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MANA NUTRITIVE AID
PRODUCTS INCORPORATED

Financial Statements for the Years Ended
September 30, 2021 and 2020 and
Independent Auditors' Report



GreerWalker



GreerWalker

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of MANA Nutritive Aid Products Incorporated:

We have audited the accompanying financial statements of MANA Nutritive Aid Products Incorporated (the "Organization") which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of MANA Nutritive Aid Products Incorporated as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with generally accepted accounting principles in the United States of America.

GreerWalker LLP

Certified Public Accountants
January 13, 2022
Charlotte, NC

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MANA NUTRITIVE AID PRODUCTS INCORPORATED

STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,605,499	\$ 2,586,401
Accounts receivable	2,468,116	834,876
Inventory, net	8,844,390	8,035,458
Prepaid expenses and other assets	<u>341,836</u>	<u>335,462</u>
Total current assets	15,259,841	11,792,197
PROPERTY, NET	15,995,905	11,783,187
DEPOSITS	<u>4,600</u>	<u>4,600</u>
TOTAL	<u>\$ 31,260,346</u>	<u>\$ 23,579,984</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Current portion of notes payable	\$ 542,924	\$ 564,636
Line of credit	902,000	647,000
Accounts payable and accrued expenses	<u>2,011,866</u>	<u>1,891,349</u>
Total current liabilities	<u>3,456,790</u>	<u>3,102,985</u>
LONG-TERM LIABILITIES:		
Notes payable, less unamortized discount, loan costs and current portion	2,899,096	9,613,742
Interest rate swap liability	<u>88,789</u>	<u>154,469</u>
Total long-term liabilities	<u>2,987,885</u>	<u>9,768,211</u>
NET ASSETS:		
Without donor restrictions	20,176,701	8,498,724
With donor restrictions	<u>4,638,970</u>	<u>2,210,064</u>
Total net assets	<u>24,815,671</u>	<u>10,708,788</u>
TOTAL	<u>\$ 31,260,346</u>	<u>\$ 23,579,984</u>

See notes to financial statements.

MANA NUTRITIVE AID PRODUCTS INCORPORATED

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	Year Ended September 30, 2021			Year Ended September 30, 2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND SUPPORT:						
Product sales	\$29,020,851	\$ -	\$29,020,851	\$24,000,849	\$ -	\$24,000,849
Public and corporate support	83,085	8,261,909	8,344,994	145,457	4,853,786	4,999,243
Change in interest rate swap liability	65,680	-	65,680	(57,556)	-	(57,556)
Miscellaneous and other income	55,958	-	55,958	20,024	-	20,024
PPP loan forgiveness income	-	-	-	481,035	-	481,035
Grant revenue from loan forgiveness	6,174,154	-	6,174,154	-	-	-
Released from restrictions	5,833,003	(5,833,003)	-	3,805,818	(3,805,818)	-
Total revenues and support	<u>41,232,731</u>	<u>2,428,906</u>	<u>43,661,637</u>	<u>28,395,627</u>	<u>1,047,968</u>	<u>29,443,595</u>
EXPENSES:						
Program services	28,620,294	-	28,620,294	23,086,804	-	23,086,804
Management and general	934,460	-	934,460	1,416,570	-	1,416,570
Total expenses	<u>29,554,754</u>	<u>-</u>	<u>29,554,754</u>	<u>24,503,374</u>	<u>-</u>	<u>24,503,374</u>
CHANGE IN NET ASSETS	11,677,977	2,428,906	14,106,883	3,892,253	1,047,968	4,940,221
NET ASSETS, BEGINNING OF YEAR	<u>8,498,724</u>	<u>2,210,064</u>	<u>10,708,788</u>	<u>4,606,471</u>	<u>1,162,096</u>	<u>5,768,567</u>
NET ASSETS, END OF YEAR	<u>\$20,176,701</u>	<u>\$ 4,638,970</u>	<u>\$24,815,671</u>	<u>\$ 8,498,724</u>	<u>\$ 2,210,064</u>	<u>\$10,708,788</u>

See notes to financial statements.

