



# **Quantum Leap Farm, Inc.**

## **FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**



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# REPORT



## **INDEPENDENT AUDITORS' REPORT**

Quantum Leap Farm, Inc.  
Odessa, Florida

### **Opinion**

We have audited the accompanying financial statements of Quantum Leap Farm, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Quantum Leap Farm, Inc. as June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Prior Period Financial Statements**

The financial statements of Quantum Leap Farm, Inc. as of June 30, 2021 were audited by other auditors whose report dated April 6, 2022 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

CARR, RIGGS & INGRAM, LLC

Tampa, Florida  
February 7, 2023



# FINANCIAL STATEMENTS



**Quantum Leap Farm, Inc.**  
**Statements of Financial Position**

<i>June 30,</i>	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 860,223	\$ 584,191
Accounts receivable, net	14,555	11,274
Beneficial interest in assets held by others	26,747	28,952
Promises to give, current portion	48,865	48,118
Prepaid expenses	32,070	22,153
Total current assets	982,460	694,688
Non-current assets		
Promises to give, net	15,512	70,245
Property and equipment, net	252,684	302,561
Total non-current assets	268,196	372,806
Total assets	\$ 1,250,656	\$ 1,067,494
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 16,714	\$ 26,528
Accrued liabilities	9,948	33,913
Current portion of note payable	7,309	7,253
Total current liabilities	33,971	67,694
Long-term liabilities		
Paycheck protection program loan	-	139,120
Note payable, less current portion	147,250	154,613
Total long-term liabilities	147,250	293,733
Total liabilities	181,221	361,427
Net assets		
Without donor restrictions	989,121	565,925
With donor restrictions	80,314	140,142
Total net assets	1,069,435	706,067
Total liabilities and net assets	\$ 1,250,656	\$ 1,067,494

*The accompanying notes are an integral part of these financial statements*



**Quantum Leap Farm, Inc.**  
**Statements of Activities**

<i>For the years ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	<b>2022 Total</b>	2021 Summarized Total
<b>Revenue and Other Support</b>				
Contributions	\$ 309,657	\$ -	\$ 309,657	\$ 722,479
Grants	764,070	-	764,070	-
Special Event Revenue	702,521	-	702,521	499,794
Less: Special Events Expenses	(171,963)	-	(171,963)	(103,932)
Net Revenues from Special Events	530,558	-	530,558	395,862
 Riding Lessons and Fees	 92,071	 -	 92,071	 72,794
Interest and Other Income	6,398	-	6,398	10,608
Net assets released from restrictions	59,828	(59,828)	-	-
 Total revenue and other support	 1,762,582	 (59,828)	 1,702,754	 1,201,743
<b>Expenses</b>				
Program services	944,416	-	944,416	871,386
General and administrative	157,141	-	157,141	234,004
Fundraising	210,169	-	210,169	162,067
 Total expenses	 1,311,726	 -	 1,311,726	 1,267,457
 Change in operating net assets	 450,856	 (59,828)	 391,028	 (65,714)
<b>Other income (expense)</b>				
Loss on disposal of property and equipment	-	-	-	(7,497)
Interest income	1,008	-	1,008	523
Realized (unrealized gain) on investments	(2,577)	-	(2,577)	2,801
Loss on promises to give	(26,091)	-	(26,091)	(6,393)
 Change in net assets	 423,196	 (59,828)	 363,368	 (76,280)
 Net assets at beginning of year	 565,925	 140,142	 706,067	 782,347
 <b>Net assets at end of year</b>	 \$ 989,121	 \$ 80,314	 \$ 1,069,435	 \$ 706,067

