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

Consolidated Financial Report

May 31, 2020

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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, 2020 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, 2020 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 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2019 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 14 to the consolidated financial statements, on March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, which has had a significant impact on the Organization. The future impact of the pandemic on the Organization's net assets, cash flows, and financial condition is unknown. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

November 16, 2020

Consolidated Statement of Financial Position

May 31, 2020
(with comparative totals for 2019)

	2020	2019
Assets		
Cash and cash equivalents	$ 4,022,824	$ 1,731,463
Investments	95,605	-
Accounts receivable	73,027	173,383
Inventory	73,610,687	74,777,127
Prepaid expenses and deposits	141,702	204,195
Property and equipment - Net	6,353,793	6,453,863
Total assets	**$ 84,297,638**	**$ 83,340,031**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 261,350	$ 213,786
Note payable - PPP loan	467,000	-
Accrued expenses	160,026	162,467
Capital lease obligation	45,139	-
Notes payable - Net of unamortized debt issuance costs	4,976,655	5,159,018
Total liabilities	5,910,170	5,535,271
Net Assets		
Without donor restrictions	76,831,773	76,635,198
With donor restrictions	1,555,695	1,169,562
Total net assets	78,387,468	77,804,760
Total liabilities and net assets	**$ 84,297,638**	**$ 83,340,031**

See notes to consolidated financial statements.

Consolidated Statement of Activities and Changes in Net Assets

Year Ended May 31, 2020 (with comparative totals 2019)

	2020	2019
Changes in Net Assets without Donor Restrictions		
Revenue, gains, and other support:		
Contributions - In kind	$ 49,746,923	$ 69,602,419
Contributions - Other	7,571,957	5,107,259
Special events - Net of expenses of $294,803 (2020) and $222,449 (2019)	393,160	341,836
Federal government grants	191,721	716,688
Rental income - Net of expenses of $102,983 (2020) and $142,769 (2019)	151,737	106,912
Gain from disposal of property and equipment	23,122	41,831
Investment income - Net	1,731	17,602
Net assets released from restrictions	564,867	452,503
Total revenue, gains, and other support	58,645,218	76,387,050
Expenses:		
Program services:		
Containers and medical services - In kind	50,895,791	50,188,648
Containers and medical services - Other	5,549,814	5,419,004
Total program services	56,445,605	55,607,652
Support services:		
Management and general	323,635	389,016
Fundraising	1,679,403	1,457,120
Total support services	2,003,038	1,846,136
Total expenses	58,448,643	57,453,788
Increase in Net Assets without Donor Restrictions	196,575	18,933,262
Changes in Net Assets with Donor Restrictions		
Contributions	951,000	486,122
Net assets released from restrictions	(564,867)	(452,503)
Increase in Net Assets with Donor Restrictions	386,133	33,619
Increase in Net Assets	582,708	18,966,881
Net Assets - Beginning of year	77,804,760	58,837,879
Net Assets - End of year	**$ 78,387,468**	**$ 77,804,760**

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended May 31, 2020
(with comparative totals for 2019)

	Program Services	Support Services		Total	
	Containers and Medical Services	Management and General	Fundraising	2020	2019
Donated medical equipment and supplies	$ 50,577,824	$ -	$ -	$ 50,577,824	$ 49,837,217
Other donated costs of operations	317,967	-	-	317,967	351,431
Compensation and other costs	1,453,489	82,604	1,162,049	2,698,142	2,569,249
Accounting and audit	-	180,371	-	180,371	184,834
Communications	22,824	4,962	4,962	32,748	33,127
Consultants	-	-	61,423	61,423	36,009
Donor development	10,245	2,277	301,645	314,167	242,730
Dues and professional expenses	54,467	13,413	68,875	136,755	126,867
Insurance	39,584	7,014	-	46,598	35,415
Miscellaneous	-	4,401	-	4,401	4,647
Needs assessments	138,484	-	-	138,484	180,744
Occupancy - interest	246,370	5,011	6,013	257,394	273,340
Occupancy - rent, utilities, and other costs	962,758	2,893	2,893	968,544	903,377
Office supplies, computers, and printing	43,764	8,481	9,308	61,553	55,699
Operating supplies	60,200	2,147	2,147	64,494	121,388
Purchased medical equipment and supplies	614,064	-	-	614,064	367,906
Service programs	211,028	-	-	211,028	311,888
Shipping	1,286,072	-	-	1,286,072	1,319,532
Travel	59,154	1,739	46,105	106,998	147,723
Vehicles	95,232	736	4,772	100,686	99,458
Volunteer support	31,822	-	-	31,822	27,991
Depreciation and amortization	220,257	7,586	9,211	237,054	223,216
	56,445,605	323,635	1,679,403	58,448,643	57,453,788
Rental expenses	-	102,983	-	102,983	142,769
Special event expenses	-	-	294,803	294,803	222,449
Total expenses netted against revenue	-	102,983	294,803	407,786	365,218
Total functional expenses	$ 56,445,605	$ 426,618	$ 1,974,206	$ 58,846,429	$ 57,819,006

