CAMP KUDZU, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Warren Averett
CPAs AND ADVISORS
www.warrenaverett.com

The report accompanying this deliverable was issued by Warren Averett, LLC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Camp Kudzu, Inc.

Opinion

We have audited the accompanying financial statements of Camp Kudzu, Inc. (a nonprofit organization) which comprise the statements of financial position as of September 30, 2023 and 2022, the related statements of activities, functional expenses and cash flows for the years 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 Camp Kudzu, Inc. (the Organization) as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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.

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

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 audits.
- 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 audits 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 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 audits.

Warren Averett, LLC

Atlanta, Georgia
March 15, 2024

CAMP KUDZU, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

ASSETS

	2023	2022
Cash and cash equivalents	$ 764,636	$ 714,938
Investments	507,760	466,876
Grants receivable	85,276	120,426
Pledges receivable	536,030	401,321
Inventory	405,501	456,814
Prepaid expenses	47,723	50,868
Property and equipment, net	1,723	1,961
Operating lease right-of-use asset, net	84,093	-
TOTAL ASSETS	$ 2,432,742	$ 2,213,204

LIABILITIES AND NET ASSETS

	2023	2022
LIABILITIES		
Accounts payable and accrued liabilities	$ 74,221	$ 22,967
Deferred revenue	36,044	51,625
Note payable	463,471	489,322
Operating lease liability	87,121	-
TOTAL LIABILITIES	660,857	563,914
NET ASSETS		
Without donor restrictions		
Undesignated	415,078	338,730
Board designated for working capital reserves	330,000	330,000
	745,078	668,730
With donor restrictions	1,026,807	980,560
TOTAL NET ASSETS	1,771,885	1,649,290
TOTAL LIABILITIES AND NET ASSETS	$ 2,432,742	$ 2,213,204

See notes to the financial statements.

CAMP KUDZU, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT						
Contributions and grants	$ 780,691	$ 444,468	$ 1,225,159	$ 649,839	$ 451,422	$ 1,101,261
Donated services and materials	585,962	444,716	1,030,678	424,159	535,724	959,883
Special events	432,646	-	432,646	281,575	-	281,575
Less: cost of direct benefit to donors	(164,951)	-	(164,951)	(113,701)	-	(113,701)
Camp program income	439,470	-	439,470	516,034	-	516,034
Employee retention tax credit	90,489	-	90,489	-	-	-
Investment income (loss).	40,884	-	40,884	(75,080)	-	(75,080)
Other income	14,424	-	14,424	1,043	-	1,043
Net assets released from restrictions	842,937	(842,937)	-	866,568	(866,568)	-
TOTAL REVENUE AND SUPPORT	3,062,552	46,247	3,108,799	2,550,437	120,578	2,671,015
EXPENSES						
Program	2,466,235	-	2,466,235	2,298,631	-	2,298,631
General and administrative	187,586	-	187,586	194,054	-	194,054
Fundraising	332,383	-	332,383	326,712	-	326,712
TOTAL EXPENSES	2,986,204	-	2,986,204	2,819,397	-	2,819,397
CHANGES IN NET ASSETS	76,348	46,247	122,595	(268,960)	120,578	(148,382)
NET ASSETS AT:						
BEGINNING OF YEAR	668,730	980,560	1,649,290	937,690	859,982	1,797,672
END OF YEAR	$ 745,078	$ 1,026,807	$ 1,771,885	$ 668,730	$ 980,560	$ 1,649,290

See notes to the financial statements.

CAMP KUDZU, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(with comparative totals for 2022)

	2023				
	Program	**General and Administrative**	**Fundraising**	**Total**	**2022**
Salaries and benefits	$ 486,869	$ 42,551	$ 194,638	$ 724,058	$ 739,804
Donated professional services	580,962	-	-	580,962	484,541
Donated medical supplies	496,030	-	-	496,030	590,207
Facility charges	468,502	-	-	468,502	356,507
Other expenses	29,931	31,879	69,231	131,041	135,730
Camp supplies	119,694	-	-	119,694	103,217
Rent and utilities	68,907	12,105	12,105	93,117	97,862
Professional fees	47,864	36,929	-	84,793	47,051
Website	21,652	3,411	27,062	52,125	48,549
Insurance	32,864	7,954	2,341	43,159	40,342
Travel and entertainment	29,759	1,020	4,415	35,194	29,297
Contractor services	280	32,313	-	32,593	24,648
Activities and events	27,337	-	-	27,337	13,529
Volunteer recruitment and screening	23,922	-	-	23,922	18,520
Telephone	11,613	3,811	6,939	22,363	26,409
Printing and reproduction	8,602	2,253	4,704	15,559	16,442
Office supplies and postage	8,919	897	3,070	12,886	15,594
Interest expense	-	11,469	-	11,469	14,629
Dues and subscriptions	1,405	619	7,503	9,527	13,156
Depreciation	1,123	375	375	1,873	3,363
TOTAL EXPENSES	$ 2,466,235	$ 187,586	$ 332,383	$ 2,986,204	$ 2,819,397

