Benevolent Healthcare Foundation
dba Project C.U.R.E.

Consolidated Financial Report

May 31, 2022

Contents

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Independent Auditor's Report

To the Board of Directors
Benevolent Healthcare Foundation dba Project C.U.R.E.

Opinion

We have audited the consolidated financial statements of Benevolent Healthcare Foundation dba Project C.U.R.E. (the "Organization"), which comprise the consolidated statement of financial position as of May 31, 2022 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of May 31, 2022 and the changes in its net assets, functional expenses, and 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 (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

To the Board of Directors
Benevolent Healthcare Foundation dba Project C.U.R.E.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Plante & Moran, PLLC

May 1, 2023

Consolidated Statement of Financial Position

May 31, 2022
(with comparative totals for 2021)

	2022	2021
Assets		
Cash	$ 12,102,515	$ 2,929,675
Investments - Certificates of deposit	425,450	-
Accounts receivable	87,431	731,631
Inventory	111,350,690	130,326,411
Prepaid expenses and deposits	158,527	171,052
Property and equipment - Net	6,352,515	6,573,888
Total assets	**$ 130,477,128**	**$ 140,732,657**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 845,112	$ 446,748
Accrued expenses	145,550	119,696
Capital lease obligation	-	21,667
Long-term debt - Net of unamortized debt issuance costs	4,206,458	4,617,315
Total liabilities	5,197,120	5,205,426
Net Assets		
Without donor restrictions	117,931,134	134,294,143
With donor restrictions	7,348,874	1,233,088
Total net assets	125,280,008	135,527,231
Total liabilities and net assets	**$ 130,477,128**	**$ 140,732,657**

See notes to consolidated financial statements.

Consolidated Statement of Activities and Changes in Net Assets

Year Ended May 31, 2022
(with comparative totals for 2021)

	2022	2021
Changes in Net Assets without Donor Restrictions		
Revenue, gains, and other support:		
Contributions of nonfinancial assets	$ 45,055,601	$ 121,076,535
Contributions of cash and other financial assets	9,659,295	5,957,231
Federal government grants	733	298,131
Special events revenue - Net of expenses of $237,987 (2022) and $121,686 (2021)	376,334	323,028
Rental income - Net of expenses of $192,421 (2022) and $134,780 (2021)	183,115	124,980
Forgiveness of debt	-	467,000
Employee Retention Credit	-	358,654
Loss from disposal of property and equipment	-	(5,250)
Investment income - Net	8,285	9,611
Net assets released from restrictions	968,371	857,416
Total revenue, gains, and other support	56,251,734	129,467,336
Expenses:		
Program services:		
Containers and medical services - In kind	64,031,322	64,360,811
Containers and medical services - Other	6,411,596	5,700,758
Total program services	70,442,918	70,061,569
Support services:		
Management and general	407,419	358,466
Fundraising	1,764,406	1,584,931
Total support services	2,171,825	1,943,397
Total expenses	72,614,743	72,004,966
Change in Net Assets without Donor Restrictions	(16,363,009)	57,462,370
Changes in Net Assets with Donor Restrictions		
Contributions of cash and other financial assets	7,084,157	534,809
Net assets released from restrictions	(968,371)	(857,416)
Change in Net Assets with Donor Restrictions	6,115,786	(322,607)
Change in Net Assets	(10,247,223)	57,139,763
Net Assets - Beginning of year	135,527,231	78,387,468
Net Assets - End of year	**$ 125,280,008**	**$ 135,527,231**

Consolidated Statement of Functional Expenses

Year Ended May 31, 2022
(with comparative totals for 2021)

