

## FINANCIAL STATEMENTS



**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

# PROJECT HEALING WATERS FLY FISHING, INC.

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## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Project Healing Waters Fly Fishing, Inc.  
LaPlata, Maryland

#### Opinion

We have audited the accompanying financial statements of the Project Healing Waters Fly Fishing, Inc. (the Organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

#### Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 audit.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

October 20, 2023

## PROJECT HEALING WATERS FLY FISHING, INC.

STATEMENT OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2022

## ASSETS

## CURRENT ASSETS

|                           |                  |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 1,037,555     |
| Contributions receivable  | 643,626          |
| Inventory                 | 45,229           |
| Prepaid expenses          | <u>66,876</u>    |
| Total current assets      | <u>1,793,286</u> |

## NONCURRENT ASSETS

|                             |                |
|-----------------------------|----------------|
| Property and equipment, net | 141,645        |
| Investments                 | 138,387        |
| Deposits                    | <u>4,550</u>   |
| Total noncurrent assets     | <u>284,582</u> |

**TOTAL ASSETS** **\$ 2,077,868**

## LIABILITIES AND NET ASSETS

## CURRENT LIABILITIES

|                     |                |
|---------------------|----------------|
| Accounts payable    | \$ 187,083     |
| Accrued liabilities | 72,769         |
| Deferred revenue    | <u>48,102</u>  |
| Total liabilities   | <u>307,954</u> |

## NET ASSETS

|                            |                  |
|----------------------------|------------------|
| Without donor restrictions | 1,358,863        |
| With donor restrictions    | <u>411,051</u>   |
| Total net assets           | <u>1,769,914</u> |

**TOTAL LIABILITIES AND NET ASSETS** **\$ 2,077,868**

## PROJECT HEALING WATERS FLY FISHING, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>               |
|---|---------------------------------------|------------------------------------|----------------------------|
| <b>REVENUE AND SUPPORT</b>                  |                                       |                                    |                            |
| Special events:                             |                                       |                                    |                            |
| Revenue                                     | \$ 501,903                            | \$ -                               | \$ 501,903                 |
| Less: Donor benefit costs                   | <u>(47,693)</u>                       | <u>-</u>                           | <u>(47,693)</u>            |
| Net support from special events             | <u>454,210</u>                        | <u>-</u>                           | <u>454,210</u>             |
| Grants and contributions                    | 2,108,257                             | 940,638                            | 3,048,895                  |
| In-kind contributions                       | 419,858                               | -                                  | 419,858                    |
| Investment return, net                      | 2,534                                 | -                                  | 2,534                      |
| Other income                                | 505                                   | -                                  | 505                        |
| Net assets released from donor restrictions | <u>1,371,212</u>                      | <u>(1,371,212)</u>                 | <u>-</u>                   |
| Total revenue and support                   | <u>4,356,576</u>                      | <u>(430,574)</u>                   | <u>3,926,002</u>           |
| <b>EXPENSES</b>                             |                                       |                                    |                            |
| Program Services:                           |                                       |                                    |                            |
| National                                    | 589,821                               | -                                  | 589,821                    |
| Regional                                    | <u>2,593,830</u>                      | <u>-</u>                           | <u>2,593,830</u>           |
| Total program services                      | <u>3,183,651</u>                      | <u>-</u>                           | <u>3,183,651</u>           |
| Supporting Services:                        |                                       |                                    |                            |
| Management and General                      | 655,815                               | -                                  | 655,815                    |
| Fundraising                                 | <u>310,202</u>                        | <u>-</u>                           | <u>310,202</u>             |
| Total supporting services                   | <u>966,017</u>                        | <u>-</u>                           | <u>966,017</u>             |
| Total expenses                              | <u>4,149,668</u>                      | <u>-</u>                           | <u>4,149,668</u>           |
| Change in net assets                        | 206,908                               | (430,574)                          | (223,666)                  |
| Net assets at beginning of year             | <u>1,151,955</u>                      | <u>841,625</u>                     | <u>1,993,580</u>           |
| <b>NET ASSETS AT END OF YEAR</b>            | <b><u>\$ 1,358,863</u></b>            | <b><u>\$ 411,051</u></b>           | <b><u>\$ 1,769,914</u></b> |