See notes to the financial statements.

CAMP KUDZU, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program	General and Administrative	Fundraising	Total
Salaries and benefits	$ 486,537	$ 45,415	$ 207,852	$ 739,804
Donated medical supplies	590,207	-	-	590,207
Donated professional services	484,541	-	-	484,541
Facility charges	356,507	-	-	356,507
Other expenses	34,908	52,016	48,806	135,730
Camp supplies	103,217	-	-	103,217
Rent and utilities	72,418	12,722	12,722	97,862
Website	18,657	2,312	27,580	48,549
Professional fees	22,213	24,838	-	47,051
Insurance	33,092	4,776	2,474	40,342
Travel and entertainment	26,419	593	2,285	29,297
Telephone	15,298	5,078	6,033	26,409
Contractor services	585	24,063	-	24,648
Volunteer recruitment and screening	18,520	-	-	18,520
Printing and reproduction	6,999	4,029	5,414	16,442
Office supplies and postage	11,317	2,254	2,023	15,594
Activities and events	13,529	-	-	13,529
Dues and subscriptions	1,650	656	10,850	13,156
Depreciation	2,017	673	673	3,363
Interest expense	-	14,629	-	14,629
TOTAL EXPENSES	$ 2,298,631	$ 194,054	$ 326,712	$ 2,819,397

See notes to the financial statements.

CAMP KUDZU, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 122,595	$ (148,382)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,873	3,363
Amortization of right-of-use asset	40,522	-
Contributed inventory	51,313	54,483
Realized and unrealized (gain) loss on investments	(26,184)	87,782
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	(99,559)	(176,863)
Prepaid expenses	3,145	426
Increase (decrease) in:		
Accounts payable and accrued liabilities	51,254	(38,984)
Payments on operating lease liability	(37,493)	-
Deferred revenue	(15,581)	21,230
Net cash provided by (used in) operating activities	91,885	(196,945)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,636)	-
Net proceeds from (purchases of) investments	-	11,947
Dividends and interest reinvested	(14,700)	(12,702)
Net cash used in investing activities	(16,336)	(755)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	(25,851)	(5,178)
Net cash used in financing activities	(25,851)	(5,178)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	49,698	(202,878)
CASH AND CASH EQUIVALENTS AT:		
BEGINNING OF YEAR	714,938	917,816
END OF YEAR	$ 764,636	$ 714,938
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	$ 11,469	$ 14,629

See notes to the financial statements.

1. ORGANIZATION

Camp Kudzu, Inc. (the Organization) is a non-profit organization serving children living with type 1 diabetes and their families. The Organization's mission is to educate, empower and inspire these children through summer camps and year-round programs so they have the chance to grow up to be healthy. As Georgia's largest provider of education and support services for children with insulin-dependent diabetes outside hospitals and clinics, the Organization fills an important need for ongoing diabetes self-management education and support to a state with over 6,000 young people living with diabetes. The Organization extends services to all children and families regardless of ability to pay by offering camp scholarships.

The Organization affords healthcare professionals and students the opportunity to gain first-hand experience in the best practices of diabetes management and care, thereby equipping them to best serve their own patients.

The Organization was founded in 1999, in Atlanta, Georgia, by parents, doctors, health care professionals and community leaders who joined forces to establish programs throughout Georgia that would support the developmental and medical needs of children with diabetes marked by clinical oversight and direction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities at year-end. Net assets, revenues, expenses, gains and losses are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- *Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions.
    - *Board Designated* – Net assets without donor restrictions designated by the Board to be held for endowment or other specified purposes. The Board can elect to remove these designations in the future.
- *With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time.