	Program Services	Support Services		Total	
	Containers and Medical Services	Management and General	Fundraising	2022	2021
Donated medical equipment and supplies	$ 60,019,559	$ -	$ -	$ 60,019,559	$ 63,579,111
Write-off of donated medical equipment and supplies	2,861,240	-	-	2,861,240	-
Compensation and other costs	1,502,238	128,099	1,248,866	2,879,203	2,689,899
Shipping	1,686,948	-	-	1,686,948	1,838,848
Occupancy - Rent, utilities, and other costs	1,299,130	3,492	3,492	1,306,114	1,227,512
Other donated costs of operations	1,150,523	-	-	1,150,523	781,700
Purchased medical equipment and supplies	872,608	-	-	872,608	274,735
Donor development	-	-	334,288	334,288	302,263
Depreciation and amortization	270,006	7,238	12,122	289,366	261,475
Accounting and audit	-	187,718	-	187,718	188,172
Occupancy – Interest and other financing costs	139,225	5,374	5,374	149,973	295,826
Dues and professional expenses	54,614	17,987	59,191	131,792	69,830
Vehicles	119,526	1,630	4,325	125,481	104,356
Travel	56,831	5,426	41,225	103,482	21,749
Consultants	76,987	-	15,265	92,252	34,372
Office supplies, computers, and printing	49,639	19,281	20,069	88,989	67,724
Needs assessments	75,443	-	-	75,443	253
Insurance	43,048	8,252	-	51,300	45,119
Service programs	41,106	-	-	41,106	4,968
Communications	25,527	6,107	6,107	37,741	34,986
Operating supplies	28,985	2,417	2,417	33,819	50,444
Volunteer support	29,357	331	331	30,019	27,884
Miscellaneous	1,053	8,143	653	9,849	6,332
Website	39,325	5,924	10,681	55,930	97,408
	70,442,918	407,419	1,764,406	72,614,743	72,004,966
Rental expenses	-	192,421	-	192,421	134,780
Special event expenses	-	-	237,987	237,987	121,686
Total expenses netted against revenue	-	192,421	237,987	430,408	256,466
Total functional expenses	$ 70,442,918	$ 599,840	$ 2,002,393	$ 73,045,151	$ 72,261,432

Consolidated Statement of Cash Flows

Year Ended May 31, 2022
(with comparative totals for 2021)

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ (10,247,223)	$ 57,139,763
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	328,196	300,305
Loss from disposal of property and equipment	-	5,250
Noncash change in inventory	18,975,721	(56,715,724)
Amortization of deferred debt issuance costs	490	23,325
Forgiveness of debt	-	(467,000)
Donation of investments	-	(107,975)
Net realized and unrealized gain on investments	-	(9,868)
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	644,200	(658,604)
Prepaid expenses and other assets	12,525	(29,350)
Accounts payable	398,364	185,398
Accrued expenses	25,854	(40,330)
Net cash provided by (used in) operating activities	10,138,127	(374,810)
Cash Flows from Investing Activities		
Purchases of property and equipment	(106,823)	(525,650)
Purchases of investments	(425,450)	-
Sales of investments	-	213,448
Net cash used in investing activities	(532,273)	(312,202)
Cash Flows from Financing Activities		
Net proceeds from note payable	-	56,055
Payments on note payable	(411,347)	(433,820)
Payment of debt issuance costs	-	(4,900)
Payments on capital lease obligation	(21,667)	(23,472)
Net cash used in financing activities	(433,014)	(406,137)
Net Increase (Decrease) in Cash	9,172,840	(1,093,149)
Cash - Beginning of year	2,929,675	4,022,824
Cash - End of year	**$ 12,102,515**	**$ 2,929,675**
Supplemental Cash Flow Information - Cash paid for interest	$ 150,933	$ 216,199

See notes to consolidated financial statements.

Note 1 - Nature of Organization

Benevolent Healthcare Foundation dba Project C.U.R.E. (Project C.U.R.E.), located in Centennial, Colorado, was formed and organized as a nonprofit organization in Colorado during 2000. Project C.U.R.E. was formed in 1987 and operated under the Benevolent Brotherhood Foundation until June 2001. At that time, the assets of Project C.U.R.E. were transferred into the Benevolent Healthcare Foundation. Project C.U.R.E. is the sole member of two Colorado limited liability companies, Benevolent Healthcare Foundation of Denver, LLC (BHFD) and Benevolent Healthcare Foundation of Nashville, LLC (BHFN).

Project C.U.R.E. currently provides medical equipment and supplies to over 120 countries throughout the world. At May 31, 2022, Project C.U.R.E. operated distribution centers in seven locations: Arizona, Colorado, Illinois, Missouri, Pennsylvania, Tennessee, and Texas. Additionally, Project C.U.R.E. utilized donated or paid collection center space in Colorado, Florida, Kansas, Michigan, and Pennsylvania.