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended May 31, 2020
(with comparative totals for 2019)

	2020	2019
Cash Flows from Operating Activities		
Increase in net assets	$ 582,708	$ 18,966,881
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	279,984	269,445
Gain from disposal of property and equipment	(23,122)	(41,831)
Noncash change in inventory	1,166,440	(19,413,772)
Amortization of deferred debt issuance costs	5,102	5,099
Donation of investments	(101,603)	-
Net realized and unrealized loss (gain) on investments	6,159	(1,016)
Changes in operating assets and liabilities that provided cash and cash equivalents:		
Accounts receivable	100,356	202,060
Prepaid expenses and other assets	62,493	74,427
Accounts payable	47,564	(269,175)
Accrued expenses	(2,441)	22,225
Net cash and cash equivalents provided by (used in) operating activities	2,123,640	(185,657)
Cash Flows from Investing Activities		
Purchase of property and equipment	(42,761)	(534,589)
Insurance proceeds from disposition of property	-	41,831
Purchases of investments	(161)	-
Sale of investments	-	20,279
Net cash and cash equivalents used in investing activities	(42,922)	(472,479)
Cash Flows from Financing Activities		
Proceeds from note payable - PPP loan	467,000	-
Payments on capital lease obligation	(19,861)	-
Payments on notes payable	(236,496)	(272,534)
Net cash and cash equivalents provided by (used in) financing activities	210,643	(272,534)
Net Increase (Decrease) in Cash and Cash Equivalents	2,291,361	(930,670)
Cash and Cash Equivalents - Beginning of year	1,731,463	2,662,133
Cash and Cash Equivalents - End of year	**$ 4,022,824**	**$ 1,731,463**
Supplemental Cash Flow Information - Cash paid for interest	$ 258,934	$ 267,976
Significant Noncash Transactions		
Issuance of note payable for purchase of property and equipment	$ 49,031	$ -
Financing of software through capital lease	65,000	-

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, 2020, 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, 2020 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, 2019, 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 held in escrow restricted for capital reserves at the Organization's Nashville and Centennial warehouses per the terms of its mortgage agreement.

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, 2020 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 and mutual funds with readily determinable fair values at their fair values, with unrealized gains and losses included in 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, 2020 and 2019.

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, 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, 2020 and 2019 totaled $27,839 and $22,737, respectively. Amortization expense for the years ended May 31, 2020 and 2019 was $5,102 and $5,099, 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 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, 2020 and 2019.

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.

As of July 1, 2019, the Organization adopted FASB ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance (Topic 958) 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 Organization adopted the new standard on a modified prospective basis. The standard did not have a significant impact on the contributions received by the Organization and did not require a restatement of prior year amounts.

Note 2 - Significant Accounting Policies (Continued)

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 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, 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.

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 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 consolidated statement of financial position. The reporting of lease-related expenses in the 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 12, 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 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*, which provides clearer financial information about important noncash contributions charities and other not-for-profit organizations receive known as gifts in kind (GIKs). The standard provides new presentation and disclosure requirements about contributed nonfinancial assets for nonprofits, including additional disclosure rules for recognized contributed services. The new guidance will be effective for the Organization's year ending May 31, 2023 and will be applied using the retrospective method. The amendments will not change the recognition and measurement requirements for those assets.