Designation of Net Assets without Donor Restrictions

It is the policy of the Board of Directors (the Board) of the Organization to review its working capital needs from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such needs. The Board designated $330,000 for working capital reserves at September 30, 2023 and 2022.

Contributions and Revenue Recognition

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue from camp program income is recorded as the camps are conducted. Camp program income on the statement of activities is net of scholarships given to camp participants of approximately $287,000 and $228,000 for the years ended September 30, 2023 and 2022, respectively.

Noncash contributions are recorded at amounts that approximate their fair value at the date received.

Donated Materials and Services (In-kind)

The Organization utilizes in-kind contributions to carry out its mission. All in-kind contributions received during the years ended September 30, 2023 and 2022, were able to be used by the Organization as determined by the Board of Directors and management. In-kind contributions are included in revenue and support and program expenses in the accompanying statements of activities.

Contributed Services: Contributed services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing skills and would typically need to be purchased if not provided by donation. The Organization valued in-kind contributed services based on current market rates for comparable services.

Contributed Medical Supplies: Donated medical supplies are reflected as donor-restricted contributions at their estimated value based on market values for comparable items at date of receipt. Donated medical supplies are restricted for use in camp activities.

Other In-kind Contributions: The Organization receives various other in-kind contributions that are used to support its mission and values these using estimated market values based on comparable items at date of receipt.

The Organization received donated time from camp counselors and other volunteers during the years ended September 30, 2023 and 2022; however, the value of this donated time was not recognized in the financial statements because those services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America (GAAP).

See Note 8 for additional information on contributed supplies and services.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid investments with maturities of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of demand deposits with several financial institutions.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, account receivables and payables approximates fair value because of the short maturity of these financial instruments. The fair value of investments is based upon values provided by external investment managers or quoted market values, which have been reviewed and approved by management. Fair value disclosures for investments in marketable securities are further discussed in Note 3.

Concentration of Credit Risk

The Organization maintains cash balances in various financial institutions. Deposit accounts at each of the institutions are insured up to $250,000, by the Federal Deposit Insurance Corporation (FDIC). The Organization exceed the FDIC insured limit by approximately $284,000 and $383,000 at September 30, 2023 and 2022, respectively.

At September 30, 2023, 71% of the grants receivable was attributable to one donor and 18% of pledges receivable was attributable to one donor. At September 30, 2022, 100% of the grant receivable was attributable to one donor. For the year ended September 30, 2022, 23% of contribution and grant income was attributable to one foundation.

Pledges Receivable

Pledges receivable are recognized as contributions in the period received and as assets, decreases of liabilities or expenses depending on the form of benefit received. Pledges receivable are recorded at their net realizable value if expected to be collected in more than one year. The Organization uses the allowance method to determine the uncollectible receivable. The allowance is based on prior years' experience and management's analysis of specific promises received. No allowance was deemed necessary at September 30, 2023 or 2022.

Property and Equipment

The Organization capitalizes all expenditures for leasehold improvements, furniture, fixtures and equipment in excess of $1,000. Property and equipment are recorded at cost or at fair value, if donated, and are depreciated using straight-line methods over their estimated useful lives.

Inventory

The Organization records its medical supplies inventory at fair value when donated under the first-in, first-out (FIFO) method. The FIFO method assumes items flow through inventory in the order they were donated or received. The FIFO method produces an inventory account that more closely approximates replacement costs since inventory consists of the items that were donated or received most recently. The Organization's inventory at September 30, 2023 and 2022, consisted of $405,501 and $456,814, respectively, in donated medical supplies inventory to be used for summer camps.

Deferred Revenue

Deferred revenue represents fees for programs and events that relate to the subsequent year.

Functional Allocation of Expenses
The costs of providing the various programs and other activities are summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Rent and utilities are allocated based on space used for different functions. Other cost allocations are based on staff time spent on various functions.

Income Taxes
The Organization is exempt from income taxes under Section 501(c) (3) of the U.S. Internal Revenue Code (IRC) and is classified as an organization which is not a private foundation under Section 509(a) of the IRC. The Organization qualifies for the charitable contribution deduction.