*The accompanying notes are an integral part of these financial statements*

**Quantum Leap Farm, Inc.**  
**Statements of Functional Expenses**

*For the year ended*

	Program Service	General and Administrative	Fundraising	<b>2022 Total</b>	Summarized Total 2021
Salaries and related expenses	\$ 507,876	\$ 55,757	\$ 141,034	<b>\$ 704,667</b>	\$ 770,626
Contract Services	53,246	68,009	40,000	<b>161,255</b>	86,410
Occupancy	21,582	8,301	3,320	<b>33,203</b>	30,040
Insurance	11,452	2,144	-	<b>13,596</b>	20,297
Marketing	4,220	-	3,605	<b>7,825</b>	4,594
Business	15,777	4,733	5,785	<b>26,295</b>	13,073
Barn and facility management	30,648	11,788	4,715	<b>47,151</b>	60,476
Depreciation and amortization	55,966	6,409	-	<b>62,375</b>	50,030
Farm animal expsenses	175,426	-	-	<b>175,426</b>	183,322
Activity expenses	62,507	-	2,080	<b>64,587</b>	42,478
Donar stewardship and cultivation	-	-	9,630	<b>9,630</b>	3,163
Bad debt expense	5,716	-	-	<b>5,716</b>	2,948
<b>Total</b>	<b>\$ 944,416</b>	<b>\$ 157,141</b>	<b>\$ 210,169</b>	<b>\$ 1,311,726</b>	<b>\$ 1,267,457</b>

*The accompanying notes are an integral part of these financial statements*

## Quantum Leap Farm, Inc. Statements of Cash Flows

<i>For the years ended June 30,</i>	<b>2022</b>	2021
<b>Operating Activities</b>		
Change in net assets	\$ 363,368	\$ (76,280)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Bad debts	5,716	2,948
Depreciation	62,375	50,030
(Gain) loss on sale of property and equipment	-	7,497
Unrealized and realized loss (gain) on investments	2,205	(2,993)
Loss on promises to give	26,091	6,393
Forgiveness of paycheck protection program	(139,120)	(148,316)
Changes in operating assets and liabilities		
Accounts receivable	(8,997)	(8,048)
Promises to give	27,895	63,896
Prepaid expenses and other assets	(9,917)	5,798
Accounts payable	(9,814)	11,861
Accrued expenses	(23,965)	7,839
Net cash provided by (used in) operating activities	295,837	(79,375)
<b>Investing Activities</b>		
Purchase of property and equipment	(12,498)	(3,860)
Proceeds from sale of property and equipment	-	1,000
Net cash provided by (used in) investing activities	(12,498)	(2,860)
<b>Financing Activities</b>		
Payments on note payable	(7,307)	(4,019)
Proceeds from Paycheck Protection Program Loan	-	139,120
Net cash provided by (used in) financing activities	(7,307)	135,101
Net change in cash, cash equivalents and restricted cash	276,032	52,866
Cash, cash equivalents and restricted cash at beginning of year	584,191	531,325
Cash, cash equivalents and restricted cash at end of year	\$ 860,223	\$ 584,191

### Schedule of Certain Cash Flow Information

Purchase of property and equipment with notes payable	\$ -	\$ 14,595
Cash paid for interest	\$ 8,244	\$ 687

*The accompanying notes are an integral part of these financial statements*

**Note 1: DESCRIPTION OF THE ORGANIZATION**

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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

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

***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Comparative Financial Information***

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

***Cash and Cash Equivalents***

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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Beneficial Interest in Assets Held by Others***

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

***Revenue Recognition and Related Accounts Receivable***

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

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on historical experience and other circumstances, which may affect the ability of members to meet their obligations.

It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management has determined that no allowance is needed as of June 30, 2022 and 2021.

***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.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Contributions and Grants and Related Promises to Give (continued)***

Conditional contributions and grants – that is, those with a measurable performance or other barrier and a right of return – are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Payments received before conditions are substantially met are recorded as deferred revenue in the accompanying statements of financial position. There were no conditional contributions and grants awarded in the year ended June 30, 2022 and 2021.

***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:

	<b>2022</b>	2021
Unconditional Contributions	<b>\$ 589,041</b>	\$ 432,646
Meals and Services	<b>39,980</b>	18,600
Auction Proceeds	<b>73,510</b>	48,548
Total	<b>\$ 702,531</b>	\$ 499,794

***Property and Equipment***

Property and equipment is recorded at historical cost less accumulated depreciation, and includes expenditures which substantially increase the useful lives of existing property and equipment. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,500, or if donated, at fair market value at the date of acquisition. Depreciation and amortization of property and equipment is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the related asset account and related accumulated depreciation account are relieved, and any gain or loss is included in other income or expense.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Donated Services***

Donated services are recognized as contributions upon performance of service if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers serve regularly as disabled riders can require up to three volunteers and horse-care is ongoing and labor intensive. The accompanying statements of activities do not include any contributions related to these volunteer hours because the recognition criteria were not met.