## PROJECT HEALING WATERS FLY FISHING, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

|                                      | Program Services  |                     |                     | Supporting Services    |                   |                     |
|--------------------------------------|-------------------|---------------------|---------------------|------------------------|-------------------|---------------------|
|                                      | National          | Regional            | Program Services    | Management and General | Fundraising       | Total               |
| Salaries, benefits and payroll taxes | \$ 72,362         | \$ 669,085          | \$ 741,447          | \$ 385,917             | \$ 212,619        | \$ 598,536          |
| Professional fees                    | 167,183           | 294,463             | 461,646             | 101,199                | 30,279            | 131,478             |
| Information technology               | 9,662             | 91,117              | 100,779             | 35,160                 | 2,745             | 37,905              |
| Materials and supplies               | 24,220            | 853,939             | 878,159             | 1,224                  | 467               | 1,691               |
| Office expense                       | 8,486             | 43,186              | 51,672              | 39,039                 | 34,085            | 73,124              |
| Travel and meetings                  | 293,464           | 372,751             | 666,215             | 27,685                 | 3,914             | 31,599              |
| Occupancy expenses                   | 4,457             | 83,530              | 87,987              | 25,493                 | 21,199            | 46,692              |
| Depreciation and amortization        | -                 | 51,469              | 51,469              | 11,298                 | 1,757             | 13,055              |
| Insurance                            | 6,000             | 24,947              | 30,947              | 7,962                  | 768               | 8,730               |
| Program expenses                     | 2,152             | 102,119             | 104,271             | -                      | -                 | -                   |
| Shows and fundraising                | 1,285             | 7,224               | 8,509               | -                      | 2,223             | 2,223               |
| Other expenses                       | 550               | -                   | 550                 | 20,838                 | 146               | 20,984              |
| <b>TOTAL EXPENSES AS PRESENTED</b>   | <b>\$ 589,821</b> | <b>\$ 2,593,830</b> | <b>\$ 3,183,651</b> | <b>\$ 655,815</b>      | <b>\$ 310,202</b> | <b>\$ 966,017</b>   |
| <b>ON EXHIBIT B</b>                  |                   |                     |                     |                        |                   | <b>\$ 4,149,668</b> |
| Special events expense               | -                 | 37,506              | 37,506              | -                      | 10,187            | 10,187              |
| <b>TOTAL EXPENSES</b>                | <b>\$ 589,821</b> | <b>\$ 2,631,336</b> | <b>\$ 3,221,157</b> | <b>\$ 655,815</b>      | <b>\$ 320,389</b> | <b>\$ 976,204</b>   |
|                                      |                   |                     |                     |                        |                   | <b>\$ 4,197,361</b> |

See accompanying notes to financial statements.

## PROJECT HEALING WATERS FLY FISHING, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |                  |
|--|------------------|
| Change in net assets   | \$ (223,666)     |
| Adjustments to reconcile change in net assets to<br>net cash used by operating activities: |                  |
| Depreciation and amortization  | 64,524           |
| Receipt of donated securities  | (107,034)        |
| Proceeds from the sale of donated securities   | 107,034          |
| (Increase) decrease in:  |                  |
| Contributions receivable   | (484,823)        |
| Inventory  | 17,963           |
| Prepaid expenses   | 22,305           |
| Increase (decrease) in:  |                  |
| Accounts payable   | 44,975           |
| Accrued liabilities  | (13,065)         |
| Deferred revenue   | <u>35,162</u>    |
| Net cash used by operating activities  | <u>(536,625)</u> |

**CASH FLOWS FROM FINANCING ACTIVITIES**

|   |                            |
|---|----------------------------|
| Purchases of property and equipment             | (17,236)                   |
| Sale of fixed assets                            | 1,568                      |
| Purchase of investments                         | (2,002)                    |
| Proceeds from sale of investments               | <u>307,130</u>             |
| Net cash provided by financing activities       | <u>289,460</u>             |
| Net decrease in cash and cash equivalents       | (247,165)                  |
| Cash and cash equivalents at beginning of year  | <u>1,284,720</u>           |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b> | <b><u>\$ 1,037,555</u></b> |



## PROJECT HEALING WATERS FLY FISHING, INC.

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2022

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

Project Healing Waters Fly Fishing, Inc. (the Organization) is a non-profit organization dedicated to the physical and emotional rehabilitation of disabled active military service personnel and disabled veterans through fly fishing and associated activities including education and outings. The Organization receives its support from the public in the forms of cash, in-kind contributions of goods and services, and grants from foundations and other donors.