Note 2 - Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Project C.U.R.E. and its wholly owned subsidiaries, BHFD and BHFN (collectively, the "Organization"). All material interorganizational accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Summarized Comparative Information

The financial information presented for comparative purposes for the year ended May 31, 2022 is not intended to be a complete financial statement presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended May 31, 2021, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers all investments with an original maturity of three months or less when purchased to be cash equivalents unless they are held for reinvestment as part of the investment portfolio or otherwise encumbered.

The balance of cash and cash equivalents includes $250,000 of cash assigned as a reserve under the Organization's note payable agreement described in Note 7.

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash accounts that may, during the year, exceed the federally insured limit set by the FDIC. At May 31, 2022 and at various points throughout the year, the Organization had deposits in excess of federally insured limits. The Organization reduces credit risk by placing its cash and temporary investments with creditworthy, high-quality financial institutions.

Investments

The Organization reports investments in certificates of deposit at amortized cost. Interest income is included on the consolidated statement of activities and changes in net assets.

Note 2 - Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable primarily consist of amounts due under various government grants and contracts and are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. Management considers all accounts receivable collectible, and, therefore, an allowance for doubtful accounts has not been recorded at May 31, 2022 and 2021.

Inventory

Inventory substantially consists of donated medical supplies that will no longer be used, nor sold, for medical purposes in the United States of America and retired medical equipment. The inventory has been valued at wholesale prices obtained from various internet retailer sources that specialize in reselling used medical supplies and equipment. All of the inventory on hand is held exclusively for shipment to developing countries at no charge to them.

Property and Equipment

The Organization capitalizes all property and equipment with a cost or contributed fair value of $2,500 or greater. The straight-line method is used for computing depreciation expense. Assets are depreciated over their estimated useful lives ranging from 3 to 10 years for equipment, furnishings, and vehicles and 30 years for buildings. The cost of leasehold improvements is depreciated (amortized) over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Debt Issuance Costs

Debt issuance costs were incurred by the Organization in connection with obtaining certain notes payable. Fees incurred for debt financing are amortized over the term of the related debt instrument. Debt issuance costs are included in notes payable on the consolidated statement of financial position. Amortization of deferred loan costs is included in interest expense in the accompanying consolidated statement of functional expenses. Accumulated amortization as of May 31, 2022 and 2021 totaled $653 and $163, respectively. Amortization expense for the years ended May 31, 2022 and 2021 was $490 and $23,325, respectively.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. The Organization's donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Donated Services and Materials

Certain donated services and materials, consisting of medical equipment and supplies, are recorded as in-kind contributions on the date received and program services expenses on the date delivered in the consolidated statement of activities and changes in net assets. The value of these services is determined based on estimated fair value.

Note 2 - Significant Accounting Policies (Continued)

Amounts are recognized in the consolidated financial statements for voluntary donations of services when those services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and would typically be purchased if not provided by donation. Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs. The value of these services was determined based on their estimated fair value. Other volunteer services are not reflected in the consolidated financial statements because the services are not recordable under accounting principles generally accepted in the United States of America.

Federal Government Grant Revenue

Federal government grant revenue received by the Organization is considered to be a nonexchange transaction and is recognized as the conditions of the grants are met. Amounts that have been awarded but not yet recognized as revenue are treated as conditional contributions and are not reflected in the accompanying consolidated financial statements. Grant funding payments received in advance of conditions being met are recorded as deferred revenue. There was no grant funding collected in advance of services being performed as of May 31, 2022 and 2021.

Contributions and Contributions Receivable

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year in which the contributions are received are reported as contributions without donor restrictions in the accompanying financial statements.

Contributions of marketable securities are recorded at fair value as of the date of the gift. It is the Organization's practice to determine appropriate disposition of such gifts of securities at the time of receipt.