Right-of-Use Assets and Lease Liabilities
Effective October 1, 2022, the Organization adopted FASB ASC Topic 842, *Leases* (Topic 842). Under Topic 842, a lessee is required to recognize a lease liability and a right-of-use lease asset on the statements of financial position. There was no cumulative effect adjustment to the Organization's retained earnings as a result of the adoption of this standard. In connection with the adoption of Topic 842, the Organization elected to apply the following practical expedients:

- not to reassess whether a contract includes an embedded lease at adoption;
- not to reassess the previously determined classification of a lease as operating or capital;
- not to reassess previously recorded initial direct costs;
- election of an accounting policy that permits inclusion of both the lease and non-lease components as a single lease component;
- election of an accounting policy to exclude lease accounting requirements for leases that have terms of less than 12 months; and
- the use of hindsight in determining the lease term and in assessing impairment of right-of-use assets.

In accordance with Topic 842, at lease commencement, the Organization initially measures the lease liability at the present value of payments expected to be made during the lease term. The right-of-use lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs.

Key estimates and judgments related to leases include how the Organization determines: (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Organization uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Organization generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease, as well as expected renewal terms. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

As a result of the adoption, the Organization recognized on October 1, 2022 a lease liability of $124,614, which represents the present value of the remaining operating lease payments, discounted using a risk free rate of 4.22%, and a right-of-use asset of $121,976, which represents the operating lease liability of $124,614, adjusted for deferred rent of $2,638.

The Organization monitors changes in circumstances that would require a remeasurement of its leases and will remeasure right-of-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability.

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Events Occurring After the Report Date
Management has evaluated events and transactions that occurred between September 30, 2023 and March 15, 2024, which was the date the financial statements were available to be issued. There were no significant subsequent events requiring recognition or disclosure in the financial statements.

3. INVESTMENTS

Investments consist of the following as of September 30, 2023 and 2022:

	2023	2022
Mutual funds	$ 36,177	$ 24,560
Equities	113,832	105,748
Government bonds	47,438	48,374
Corporate bonds	310,313	288,194
	$ 507,760	$ 466,876

The Organization follows the guidance of GAAP for fair value measurements and disclosures which provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction.

The framework prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date. The framework describes three levels of inputs that may be used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 investments include domestic and international debt and equity securities that are traded in an active exchange market.

- Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 investments include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain corporate and government debt securities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. The Organization has no Level 3 investments.

The following table summarizes the valuation of the Organization's marketable securities by the hierarchy levels described above as of September 30, 2023:

	Fair Value Measurement		
	Level 1	**Level 2**	**Total**
Mutual funds	$ 36,177	$ -	$ 36,177
Equities	113,832	-	113,832
Government bonds	-	47,438	47,438
Corporate bonds	-	310,313	310,313
	$ 150,009	$ 357,751	$ 507,760

The following table summarizes the valuation of the Organization's marketable securities by the hierarchy levels described above as of September 30, 2022:

	Fair Value Measurement		
	Level 1	**Level 2**	**Total**
Mutual funds	$ 24,560	$ -	$ 24,560
Equities	105,748	-	105,748
Government bonds	-	48,374	48,374
Corporate bonds	-	288,194	288,194
	$ 130,308	$ 336,568	$ 466,876

The components of total investment (loss) return for the year ended September 30, 2023 and 2022, are as follows:

	2023	**2022**
Dividends and interest	$ 14,700	$ 12,702
Net realized and unrealized income (loss)	26,184	(87,782)
	$ 40,884	$ (75,080)

4. PLEDGES AND GRANTS RECEIVABLE

Pledges receivable as of September 30, 2023, are due to be received in the following years:

2024	$ 233,122
2025	130,625
2026	98,454
2027	42,829
2028	31,000
	$ 536,030

Grants receivable as of September 30 are due to be received in the following year.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	Estimated Useful Life	2023	2022
Furniture and fixtures	3 - 5 years	$ 32,121	$ 32,121
Leasehold improvements	2 years	-	-
Computers and software	3 years	27,916	26,281
Less: accumulated depreciation		(58,314)	(56,441)
Total property and equipment, net		$ 1,723	$ 1,961

Depreciation expense for the years ended September 30, 2023 and 2022, was $1,873 and $3,363, respectively.

6. NOTE PAYABLE

In April 2020, the Organization obtained a $494,500 CARES Economic Injury Disaster Loan. The loan bears interest at 2.75% and monthly installment payments, including principal and interest, of $2,112 which will begin 24 months from the date of the promissory note. The note is collateralized by all tangible and intangible property. The balance of principal and interest will be payable 30 years from the date of the promissory note.