Subsequent Events

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

Note 3 - Liquidity and Availability of Resources

The Organization has $3,941,456 and $1,654,846 of financial assets available within one year of May 31, 2020 and 2019 to meet cash needs for general expenditure consisting of cash of $3,772,824 and $1,481,463, investments of $95,605 and $0, and accounts receivable of $73,027 and $173,383, 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. 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 - Investments

The details of the Organization's investments at May 31, 2020 are as follows. The Organization did not hold any investments as of May 31, 2019.

Mutual fund	$ 50,710
Equity securities	44,734
Cash	161
Total	$ 95,605

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following table presents information about the Organization's assets measured at fair value on a recurring basis at May 31, 2020 and the valuation techniques used by the Organization to determine those fair values. The Organization did not hold any investments as of May 31, 2019.

Note 5 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at May 31, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at May 31, 2020
Mutual fund	$ 50,710	$ -	$ -	$ 50,710
Equity securities	44,734	-	-	44,734
Total	$ 95,444	$ -	$ -	$ 95,444

Cash held for reinvestment in the investment portfolio as of May 31, 2020 not subject to fair value disclosures was $161.

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2020	2019
Buildings and improvements	$ 7,244,322	$ 7,228,322
Land	1,178,000	1,178,000
Vehicles	481,676	515,838
Equipment, software, and furnishings	371,551	295,167
Leasehold improvements	8,561	-
Total cost	9,284,110	9,217,327
Accumulated depreciation	2,930,317	2,763,464
Property and equipment - Net	$ 6,353,793	$ 6,453,863

Depreciation and amortization expense for the years ended May 31, 2020 and 2019 was $279,984 and $269,445, respectively. Depreciation and amortization expense for the years ended May 31, 2020 and 2019 of $42,930 and $46,230, 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.

Note 7 - Note Payable - PPP 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 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 the workforce and fund certain other allowable expenses under the terms of the program. The loan received under the PPP bears interest at 1.00 percent per annum and is due in monthly payments of principal and interest beginning in August 2021 in the amount of approximately $25,900. All outstanding principal and interest is due in April 2022. Under the provisions of the PPP, this loan may be eligible for forgiveness up to the full principal amount. The Organization expects to apply for forgiveness of the full amount of the loan subsequent to the date of issuance of the financial statements.

Note 8 - Capital Lease Agreement

During 2020, the Organization entered into an agreement for a software license classified as a capital lease for purposes of the consolidated financial statements. Under the terms of the agreement, payments of $1,805 related to the license portion of the agreement are due monthly through July 2022. No imputed interest has been recorded, as the Organization has determined it is insignificant.

At May 31, 2020, property held under this agreement has a gross cost of $65,000. Accumulated amortization on the software license was $19,861 at May 31, 2020.

The future minimum payments under this agreement are as follows:

Years Ending May 31		Amount
2021	$	21,667
2022		21,667
2023		1,805
Total	$	45,139

Note 9 - Note Payable

The Organization's notes payable consist of the following:

		2020		2019
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	$	4,950,786	$	5,187,282
Note payable for the purchase of a vehicle with an original principal amount of $49,031, collateralized by the vehicle, with a fixed interest rate of 4.99 percent and monthly principal and interest payments of $927. The note matures in June 2025		49,031		-
Unamortized debt issuance costs		(23,162)		(28,264)
Note payable - Net of unamortized debt issuance costs	$	4,976,655	$	5,159,018

The balance of the above notes payable matures as follows:

Years Ending		Amount
2021	$	314,848
2022		330,795
2023		347,182
2024		365,153
2025		3,641,043
Thereafter		796
Total	$	4,976,655

Under the agreement with the bank, the Organization is subject to certain financial and nonfinancial covenants.

Note 10 - Net Assets

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

	2020	2019
Donor contributions for shipments of shipping containers to specific locations	$ 1,240,289	$ 1,169,562
Kansas City, MO distribution center	250,000	-
Miscellaneous program restrictions	65,406	-
Total	$ 1,555,695	$ 1,169,562

Note 11 - Noncash Contributions

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

	2020	2019
Medical supplies	$ 48,668,706	$ 68,287,988
C.U.R.E. kits	744,500	963,000
Transportation and other	37,967	55,331
Warehouse and office rental space	295,750	296,100
Total	$ 49,746,923	$ 69,602,419

During the year ended May 31, 2020, shipments of goods exceeded noncash goods contributed by $1,166,440, resulting in a decreased inventory supply. During the year ended May 31, 2019, noncash goods contributed exceeded shipments of goods by $19,413,772, resulting in an increased inventory supply.