The Organization reports gifts of property and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports the expiration of donor restrictions when the assets are placed in service.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses incurred directly for a program service are charged to such service. Allocations of salaries, payroll taxes, and other related costs are allocated to services on a pro rata basis of employees' time devoted to each service. Fringe benefits are allocated to all services on a pro rata basis of total direct salary expenses incurred. Certain overhead costs are also allocated to services on a pro rata basis of total square footage occupied by each service. All other expenses are directly identified as relating to program or support services. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Note 2 - Significant Accounting Policies (Continued)

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Upcoming Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the consolidated statement of activities and changes in net assets. Currently, leases are classified as either capital or operating, with only capital leases recognized on the consolidated statement of financial position. The reporting of lease-related expenses in the consolidated statements of activities and changes in net assets, functional expenses, and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending May 31, 2023 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. The Organization is still evaluating which method it will apply. The new lease standard is expected to have a significant effect on the Organization’s consolidated financial statements as a result of the Organization's operating leases, as disclosed in Note 11, that will be reported on the consolidated statement of financial position at adoption. Upon adoption, the Organization will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the activities of the Organization are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958)*: *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets will be reported by category within the consolidated financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The new guidance will be effective for the Organization’s year ending May 31, 2023 and will be applied using the retrospective method.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including May 1, 2023, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The Organization has $12,365,396 and $3,411,306 of financial assets available within one year of May 31, 2022 and 2021 to meet cash needs for general expenditure consisting of cash of $11,852,515 and $2,679,675, investments of $425,450 and $0, and accounts receivable of $87,431 and $731,631, respectively. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date. Cash has been reduced by amounts held as a reserve under the Organization's note payable agreement described in Note 7.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's board of directors (the "Board") meets regularly to adjust policies regarding liquidity as needed.

Note 3 - Liquidity and Availability of Resources (Continued)

The Organization also realizes there could be unanticipated liquidity needs.

Note 4 - Inventory

Inventory at May 31, 2022 and 2021 consists of the following:

	2022	2021
Medical supplies and equipment	$ 94,769,058	$ 88,039,211
COVID-19 emergency relief beds and mattresses	16,581,632	42,287,200
Total	$ 111,350,690	$ 130,326,411

As described in Note 10, during the year ended May 31, 2021, the Organization received a donation of 22,100 COVID-19-designed hospital beds (emergency relief beds) intended for use in large public health care spaces, such as triage centers, as well as 28,000 mattresses intended to be used with these beds. As of May 31, 2022 and 2021, 4,964 and 12,900 emergency relief beds and 7,743 and 18,800 mattresses remained in inventory with a value of $16,581,632 and $42,287,200, respectively. Approximately 365 and 3,270 emergency relief beds and mattresses, respectively, were written off during the year ended May 31, 2022 with a value of $2,861,240. There were no write offs during the year ended May 31, 2021.

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	2022	2021
Buildings and improvements	$ 7,244,322	$ 7,244,322
Land	1,178,000	1,178,000
Vehicles	624,062	586,828
Leasehold improvements	404,041	404,041
Equipment, software, and furnishings	432,147	378,825
Total cost	9,882,572	9,792,016
Accumulated depreciation	3,530,057	3,218,128
Property and equipment - Net	$ 6,352,515	$ 6,573,888

Depreciation and amortization expense for the years ended May 31, 2022 and 2021 was $328,196 and $300,305, respectively. Depreciation and amortization expense for the years ended May 31, 2022 and 2021 of $38,830 has been netted with rental income on the consolidated statement of activities and changes in net and within rental expenses on the consolidated statement of functional expenses.

Note 6 - Capital Lease Agreement

During 2020, the Organization entered into an agreement for a software license classified as a capital lease for the purpose of the consolidated financial statements. Under the terms of the agreement, payments of $1,805 related to the license portion of the agreement were due monthly with the final payment occurring during the year ended May 31, 2022. No imputed interest has been recorded, as the Organization has determined it is insignificant.

At May 31, 2021, property held under this agreement has a gross cost of $65,000. Accumulated amortization on the software license was $43,333 at May 31, 2021. There were no outstanding future minimum payments under this agreement at May 31, 2022.

Note 7 - Note Payable

The Organization's notes payable consist of the following:

	2022	2021
Note payable to a bank with an original principal amount of $4,759,486; 3.35 percent interest per annum; monthly payments including principal and interest of $46,835 through January 2031, with certain prepayment penalties, as described in the promissory note agreement; collateralized by certain cash accounts and real property of the Organization	$ 4,210,705	$ 4,622,052
Unamortized debt issuance costs	(4,247)	(4,737)
Note payable - Net of unamortized debt issuance costs	$ 4,206,458	$ 4,617,315

The balance of the above note payable matures as follows:

Years Ending	Amount
2023	$ 426,138
2024	440,634
2025	455,624
2026	471,124
2027	487,152
Thereafter	1,930,033
Total	$ 4,210,705

Interest expense related to the above notes payable was $149,484 and $212,435 for the years ended May 31, 2022 and 2021, respectively.

