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

Consolidated Financial Report

May 31, 2019

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Independent Auditor's Report

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

We have audited the accompanying 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, 2019 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.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Benevolent Healthcare Foundation dba Project C.U.R.E. as of May 31, 2019 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 20, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

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

Emphasis of Matter

As described in Note 2 to the consolidated financial statements, the Organization adopted the provisions under Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

January 16, 2020

Consolidated Statement of Financial Position

May 31, 2019
(with comparative totals for 2018)

	2019	2018
Assets		
Cash and cash equivalents	$ 1,731,463	$ 2,662,133
Investments	-	19,263
Accounts receivable	173,383	375,443
Inventory	74,777,127	55,363,355
Prepaid expenses and deposits	204,195	278,622
Property and equipment - Net	6,453,863	6,188,719
Total assets	**$ 83,340,031**	**$ 64,887,535**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 213,786	$ 482,961
Accrued expenses	162,467	140,242
Note payable - Net of unamortized debt issuance costs	5,159,018	5,426,453
Total liabilities	5,535,271	6,049,656
Net Assets		
Without donor restrictions	76,635,198	57,701,936
With donor restrictions	1,169,562	1,135,943
Total net assets	77,804,760	58,837,879
Total liabilities and net assets	**$ 83,340,031**	**$ 64,887,535**

Consolidated Statement of Activities and Changes in Net Assets

Year Ended May 31, 2019
(with comparative totals for May 31, 2018)

	2019	2018
Changes in Unrestricted Net Assets without Donor Restrictions		
Revenue, gains, and other support:		
Contributions - In-kind	$ 69,602,419	$ 73,546,747
Contributions - Other	5,107,259	5,007,689
Federal government grants	716,688	681,757
Gain from disposal of property and equipment	41,831	674,285
Special events - Net of expenses of $222,449 (2019) and $343,477 (2018)	341,836	469,106
Rental income - Net of expenses of $142,769 (2019) and $106,014 (2018)	106,912	125,186
Investment income - Net	17,602	7,162
Net assets released from restrictions	452,503	796,726
Total revenue, gains, and other support	76,387,050	81,308,658
Expenses:		
Program services:		
Containers and medical services - In-kind	50,188,648	62,161,613
Containers and medical services - Other	5,419,004	5,700,574
Total program services	55,607,652	67,862,187
Support services:		
Management and general	389,016	294,939
Fundraising	1,457,120	1,466,812
Total support services	1,846,136	1,761,751
Total expenses	57,453,788	69,623,938
Increase in Net Assets without Donor Restrictions	18,933,262	11,684,720
Changes in Net Assets with Donor Restrictions		
Contributions	486,122	501,676
Net assets released from restrictions	(452,503)	(796,726)
Increase (Decrease) in Net Assets with Donor Restrictions	33,619	(295,050)
Increase in Net Assets	18,966,881	11,389,670
Net Assets - Beginning of year	58,837,879	47,448,209
Net Assets - End of year	**$ 77,804,760**	**$ 58,837,879**

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended May 31, 2019
(with comparative totals for 2018)

	Program Services	Support Services		Total	
	Containers and Medical Services	Management and General	Fundraising	2019	2018
Donated medical equipment and supplies	$ 49,837,217	$ -	$ -	$ 49,837,217	$ 61,758,477
Other donated costs of operations	351,431	-	-	351,431	403,136
Compensation and other costs	1,425,083	109,191	1,070,984	2,605,258	2,605,953
Accounting and audit	-	184,834	-	184,834	175,791
Communications	21,484	5,323	6,320	33,127	28,309
Donor development	15,128	1,681	225,922	242,730	236,868
Dues and professional expenses	50,992	22,891	52,984	126,867	116,760
Insurance	28,680	6,735	-	35,415	33,376
Miscellaneous	387	4,260	-	4,647	5,359
Needs assessments	180,744	-	-	180,744	189,651
Occupancy - interest	261,622	5,327	6,392	273,340	285,205
Occupancy - rent, utilities, and other costs	897,604	2,624	3,149	903,377	757,736
Office supplies, computers, and printing	25,706	13,648	16,345	55,699	51,323
Operating supplies	117,327	1,846	2,215	121,388	148,642
Purchased medical equipment and supplies	367,906	-	-	367,906	490,073
Service programs	311,888	-	-	311,888	322,136
Shipping	1,319,532	-	-	1,319,533	1,528,045
Travel	76,406	17,387	53,928	147,723	148,458
Vehicles	92,946	2,696	3,816	99,458	108,004
Volunteer support	24,977	962	2,052	27,991	36,606
Depreciation	200,592	9,611	13,013	223,216	194,030
	55,607,652	389,016	1,457,120	57,453,788	69,623,938
Rental expenses	-	142,769	-	142,769	106,014
Special event expenses	-	-	222,449	222,449	343,477
Total expenses netted against revenue	-	142,769	222,449	365,218	449,491
Total functional expenses	$ 55,607,652	$ 531,785	$ 1,679,569	$ 57,819,006	$ 70,073,429