***Functional Allocation of Expenses***

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

***Reclassifications***

Certain reclassifications were made to prior year balances to conform with current year presentation. All special events expenses are included in the statement of activities for the year ended June 30, 2022. A portion of the special events expenses were included in the statement of functional expenses for the year ended June 30, 2021.

***Income Taxes***

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

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2022 and 2021, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Net Assets***

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

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

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

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

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 7, 2023. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY**

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



**Quantum Leap Farm, Inc.**  
**Notes to Financial Statements**

**Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY (Continued)**

<i>December 31,</i>	<b>2022</b>	<b>2021</b>
Total assets at year end	\$ 1,250,656	\$ 742,780
Less non-financial assets		
Prepaid expenses and other assets	(32,070)	(22,153)
Property and equipment, net	(252,684)	(302,561)
Financial assets at year-end	965,902	720,627
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	(80,314)	(140,142)
Financial assets available to meet cash needs for general expenditures within one year	\$ 885,588	\$ 580,485

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

**Note 4: PROMISES TO GIVE**

Unconditional promises to give consist of the following:

<i>December 31,</i>	<b>2022</b>	<b>2021</b>
Receivable within one year	\$ 48,865	\$ 48,118
Receivable in one to five years	31,449	89,952
Total promises to give	80,314	138,070
Less: Allowance for uncollectible promises to give	(15,937)	(19,707)
Promises to give, net	64,377	118,363
Less: Promises to give, net of current portion	(48,865)	(48,118)
Promises to give, net of current portion	\$ 15,512	\$ 70,245

**Quantum Leap Farm, Inc.**  
**Notes to Financial Statements**

**Note 5: PROPERTY AND EQUIPMENT**

The components of property and equipment at June 30, 2022 and 2021, are as follows:

	Estimated Useful Lives	2022	2021
Riding Arena	5 to 15 Years	<b>515,001</b>	\$ 515,001
Barn Equipment	5 to 12 Years	<b>42,554</b>	42,554
Horses	3 to 10 Years	<b>34,750</b>	22,250
Building	5 to 39 Years	<b>290,836</b>	290,836
Leasehold Improvements	15 Years	<b>49,785</b>	49,785
Furniture and Fixtures	5 Years	<b>11,964</b>	11,964
Computers and Servers	3 to 10 Years	<b>32,122</b>	32,122
		<b>977,012</b>	964,512
Less accumulated depreciation		<b>(724,328)</b>	(661,951)
Property and equipment, net		<b>\$ 252,684</b>	\$ 302,561

Depreciation expense for the year ended June 30, 2022 and 2021 amounted to \$62,375 and \$50,030, respectively.

**Note 6: LONG-TERM DEBT**

The Organization has a 30 year loan with the U.S. Small Business Administration (SBA) that originated in May 2020 and bears interest at a fixed rate of 2.75%. The loan is secured by the organization's assets. Monthly payments of principal and interest are \$640. At June 30, 2022 and 2021, the total amount outstanding on this loan was \$145,836 and \$149,405, respectively.

The Organization has a four-year equipment loan that originated in October 2020 and bears interest at 1.2%. The loan secured by the financed equipment with net book value of approximately \$12,000. Monthly payments of principal and interest are \$311. At June 30, 2022 and 2021, the amount outstanding on this loan is \$8,723 and \$12,461 respectively.

**Quantum Leap Farm, Inc.**  
**Notes to Financial Statements**

**Note 6: LONG-TERM DEBT (Continued)**

Maturities of long-term debt subsequent to June 30, 2022, are as follows:

<i>For the years ending June 30,</i>		
2023	\$	7,308
2024		8,829
2025		3,951
2026		4,061
2027		4,174
Thereafter		126,236
Total	\$	154,559

**Note 7: LINE OF CREDIT**

The Organization maintains a line of credit agreement with a financial institution. Available borrowings related to the agreement are \$50,000, with an interest rate of 6.00%, secured by real property with a net book value of \$750,000. The credit line expires in 2023 and renews annually. The outstanding balance as of June 30, 2022 and 2021 was \$0 for each date.