MANA NUTRITIVE AID PRODUCTS INCORPORATED

STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	Year Ended September 30, 2021			Year Ended September 30, 2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Product expenses	\$ 25,083,379	\$ -	\$ 25,083,379	\$ 19,971,696	\$ -	\$ 19,971,696
Compensation	1,272,897	564,239	1,837,136	1,266,855	571,809	1,838,664
Depreciation and amortization	1,072,361	4,763	1,077,124	879,519	5,820	885,339
Professional fees	81,509	132,073	213,582	81,882	483,232	565,114
Facilities expenses	683,074	27,377	710,451	463,107	26,364	489,471
Interest expense	141,121	95,702	236,823	151,933	189,967	341,900
Insurance and fees	131,481	26,524	158,005	106,672	26,264	132,936
Office expenses	61,853	17,281	79,134	46,649	15,144	61,793
Fundraising and public relations	1,615	7,418	9,033	23,615	35,211	58,826
Travel and entertainment	7,638	36,897	44,535	11,389	34,870	46,259
Communication expenses	24,811	7,416	32,227	24,121	6,637	30,758
Loss (gain) on disposition of property	(160)	(50,835)	(50,995)	5,157	-	5,157
Other	58,715	65,605	124,320	54,209	21,252	75,461
Total expenses	<u>\$ 28,620,294</u>	<u>\$ 934,460</u>	<u>\$ 29,554,754</u>	<u>\$ 23,086,804</u>	<u>\$ 1,416,570</u>	<u>\$ 24,503,374</u>

See notes to financial statements.

MANA NUTRITIVE AID PRODUCTS INCORPORATED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 14,106,883	\$ 4,940,221
Adjustments to reconcile change in net assets to net cash provided by (applied to) operating activities:		
Depreciation and amortization	1,077,124	885,339
Loss (gain) on disposition of property	(50,995)	5,157
Change in reserves and allowances	(4,050)	5,020
Contribution of imputed interest on notes payable	(55,300)	(128,100)
Amortization of discount on notes payable	53,100	155,101
Amortization of loan costs	10,116	10,116
Change in interest rate swap liability	(65,680)	57,556
PPP loan forgiveness income	-	(481,035)
Grant revenue from loan forgiveness	(6,174,154)	-
Changes in operating assets and liabilities:		
Accounts receivable	(1,633,240)	1,260,395
Inventory	(804,882)	(2,470,089)
Prepaid expenses and other assets	(6,374)	(6,105)
Deposits	-	471
Accounts payable and accrued expenses	120,517	280,888
Net cash provided by operating activities	<u>6,573,065</u>	<u>4,514,935</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property	(5,298,007)	(3,409,805)
Proceeds from sale of property	59,160	-
Net cash applied to investing activities	<u>(5,238,847)</u>	<u>(3,409,805)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on line of credit, net	255,000	647,000
Proceeds from notes payable	100,312	481,035
Payments on notes payable	(670,432)	(420,389)
Net cash provided by (applied to) financing activities	<u>(315,120)</u>	<u>707,646</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,019,098	1,812,776
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,586,401</u>	<u>773,625</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,605,499</u>	<u>\$ 2,586,401</u>

See notes to financial statements.

MANA NUTRITIVE AID PRODUCTS INCORPORATED

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations - MANA Nutritive Aid Products Incorporated (the "Organization") operates as a not-for-profit organization whose principal mission is to develop and provide solutions to address the root causes of malnutrition and its devastating effects. The Organization aims to prevent child deaths due to severe acute malnutrition by treating the condition through the production and distribution of fortified foods. MANA has developed and produces a ready-to-use therapeutic food ("RUTF") in the form of a fortified peanut butter paste marketed under the "MANA" brand and under certain customers' brands. RUTF's like MANA provide severely malnourished children with the calories and nutrition they need to reach a healthy weight and fend off nutrition-related diseases and death. The Organization has focused marketing its product to current and future customers and on raising funds used predominately to provide its product to other organizations that treat severe acute malnutrition that otherwise couldn't afford it.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Financial Statement Presentation - The net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not restricted by donors or for which donor-imposed restrictions have expired.

