements retrospectively for non-public entities.

Subsequent Events

Subsequent events were evaluated through April 26, 2022 which is the date the financial statements were available to be issued.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 LIQUIDITY AND AVAILABILITY

As part of the Organization’s liquidity management, the Organization has a line of credit totaling \$50,000 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 \$110,000. The Organization’s financial assets available within one year of the financial position date for general expenditures are as follows as of June 30:

	2021	2020
Cash and Cash Equivalents	\$ 584,191	\$ 531,325
Accounts Receivable	11,274	3,226
Promises to Give, Current Portion	48,118	95,162
Total Financial Assets	<u>643,583</u>	<u>629,713</u>
Less: Donor-Imposed Restrictions	<u>-</u>	<u>(36,681)</u>
Total Financial Assets Available for General Expenditures Within One Year	<u>\$ 643,583</u>	<u>\$ 593,032</u>

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.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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:

	2021			Total
	Level 1	Level 2	Level 3	
Beneficial Interest in Assets				
Held by Others	\$ -	\$ -	\$ 28,952	\$ 28,952
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,952</u>	<u>\$ 28,952</u>

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

The following table sets forth the valuation technique for Level 3 assets as of June 30:

Instrument	Fair Value	2021	
		Principal Valuation Technique	Unobservable Inputs
Beneficial Interest in Assets Held by Others	\$ 28,952	Fair Market Value of Investments	Fair Market Value of Investments

Instrument	Fair Value	2020	
		Principal Valuation Technique	Unobservable Inputs
Beneficial Interest in Assets Held by Others	\$ 25,959	Fair Market Value of Investments	Fair Market Value of Investments

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

	2021	2020
Beneficial Interest in Assets Held by Others - Beginning of Year	\$ 25,959	\$ 26,491
Investment Income (Loss)	2,993	(532)
Beneficial Interest in Assets Held by Others - End of Year	<u>\$ 28,952</u>	<u>\$ 25,959</u>

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 PROMISES TO GIVE

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

	2021	2020
Due in Less Than 1 Year	\$ 48,118	\$ 95,162
Due in 1 to 5 Years	89,952	184,438
Total Promises to Give	<u>138,070</u>	<u>279,600</u>
Less: Allowance for Uncollectible Promises	<u>(19,707)</u>	<u>(88,000)</u>
Promises to Give, Net	118,363	191,600
Less: Promises to Give, Current Portion	<u>(48,118)</u>	<u>(95,162)</u>
Promises to Give, Net of Current Portion	<u><u>\$ 70,245</u></u>	<u><u>\$ 96,438</u></u>

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:

	2021	2020
Riding Arena	\$ 515,001	\$ 491,001
Barn Equipment	42,554	90,237
Horses	22,250	99,450
Building	290,836	290,836
Leasehold Improvements	49,785	73,785
Furniture and Fixtures	11,964	11,964
Computers and Servers	32,122	34,883
Total	<u>964,512</u>	<u>1,092,156</u>
Less: Accumulated Depreciation and Amortization	<u>(661,951)</u>	<u>(749,523)</u>
Total	<u><u>\$ 302,561</u></u>	<u><u>\$ 342,633</u></u>

Depreciation and amortization expense totaled approximately \$50,000 and \$68,000 for years ended June 30, 2021 and 2020, respectively.

NOTE 6 LINES OF CREDIT

The Organization had a \$50,000 revolving line of credit with Suncoast National Bank which was closed in December 2020. The outstanding balance on the line of credit was \$-0- as of June 30, 2020.

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. The outstanding balance on the line of credit was \$-0- as of June 30, 2021.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 began in May 2021 for a monthly payment of \$641.

In October 2020, the Organization entered into a loan agreement for the purchase of equipment with a principal amount of \$14,595. The loan bears interest at a fixed rate of 1.2% per annum, has a term of four years, and is secured by the financed equipment. Repayment began in November 2021 for a monthly payment of \$311.56.

Maturities of notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 7,253
2023	7,396
2024	7,544
2025	5,194
2026	4,061
Thereafter	130,418
Total	<u><u>\$ 161,866</u></u>

NOTE 8 PAYCHECK PROTECTION PROGRAM LOANS

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 #1). 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 (SBA). 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 #1 funds.

**QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 8 PAYCHECK PROTECTION PROGRAM LOANS (CONTINUED)

On January 25, 2021, the Organization received a loan from The Bank of Tampa in the amount of \$139,120 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan #2). The PPP Loan #2 bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the SBA. 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 1/21/2021 – 4/24/2021, is the time that a business has to spend their PPP Loan #2 funds.