**Note 8: NET ASSETS**

A summary of net assets with donor restrictions follows:

**With donor restrictions**

<i>June 30,</i>		<b>2022</b>		2021
Time restricted on promises to give	\$	<b>80,314</b>	\$	140,142
Total net assets with donor restrictions	\$	<b>80,314</b>	\$	140,142

A summary of the release of donor restrictions follows:

<i>For the years ended June 30,</i>		<b>2022</b>		2021
Time restrictions	\$	<b>59,828</b>	\$	121,038
Total net assets with donor restrictions	\$	<b>59,828</b>	\$	121,038

**Note 9: FAIR VALUE MEASUREMENTS**

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

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

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

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

**Beneficial Interest in Assets Held by Others:** The investments are managed by a third party unrelated to the organization. The assets are valued based on third party pricing information without adjustment. The organization does not develop nor are they provided with quantitative inputs used to develop the fair values. There have been no purchases, issues or transfers of these assets for the year ended June 30, 2022.

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

**Quantum Leap Farm, Inc.**  
**Notes to Financial Statements**

**Note 9: FAIR VALUE MEASUREMENTS (Continued)**

Assets and liabilities measured at fair value on a recurring basis, are summarized for the year ended June 30, 2022:

<i><b>June 30, 2022</b></i>	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets Held by Others	\$ -	\$ -	\$ 26,747	\$ 26,747
Total investments at fair value	\$ -	\$ -	\$ 26,747	\$ 26,747

<i><b>June 30, 2021</b></i>	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets Held by Others	\$ -	\$ -	\$ 28,952	\$ 28,952
Total investments at fair value	\$ -	\$ -	\$ 28,952	\$ 28,952

***Changes in Fair Value Levels***

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the year ended June 30, 2022, there were no significant transfers in or out of Levels 1, 2 or 3.

**Note 10: CONCENTRATIONS OF CREDIT RISK**

The Organization maintains cash deposits with financial institutions at June 30, 2022 and 2021 in excess of federally insured limits of approximately \$606,000 and \$333,000, respectively.

**NOTE 11: CONTINGENCIES**

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

In 2006, the Organization executed a mortgage, which has a balance of \$568,295 as of June 30, 2022 and 2021. The mortgage shall be forgiven on August 12, 2024 if the terms and conditions of the CDBG agreement are met. Among other CDBG requirements, the property is required to be maintained and used for training, educational and socialization for the disabled until October 4, 2036.

**Note 12: RELATED PARTIES**

The Organization maintains a contract for \$1,000 per month with a family member of the Executive Director to provide social media & design services to the Organization. The total expense was \$12,000 for the year ended June 30, 2022 and \$1,280 for the year ended June 30, 2021.

**Note 13: PAYCHECK PROTECTION PROGRAM**

On January 25, 2021, the Organization received a loan under the Payroll Protection Program (PPP Loan) in the amount of \$139,120. The loan accrued interest at a rate of 1%, with the first six months of interest deferred, and had an original maturity date of five years. Under the requirements of the CARES Act, as amended by the PPP Flexibility Act and Consolidated Appropriations Act, 2021, proceeds may only be used for the Company's eligible payroll costs (with salary capped at \$100,000 on an annualized basis for each employee), or other eligible costs related to rent, mortgage interest utilities, in each case paid during the 24-week period following disbursement. The PPP Loan may be fully forgiven if (i) proceeds are used to pay eligible payroll costs or other eligible costs and (ii) full-time employee headcount and salaries are either maintained during the 24-week period following disbursement or restored by December 31, 2021. If not maintained or restored, any forgiveness of the PPP Loan would be reduced in accordance with the regulations that were issued by the SBA. All the proceeds of the PPP Loan were used by the Organization to pay eligible payroll costs and the Organization maintained its headcount and otherwise complied with the terms of the PPP Loan.

The Organization received notice in September 2021 from their SBA lender that the balance of the PPP loan was forgiven in full. As a result, the Organization recognized this amount as PPP loan forgiveness revenue as of the date forgiven in 2022 as grant revenue.