Net assets with donor restrictions - Net assets that contain donor-imposed time or purpose restrictions that have not currently been met or contain donor-imposed restrictions stipulating that the amounts be maintained by the Organization in perpetuity.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains cash deposits with financial institutions that, at times, may exceed federally insured limits.

Accounts Receivable - The Organization extends credit to its customers. By their nature, these receivables involve risk, including the credit risk of nonpayment by customer. Accounts receivable are considered past due based on contractual and invoice terms. The Organization negotiates payment terms with each customer. The Organization establishes allowances which management believes are adequate to absorb estimated losses to be incurred in realizing the recorded amounts of its receivables. As of September 30, 2021 and 2020, all remaining accounts receivable were considered collectible by the Organization's management. Accordingly, no allowance has been provided in the accompanying financial statements. These allowances are determined by management through a specific identification process. Accounts deemed uncollectible are charged against the allowance for doubtful accounts.

During the year ended September 30, 2021, the Organization incurred bad debt expenses of approximately \$1,000. The Organization did not incur any bad debt expense during the year ended September 30, 2020.

Pledges Receivable - Contributions are recognized as revenue (public and corporate support) when a donor makes a promise that is, in substance, unconditional to give cash or property to the Organization. All contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions receivable are recorded at their estimated fair value. An allowance for uncollectible pledges receivable is provided based on management's judgment, including such factors as prior collection history and the nature of fundraising activities. There were no pledges receivable as of September 30, 2021 and 2020.

Inventory - Inventory is stated at the lower of average cost or net realizable value, less allowance for obsolescence.

Property - Property is recorded at cost, if purchased and at estimated fair market value at the date of receipt if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three years for computer equipment to thirty years for buildings. The Organization capitalizes expenditures for property and equipment over \$1,000. Donated property is reported as unrestricted support unless the donor restricts the donated asset to a specific purpose.

Debt Issuance Costs - The Organization capitalizes costs associated with obtaining debt and amortizes the costs over the term of the related debt. Total amortization expense was \$10,116 for each of the years ended September 30, 2021 and 2020. Debt issuance costs, net of accumulated amortization, are netted against notes payable in the accompanying statements of financial position. Amortization of debt issuance costs is reported in the statements of functional expenses as interest expense.

Fair Value Measurement - GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

The inputs used for valuing the Organization's assets and liabilities are summarized in the three broad levels listed below:

- Level 1 - quoted prices in active markets for identical assets
- Level 2 - other significant observable inputs either directly or indirectly (including quoted prices for similar securities, interest rates, yield curves, credit risk, etc.)
- Level 3 - significant unobservable inputs

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The inputs or methodology used for valuing the Organization's assets and liabilities are not necessarily an indication of the risk associated with those assets and liabilities.

Revenue Recognition - The significant majority of the Organization's contracts with its customers are for product sales under standard ship and bill arrangements. The contracts are generally accounted for as having a single performance obligation for each of the products, which is considered the only distinct promise in the contract, and are short-term in nature, not exceeding one year in duration. The transaction price is agreed upon in the contract. Revenue is recognized upon satisfaction of the performance obligation which is typically at a point in time when control is transferred to the customer. Control is generally transferred upon shipment to the customer or receipt of goods by the customer.

Revenue is recognized in an amount that reflects the consideration the Organization expects to be entitled to in exchange for the goods. Consideration for product sales is primarily fixed in nature with insignificant amounts recognized for sales rebates and product returns. The Organization's estimates for sales rebates and product returns reduce revenue recognized at the time of sale.

The nature, amount, timing and uncertainty of the Organization's revenue and cash flows are impact by various factors. Substantially all of the Organization's product sales are to international distributors of relief supplies.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable. The balance of accounts receivable resulting from contracts with customers was \$2,468,116, \$834,876 and \$2,094,771 as of September 30, 2021, 2020 and 2019, respectively.

All revenues from contracts with customers are included as product sales in the accompanying statements of activities.