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended May 31, 2019 (with comparative totals for 2018)

	2019	2018
Cash Flows from Operating Activities		
Increase in net assets	$ 18,966,881	$ 11,389,670
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	269,445	230,428
Gain from disposal of property and equipment	(41,831)	(674,285)
Donation of investments	-	(30,912)
Noncash change in inventory	(19,413,772)	(11,287,705)
Amortization of deferred debt issuance costs	5,099	5,100
Net realized and unrealized (gains) losses on investments	(1,016)	410
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts receivable	202,060	(107,823)
Prepaid expenses and deposits	74,427	(120,757)
Accounts payable	(269,175)	110,361
Accrued expenses	22,225	(2,983)
Net cash and cash equivalents used in operating activities	(185,657)	(488,496)
Cash Flows from Investing Activities		
Purchase of property and equipment	(534,589)	(508,044)
Insurance proceeds from disposition of property	41,831	826,559
Sale of investments	20,279	11,239
Net cash and cash equivalents (used in) provided by investing activities	(472,479)	329,754
Cash Flows Used in Financing Activities - Payments on note payable	(272,534)	(259,230)
Net Decrease in Cash and Cash Equivalents	(930,670)	(417,972)
Cash and Cash Equivalents - Beginning of year	2,662,133	3,080,105
Cash and Cash Equivalents - End of year	**$ 1,731,463**	**$ 2,662,133**
Supplemental Cash Flow Information - Cash paid for interest	$ 267,976	$ 281,210

See notes to consolidated financial statements.

Note 1 - Nature of Business

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, 2019, Project C.U.R.E. either owned or leased warehouses in Colorado, Illinois, New York, Pennsylvania, Tennessee, and Texas. Additionally, Project C.U.R.E. utilized donated warehouse space in Arizona, 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.

Adoption of New Accounting Pronouncement

For the year ended May 31, 2019 and retrospectively applied to all periods presented, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 requires changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including net asset classification, liquidity and availability of resources, and details of expenses by natural and functional classification and methods of allocation. All applicable changes to the reporting model have been incorporated into the Organization's consolidated financial statements. Net assets previously reported as temporarily restricted net assets in the amount of $1,135,943 have been restated as net assets with donor restrictions.

Summarized Comparative Information

The financial information presented for comparative purposes for the year ended May 31, 2019 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, 2018, from which the summarized information was derived.

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.

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 held for reinvestment as part of the investment portfolio or otherwise encumbered.

The balance of cash and cash equivalents includes $250,000 of cash held in escrow restricted for capital reserves at the Organization's Nashville and Centennial warehouses per the terms of its mortgage agreement.

Note 2 - Significant Accounting Policies (Continued)

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, 2019 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 equity securities with readily determinable fair values and all investments in debt securities at their fair values, with unrealized gains and losses included in the consolidated statement of activities and changes in net assets.

Accounts Receivable

Accounts receivable consist primarily 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, 2019 and 2018.

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. Assets are depreciated over their estimated useful lives ranging from 3 to 10 years for equipment and furnishings and vehicles, and 30 years for buildings. 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, 2019 and 2018 totaled $22,737 and $17,638, respectively. Amortization expense for the years ended May 31, 2019 and 2018 was $5,099 and $5,100, 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.

Note 2 - Significant Accounting Policies (Continued)

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.

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 financial statements because the services are not recordable under accounting principles generally accepted in the United States of America.

Grant Revenue

Revenue from government grants is recognized in the period in which the related services are rendered and expenses incurred.