Note 12 - 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, 2020 and 2019 was $295,750 and $296,100.

The Organization is obligated under operating leases primarily for warehouse and distribution space, expiring at various dates through May 31, 2023. The leases require the Organization to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was $840,971 and $774,476 for the years ended May 31, 2020 and 2019, respectively.

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

Years Ending May 31	Amount
2021	$ 875,819
2022	626,199
2023	255,605
Total	$ 1,757,623

Note 13 - 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, 2020 and 2019.

Note 14 - 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.

COVID-19 Impacts

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

Due to the pandemic, the Organization has experienced a significant impact on its operations during the last quarter of the fiscal year and ongoing subsequent to the consolidated statement date of financial position. As a provider of medical supplies and equipment, the Organization experienced a significant increase in demand for its inventory stock and expertise. Beginning in January 2020, the Organization received and responded to international requests of personal protective equipment (PPE) before shifting its focus toward local and domestic requests for stock during March 2020. The Organization established an online request form in order to streamline the increased demand for PPE to fill orders and requests from domestic hospitals, clinics, emergency services, and nursing homes. Additionally, the Organization began partnering with community organizations in Colorado, Chicago, Houston, Nashville, and Phoenix to launch PPE collection drives. Through the date of issuance of the consolidated financial statements, the Organization has delivered over 10 semitruck-sized loads of PPE and other medical supplies to U.S. hospitals, clinics, and nursing homes, as well as to first responders.

During a six-week period beginning in late March 2020, the Organization experienced significant limitations on international shipments, a core part of its operations, consistent with general trends in shipping activity during that period. Additionally, certain travel programs through C.U.R.E. Clinics, C.U.R.E. College Training, and PhilanthroTravel were abruptly halted, as were needs assessments. In total, these impacts resulted in approximately $609,000 in estimated lost revenue due to the pandemic.

In order to meet demand and offset lost revenue described above, the Organization has experienced a significant increase in donations from the communities it serves and beyond. Several special events were held, including virtual comedy shows and in-home concerts, to raise donations. The Organization received approximately $1,610,000 in monetary donations specifically designated for the procurement and distribution of PPE, as well as general operating gifts to support the Organization's critical mission in the pandemic. Subsequent to May 31, 2020, the Organization received a significant donation of 22,500 COVID-19 designed hospital beds intended for use in large public health care spaces, such as triage centers. This donation represents approximately 225 cargo loads at an approximate fair value at the time of the contribution of $67,500,000, which will be distributed internationally in the future due to a lack of demand for these beds in the U.S.

In order to continue operations and support the efforts described above, the Organization has adopted significant additional health and safety precautions for its staff and reductions in certain nonessential spending. Further, as described in Note 7, the Organization received a loan under the PPP in the amount of $467,000 in order to maintain the current workforce and certain other allowable expenses under the terms of the program due to the negative impacts of the coronavirus pandemic.

Note 14 - Commitments and Contingencies (Continued)

The Organization additionally generates revenue and support from federal and private grants and contracts, which have not been significantly impacted by the pandemic. The Organization recognizes that many federal and private grants may have changing objectives, activities, reporting, and timeliness in situations where the pandemic has impacted capabilities or priorities and has assessed these impacts on a grant-by-grant basis to ensure compliance with the grant agreements.

Management has assessed the impact the pandemic has had on operations during the year ended May 31, 2020 and through the date of issuance of the consolidated financial statements. No impairments were recorded as of the consolidated statement of financial position date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Organization's results of operations, cash flows, and financial condition could be negatively impacted by the pandemic in the future, the extent of any potential impact cannot be reasonably estimated at this time.

In addition, the Organization's investment portfolio has experienced fluctuations in fair value consistent with the general volatility in financial markets during the year ended May 31, 2020 and through the date of issuance of the consolidated financial statements. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.