The Organization fulfills its mission by focusing its efforts in two main programs, which are included in the statements of activities and change in net assets and statement of functional expenses as follows:

- **National programs** which consists of National Destinations Program, National Competitions Program, and National Training Program.
- **Regional programs** which provide five core program activities: (1) fly tying, (2) fly rod building, (3) fly casting, (4) fly fishing education, and (5) fly fishing outings for disabled active military service personnel and disabled veterans. Class curriculum ranges from lessons for beginners to those with prior fishing and tying experience who are adapting their skills to their new abilities.

The headquarters staff provides program, supply, and material support, as well as volunteer training, fly fishing destination outings, and fly casting and fly rod building competitions for selected participants for the three national programs.

The Organization provides all activities and services to participants at no cost. The Organization provides all equipment and materials to the participants for their use, including adaptive equipment that accommodates special needs.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions".
- **Net Assets with Donor Restrictions** - Donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

**PROJECT HEALING WATERS FLY FISHING, INC.**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

**New accounting pronouncement adopted -**

During the year ended September 30, 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles in the United States (U.S. GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

**Cash and cash equivalents -**

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

**Investments -**

Investments are recorded at their readily determinable fair value. Income is recognized as interest is earned. Investment income is presented net of investment expenses paid to external investment advisors, in the accompanying Statement of Activities and Change in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

Investments consist of certificates of deposit which are recorded at cost, which approximates fair value.

**Contributions receivable -**

Contributions receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

**Inventory -**

Inventory consists of educational materials, fishing supplies, rods and reels, and apparel and is measured at the lower of cost and net realizable value using the first-in, first-out method of inventory under FASB ASU 2015-11 *Simplifying the Measurement of Inventory*.

**PROJECT HEALING WATERS FLY FISHING, INC.**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

**Property and equipment -**

Property and equipment in excess of \$500 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally 3 to 10 years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended September 30, 2022 totaled \$64,524.

**Income taxes -**

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is not a private foundation.

**Uncertain tax positions -**

For the year ended September 30, 2022, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

**Grants and contributions -**

Grants and contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution or grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal under ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For grants and contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Grants and contributions qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grants and contributions qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied.

Funds received in advance of the incurrence of qualifying expenditures are recorded as deferred revenue. For grants and contributions treated as contributions, the Organization had approximately \$48,102 in unrecognized conditional awards as of September 30, 2022.

PROJECT HEALING WATERS FLY FISHING, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)

Special events -

Special events include sponsorship revenues, auctions, raffle income, as well as ticket sales which are accounted for under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts With Customers (Topic 606)*, including all subsequent amendments (collectively, ASC 606), in which revenue is recognized at a point in time when the related event takes place. Amounts received in advance of services performed, but not yet earned are recorded as deferred revenue.

In-kind contributions -

In-kind contributions consist of donated materials and supplies, services, travel and rent. Goods donated for distribution for the Organization's programs are recorded at their fair market value as of the date of the gift. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In addition, volunteers have donated significant amounts of their time to the Organization; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis. Those expenses include salaries, benefits and payroll taxes, office expense, depreciation, insurance, and occupancy expenses.

Risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

PROJECT HEALING WATERS FLY FISHING, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)

New accounting pronouncements not yet adopted -

Accounting Standard Update (ASU) 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non-public entities for fiscal years beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Organization for the year ending September 30, 2024 but early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

The Organization plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standards on its accompanying financial statements.

2. INVESTMENTS AND FAIR MARKET VALUE

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.



PROJECT HEALING WATERS FLY FISHING, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

2. INVESTMENTS AND FAIR MARKET VALUE (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of September 30, 2022. There were no transfers between levels within the fair value hierarchy during the year ended September 30, 2022.