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 within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

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 consolidated statement of functional expenses. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses required allocation on a reasonable basis that is consistently applied. Expenses incurred directly for a program service are charged to such service. Allocations of salaries, benefits, and certain overhead costs are allocated to services on a pro rata basis of employees' time devoted to each service. Other allocations are determined by management on an equitable basis, such as through time and effort, square footage, and other reasonable means. 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). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of May 31, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Upcoming Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued 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 statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations 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, 2022 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 financial statements as a result of the Organization's operating leases, as disclosed in Note 9, 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 results of operations 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 June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for the Organization’s year ending May 31, 2020 and will be applied on a modified prospective basis. The Organization does not expect the standard to have a significant impact on the timing of revenue recognition for government grants and contracts but has not yet determined the impact on the timing of recognition of foundation and individual grants and contributions.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including January 16, 2020, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The Organization has $1,654,846 of financial assets available within one year of the consolidated statement of financial position date to meet cash needs for general expenditure consisting of cash of $1,481,463 and accounts receivable of $173,383 at May 31, 2019. 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. The Organization holds an additional $250,000 of cash in escrow for future capital projects at its Nashville and Centennial warehouses per the terms of its mortgage agreement.

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.

The Organization also realizes there could be unanticipated liquidity needs.

Note 4 - Property and Equipment

Property and equipment are summarized as follows:

	2019	2018
Land	$ 1,178,000	$ 1,178,000
Buildings and improvements	7,228,322	6,821,194
Equipment and furnishings	295,167	332,714
Vehicles	515,838	413,541
Total cost	9,217,327	8,745,449
Accumulated depreciation	2,763,464	2,556,730
Property and equipment - Net	$ 6,453,863	$ 6,188,719

Depreciation expense for the years ended May 31, 2019 and 2018 was $269,445 and $230,428, respectively. Depreciation expense for the years ended May 31, 2019 and 2018 of $46,230 and $36,398, respectively, has been netted with rental income on the consolidated statement of activities and changes in net assets, and within rental expenses on the consolidated statement of functional expenses.

During 2018, a hailstorm damaged the roof of the Organization's warehouse in Nashville, Tennessee. The Organization received insurance proceeds for the roof in the amount of $826,559 and recorded a corresponding gain on the consolidated statement of activities and changes in net assets for the year ended May 31, 2018.

Note 5 - Note Payable

The Organization's note payable consists of the following:

	2019	2018
Mortgage payable to a bank with an original principal amount of $6,800,000, collateralized by real property, with a fixed interest rate of 4.95 percent and monthly principal and interest payments of $45,037. A balloon payment will be due at maturity on January 1, 2025	$ 5,187,282	$ 5,459,816
Unamortized debt issuance costs	(28,264)	(33,363)
Note payable - Net of unamortized debt issuance costs	$ 5,159,018	$ 5,426,453

Note 5 - Note Payable (Continued)

The balance of the above note payable matures as follows:

Years Ending May 31	Amount
2020	$ 291,223
2021	305,970
2022	321,464
2023	337,742
2024	354,845
Thereafter	3,576,038
Total	$ 5,187,282

Under the agreement with the bank, the Organization is subject to various financial covenants, including a debt service coverage ratio.

At May 31, 2019, the Organization was in violation of the debt service ratio covenant. The bank has waived that requirement of the agreement as of December 13, 2019 and through the period ended January 31, 2020, at which point the bank will retest the debt service ratio. At May 31, 2018, the Organization was in violation of the debt service ratio and received a waiver from the bank for that reporting period.

Note 6 - Net Assets

Net assets with donor restrictions as of May 31, 2019 and 2018 represent the net proceeds of donations that have been restricted by the donors to be used for various programs and shipping of containers to specified locations.

Note 7 - Noncash Contributions

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

	2019	2018
Medical supplies	$ 68,287,988	$ 72,333,111
C.U.R.E. kits	963,000	810,500
Transportation and other	55,331	123,136
Warehouse and office rental space	296,100	280,000
Total	$ 69,602,419	$ 73,546,747

During the year ended May 31, 2019, noncash goods contributed exceeded shipments of goods by $19,413,771, resulting in an increased inventory supply. During the year ended May 31, 2018, noncash goods contributed exceeded shipments of goods by $11,385,134, resulting in an increased inventory supply.

Note 8 - Government Contracts

The Organization recognizes as revenue grant monies 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.

Note 9 - Operating Leases

The Organization leases warehouse 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, 2019 and 2018 was $296,100 and $280,000.

The Organization is obligated under operating leases primarily for warehouse space, expiring at various dates through September 30, 2022. The leases require the Organization to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was $774,476 and $629,891 for the years ended May 31, 2019 and 2018, respectively.

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

Years Ending May 31	Amount
2020	$ 689,001
2021	713,819
2022	460,959
2023	87,125
Total	$ 1,950,904

Note 10 - 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, 2019 and 2018.