As part of the note payable agreement outstanding at May 31, 2022, the Organization is subject to certain financial and nonfinancial covenants.

Note 8 - Note Payable - Paycheck Protection Program Loan

The Paycheck Protection Program (PPP) was established by Congress as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under this relief program, the legislation authorized the Treasury to use the Small Business Administration (SBA) to fund loans to qualifying entities. The SBA will review forgiveness applications and will forgive up to the full amount of the loan issued if it deems all employee retention and salary level criteria are met and if the funds are used for eligible expenses.

During April 2020, the Organization received $467,000 in funding under the PPP. The proceeds of this loan were used to maintain workforce and fund certain other allowable expenses under the terms of the program. During the year ended May 31, 2021, the Organization applied for and received notification of forgiveness of the loan from the SBA. Loan forgiveness related to the PPP loan in the amount of $467,000 has been recorded as forgiveness of debt during the year ended May 31, 2021 in the consolidated statement of activities and changes in net assets.

Note 9 - Net Assets

Net assets with donor restrictions as of May 31 are subject to expenditure for the following purposes:

	2022	2021
Donor contributions for shipments of shipping containers to specific locations	$ 1,563,632	$ 1,202,588
Donor contributions restricted for Ukraine support	5,754,742	-
Miscellaneous program restrictions	30,500	30,500
Total	$ 7,348,874	$ 1,233,088

Note 10 - Noncash Contributions

Noncash contributions consist of the following donated goods, services, and facilities:

	2022	2021
Medical supplies	$ 43,377,078	$ 49,809,635
Medical supplies - Emergency relief beds and mattresses (see below)	-	69,887,200
C.U.R.E. kits	528,000	598,000
Transportation and other	338,090	41,000
Warehouse and office rental space	812,433	740,700
Total	$ 45,055,601	$ 121,076,535

During the year ended May 31, 2022, shipments of goods exceeded noncash goods contributed by $18,975,721, resulting in a decreased inventory supply. During the year ended May 31, 2021, noncash goods contributed exceeded shipments of goods by $56,715,724, resulting in an increased inventory supply.

During the year ended May 31, 2021, the Organization received a donation of 22,100 COVID-19- designed hospital beds (emergency relief beds) intended for use in large public health care spaces, such as triage centers, as well as 28,000 mattresses intended to be used with these beds. This donation represents approximately 225 cargo loads at an approximate fair value of $69,887,000 on the date of donation, which is included in contributed medical supplies above during 2021. Subsequent to the initial donation, it was determined that approximately 365 emergency relief beds and 3,270 mattresses would not be received, and as a result, a write-off of approximately $2,861,000 was recorded. During 2022, the Organization distributed approximately 7,600 emergency relief beds and 7,800 mattresses with an estimated value of $22,844,000. During 2021, the Organization distributed approximately 9,200 emergency relief beds and mattresses with an estimated value of $27,600,000.

Note 11 - Operating Leases

The Organization leases warehouse, distribution, and office space under verbal agreements that the monthly rent will be an in-kind donation to the Organization. In-kind lease expense for the years ended May 31, 2022 and 2021 was $812,433 and $740,700.

The Organization is obligated under operating leases primarily for warehouse and distribution space, expiring at various dates through October 31, 2027. The leases require the Organization to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was $894,685 and $875,819 for the years ended May 31, 2022 and 2021, respectively.

Note 11 - Operating Leases (Continued)

Future minimum annual commitments under these operating leases are as follows:

Years Ending May 31	Amount
2023	$ 870,341
2024	755,265
2025	501,383
2026	368,906
2027	330,800
Thereafter	128,965
Total	$ 2,955,660

Note 12 - Retirement Plan

The Organization has a tax-sheltered annuity plan under Internal Revenue Code Section 403(b) available to its employees. There were no employer contributions for the years ended May 31, 2022 and 2021.

Note 13 - Commitments and Contingencies

Grant Awards

The Organization recognizes as revenue grant moneys received as reimbursement for costs incurred in certain federal programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time.