Investments consist of certificates of deposit which are valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes investments by level within the fair value hierarchy as of September 30, 2022.

|                         | <u>Level 1</u> | <u>Level 2</u>    | <u>Level 3</u> | <u>Total</u>      |
|-------------------------|----------------|-------------------|----------------|-------------------|
| Certificates of Deposit | \$ <u>-</u>    | \$ <u>138,387</u> | \$ <u>-</u>    | \$ <u>138,387</u> |

Investment return is made up of interest earned on the Organization's certificates of deposit.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2022:

|                                |                   |
|--------------------------------|-------------------|
| Vehicles                       | \$ 227,622        |
| Computers and software         | 240,649           |
| Furniture and equipment        | 78,553            |
| Storage shed                   | <u>13,440</u>     |
| Total Property and equipment   | 560,264           |
| Less: Accumulated depreciation | <u>(418,619)</u>  |
| PROPERTY AND EQUIPMENT, NET    | \$ <u>141,645</u> |

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2022:

|  |                   |
|--|-------------------|
| Regional/Local Programs                  | \$ 382,543        |
| National Grants                          | <u>28,508</u>     |
| TOTAL NET ASSETS WITH DONOR RESTRICTIONS | \$ <u>411,051</u> |

The following net assets with donor restrictions were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

|                                    |                     |
|------------------------------------|---------------------|
| Purpose restrictions accomplished: |                     |
| Regional/Local programs            | \$ 584,123          |
| National Programs                  | 546,644             |
| National Grants                    | <u>240,445</u>      |
|                                    | \$ <u>1,371,212</u> |



**PROJECT HEALING WATERS FLY FISHING, INC.**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**5. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

|   |                  |
|---|------------------|
| Cash and cash equivalents                           | \$ 1,037,555     |
| Contributions receivable                            | <u>643,626</u>   |
| Subtotal financial assets available within one year | 1,681,181        |
| Less: Donor restricted funds                        | <u>(411,051)</u> |

|   |                            |
|---|----------------------------|
| <b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR<br/>GENERAL EXPENDITURES WITHIN ONE YEAR</b> | <b><u>\$ 1,270,130</u></b> |
|---|----------------------------|

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due.

**6. IN-KIND CONTRIBUTIONS**

During the year ended September 30, 2022, the Organization was the beneficiary of donated goods and services which allowed the Organization to provide greater resources toward various programs. There were no donor-imposed restrictions associated with the in-kind contributions during the year ended September 30, 2022. Donated goods and services are valued at market value, which is the cost for the goods and services if sold in the public market. To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended September 30, 2022.

|                                |                          |
|--------------------------------|--------------------------|
| Donated materials and supplies | \$ 269,970               |
| Donated services               | 112,113                  |
| Donated travel expenses        | 36,675                   |
| Donated rent                   | <u>1,100</u>             |
|                                | <b><u>\$ 419,858</u></b> |

The following programs have benefited from these donated services:

|          |                          |
|----------|--------------------------|
| National | \$ 3,215                 |
| Regional | <u>416,643</u>           |
|          | <b><u>\$ 419,858</u></b> |

**7. LEASE COMMITMENTS**

The Organization entered into a lease agreement for office space in La Plata, Maryland, which commenced on February 1, 2019. The lease calls for monthly payments of \$6,361, for a period of three years, and contains a 3% annual escalation provision. During the year ended September 30, 2022 the lease was amended to extend the term of the lease through January 2025. The lease was subsequently amended to early terminate on March 26, 2023.

**PROJECT HEALING WATERS FLY FISHING, INC.**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**7. LEASE COMMITMENTS (Continued)**

The Organization also entered into a 12-month lease agreement for office space in Colorado Springs, Colorado, which commenced on July 8, 2020. The Organization executed the option to extend the lease for additional 60 months. The lease requires monthly payments of \$1,557 beginning December 1, 2020.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability which is included in accounts payable on the Statement of Financial Position.

The following is a schedule of the future minimum lease payments:

**Year Ending September 30,**

|      |                         |
|------|-------------------------|
| 2023 | \$ 60,904               |
| 2024 | 20,008                  |
| 2025 | <u>15,234</u>           |
|      | <b><u>\$ 96,146</u></b> |

Rent expense for the year ended September 30, 2022 was \$182,898. The deferred rent liability was \$6,754 and is included in accounts payable on the accompanying Statement of Financial Position.

**8. RETIREMENT PLAN**

Organization provides retirement benefits to its employees through a defined contribution plan covering all employees over the age of 21 with six months of eligible experience. Employees are fully vested in salary deferral, employer matching contributions, and non-elective contributions. Employer matching contributions for the year ended September 30, 2022 totaled \$33,585.

**9. SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 20, 2023, the date the financial statements were issued.