The PPP Loan #1 was forgiven in full by the SBA on March 22, 2021 and was recorded as Donor Restricted Contributions and Grants in the accompanying statement of activities as of June 30, 2021 and released from restrictions to comply with the Organization’s policy (Refer to Note 1). The Organization had not received forgiveness for the PPP Loan #2 as of June 30, 2021 and has recorded the funds within Noncurrent Liabilities in the accompanying statement of financial position. Subsequent to year-end, the PPP Loan #2 was forgiven in full by the SBA on September 8, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements base on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization’s financial position.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Time Restrictions on Promises to Give	\$ 140,142	\$ 261,180
At E.A.S.E Retreats	-	36,681
Total	\$ 140,142	\$ 297,861

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS

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

	2021	2020
Purpose Restrictions Accomplished:		
Paycheck Protection Program	\$ 148,316	\$ -
At E.A.S.E Retreats	68,681	74,283
COVID-19 Relief Funding	50,000	-
Little Leapers Program	-	12,000
Horse Retirement	19,217	22,200
Horse Sponsorship	50,124	23,250
Family Fun Days	-	2,500
Total Purpose Restrictions Accomplished	336,338	134,233
Time Restrictions Expired	121,038	142,636
Total Restrictions Released	\$ 457,376	\$ 276,869

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, 2021 and 2020. 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.

QUANTUM LEAP FARM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 and 2021 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 \$58,000 and \$89,000 during the years ended June 30, 2021 and 2020, respectively. The accompanying statements of financial position include approximately \$13,000 and \$33,000 of promises to give from employees and members of the governing board as of June 30, 2021 and 2020, respectively.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Quantum Leap Farm, Inc.(the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 26, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Tampa, Florida
April 26, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Quantum Leap Farm, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Quantum Leap Farm, Inc.'s major federal programs for the year ended June 30, 2021. Quantum Leap Farm, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Quantum Leap Farm, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Quantum Leap Farm, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination Quantum Leap Farm, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Quantum Leap Farm, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Quantum Leap Farm, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Quantum Leap Farm, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Quantum Leap Farm, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Tampa, Florida
April 26, 2022

QUANTUM LEAP FARM, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Housing and Urban Development				
<i>Passed through Hillsborough County:</i>				
Community Development Block Grants - Entitlement Grants	14.218	06-1411	\$ -	\$ 568,295
Department of Treasury				
<i>Passed through Hillsborough County:</i>				
COVID-19 Safety Net Program	21.019	31664	-	50,000
Small Business Administration				
Direct Program:				
COVID-19 Economic Injury Disaster Loan	59.008	N/A	-	150,000
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 768,295</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

QUANTUM LEAP FARM, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal awards of Quantum Leap Farm, Inc. for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule presents only a selected portion of the operations of Quantum Leap Farm, Inc., therefore, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Quantum Leap Farm, Inc.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards.

NOTE 3 COMMUNITY DEVELOPMENT BLOCK GRANT

The Quantum Leap Farm, Inc. is a subrecipient of a grant from Hillsborough County, Florida funded through the Department of Housing and Urban Development (HUD) to construct a prefabricated steel pole barn facility at the training site located at 10504 Woodstock Road, Odessa, Florida. This facility provides covered shelter for the therapeutic riding services provided for the handicapped participants of the programs. On October 4, 2006, the Organization executed a mortgage with Hillsborough County for \$163,905 for the construction of the pole barn. The mortgage was later modified on December 5, 2007 to increase the amount to \$488,295 and modified on March 4, 2009 to increase the amount to \$568,295. The principal balance shall be forgiven on August 12, 2024 if the property continues to be dedicated to serving the disabled population. The outstanding balance at June 30, 2021 is \$568,295.

**QUANTUM LEAP FARM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified

2. Internal control over financial reporting:
 - Material weakness identified? _____ yes x no
 - Significant deficiency identified? _____ yes x none reported

3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness identified? _____ yes x no
 - Significant deficiency identified? _____ yes x none reported

2. Type of auditors’ report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required To be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Numbers

14.218

Name of Federal Program or Cluster

CDBG-Entitlement Grants Cluster: Community Development Block Grants

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

\$ 750,000

Auditee qualified as low-risk auditee? _____ yes x no

QUANTUM LEAP FARM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2021

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).