Future principal payments on the note payable are as follows for the years ending September 30:

2024	$	12,759
2025		13,114
2026		13,479
2027		13,854
Thereafter		410,265
	$	463,471

7. LEASE COMMITMENTS

The Organization conducts its programs at facilities leased under short-term rental agreements.

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use asset represents the Organization's right-of-use the underlying asset for the lease term, and the lease liability represents the Organization's obligation to make lease payments arising from the lease. The right-of-use asset and lease liability, all of which arise from an operating lease, were calculated based on the present value of future lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022, was 4.22%. For the year ended September 30, 2023, total operating lease cost was $93,117. As of September 30, 2023, the weighted-average remaining lease term for the Organization's operating lease was approximately one year.

Cash paid for the operating lease for the year ended September 30, 2023, was approximately $93,000. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2.

Total future minimum lease payments are as follows for the years ending September 30:

2024	$	95,493
2025		23,931
		119,424
Less present value discount		(32,303)
Lease liability	$	87,121

8. DONATED SERVICES AND MATERIALS

Donated services and materials are included in contributions revenue in the accompanying statements of activities and are summarized as follows for the years ended September 30:

	2023	2022
Medical supplies	$ 444,716	$ 535,724
Medical services	580,962	417,659
Oher in-kind donations	5,000	6,500
Total donated services and materials	$ 1,030,678	$ 959,883

A portion of medical supply donations were held for use in the following year. The amounts comprising donated medical supplies expense are as follows:

	2023	2022
Medical supplies donated during the year	$ 444,716	$ 535,724
Year-end inventory	(405,501)	(456,814)
Usage from prior year inventory	456,815	511,297
Donated medical supplies expense	$ 496,030	$ 590,207

9. RESTRICTIONS ON NET ASSETS

At September 30, 2023 and 2022, $330,000 of net assets without donor restrictions were designated by the Board for working capital reserves.

Net assets with donor restrictions at September 30, 2023 and 2022, consist of:

	2023	2022
Purpose restricted net assets		
Medical supplies	$ 405,501	$ 456,814
Scholarships to camps	-	1,999
Time restricted net assets	621,306	521,747
	$ 1,026,807	$ 980,560

Net assets released from donor restrictions for the years ended September 30, 2023 and 2022, were as follows:

	2023	2022
Medical supplies	$ 496,028	$ 590,207
Scholarships to camps	133,698	13,300
Passage of time	213,211	263,061
	$ 842,937	$ 866,568

10. EMPLOYEE BENEFIT PLAN

Effective October 2017, the Organization adopted a 403(b) Plan for those employees who meet the eligibility requirements set forth in the Plan. All plan participants are allowed to contribute any amount up to the legal maximum allowed. The Organization may make a discretionary matching contribution equal to a uniform percentage of dollar amount of the employee's elective deferral. The Organization contributed $14,545 and $13,125 during the years ended September 30, 2023 and 2022, respectively.

11. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of September 30, 2023 and 2022, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	2023	2022
Cash and cash equivalents	$ 764,636	$ 714,938
Current portion of promises to give	233,122	140,600
Current portion of grants receivable	85,276	59,585
Investments	507,760	466,876
Financial assets, at year end	1,590,794	1,381,999
Less: Assets unavailable for general expenditures within one year due to:		
Board designated	330,000	330,000
Donor-imposed restrictions	1,026,807	980,560
Adjusted for: long-term promises to give	(302,908)	(260,721)
Adjusted for: donated medical supplies inventory	(405,501)	(456,814)
	648,398	593,025
Financial assets available to meet cash needs for general expenditures within one year	$ 942,396	$ 788,974

The Organization is supported in part by contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to donors. Therefore, certain financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Board designated amounts could be made available if necessary.

12. CORONAVIRUS AID AND RELIEF

The Coronavirus Aid, Relief and Economic Security (CARES) Act provides an Employee Retention Credit (ERC), which is a refundable tax credit against certain employment taxes paid by the Organization. During the fiscal year ended September 30, 2023, the Organization recorded $90,489 in income related to the ERC on the statement of activities. All amounts expected to be received have been collected as of September 30, 2023.

Laws and regulations concerning government programs, including the ERC established by the CARES act, are complex and subject to varying interpretations. Claims made under the CARES act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.