Income Taxes - The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization records liabilities for income tax positions taken or expected to be taken when those positions are deemed uncertain to be upheld in an examination by taxing authorities. No liabilities for uncertain income tax positions were recorded as of September 30, 2021 and 2020.

Shipping and Handling Costs - The Organization includes shipping and handling costs in product expenses, as incurred.

Functional Expense Classification - The 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. All of the expenses are allocated on the basis of the cost of personnel, or square footage, related to each program or supporting function.

Donated Services - A number of volunteers, including members of the Board of Directors and its committees as well as various volunteer assistants, contribute significant amounts of time to further the Organization's programs. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected as support in the accompanying financial statements. The Organization did receive donated inventory, legal and other professional services of approximately \$83,000 and \$145,000 for the years ended September 30, 2021 and 2020, respectively, that is recorded as support and related expenditures in the accompanying financial statements.

Subsequent Events - In preparing its financial statements, the Organization has evaluated subsequent events through January 13, 2022, which is the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

The table below represents financial assets available for general expenditures within one year at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 3,605,499	\$ 2,586,401
Accounts receivable	<u>2,468,116</u>	<u>834,876</u>
Total financial assets	<u>6,073,615</u>	<u>3,421,277</u>
Less amounts not available to be used for general expenditures within one year:		
Contributions with purpose restrictions	<u>4,637,893</u>	<u>1,385,341</u>
Financial assets not available to be used within one year	<u>4,637,893</u>	<u>1,385,341</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,435,722</u>	<u>\$ 2,035,936</u>

As part of the Organization's liquidity management, it invests excess cash in readily-available financial instruments. Additionally, the Organization has \$3,098,000 available under a line of credit agreement that can be used for operations (see Note 5).

3. INVENTORY

Inventory consisted of the following as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Raw materials	\$ 2,298,232	\$ 1,481,173
Work in process	15,283	-
Finished goods	<u>6,560,875</u>	<u>6,588,335</u>
Subtotal	8,874,390	8,069,508
Less allowance for obsolescence	<u>(30,000)</u>	<u>(34,050)</u>
Total, net	<u>\$ 8,844,390</u>	<u>\$ 8,035,458</u>

4. PROPERTY

Property consisted of the following as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 35,739	\$ 35,739
Buildings	7,467,564	5,510,691
Equipment and fixtures	10,985,426	7,554,004
Construction in progress	<u>3,060,647</u>	<u>3,270,581</u>
Subtotal	21,549,376	16,371,015
Less accumulated depreciation	<u>(5,553,471)</u>	<u>(4,587,828)</u>
Total, net	<u>\$ 15,995,905</u>	<u>\$ 11,783,187</u>

5. LINE OF CREDIT

The Organization has an available line of credit of up to \$4,000,000, subject to borrowing base limitations, from a financial institution. The line of credit is secured by accounts receivable and inventory, matures in April 2022, and is subject to interest on outstanding balances at the LIBOR Daily Floating Rate (0.75% as of September 30, 2021) with a floor of 0.5%, plus 2.5%. There were outstanding borrowings of \$902,000 and \$647,000 as of September 30, 2021 and 2020, respectively.

6. NOTES PAYABLE

Notes payable as of September 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Subordinated note payable to a foundation with a face amount of \$7,000,000. The note was secured by accounts receivable and equipment, bore no interest, and was payable in five equal annual installments due thirty-six months from the next January after the foundation requests payment. The Organization imputed interest on the note at a rate of 2.1%, which resulted in a discount of \$818,410 at September 30, 2020. During the year ended September 30, 2021, this note was forgiven, net of \$825,846 in unamortized discount. Accordingly, the Organization recorded grant revenue from loan forgiveness in the accompanying statements of activities.	\$ -	\$ 7,000,000

Note payable to a foundation with a face amount of \$1,000,000. One of the foundation's officers is a board member of the Organization. The note is secured by property, bears no interest, and is due in five equal annual installments, with the one remaining installment due in January 2022. The Organization has imputed interest on the loan at a rate of 2.1%, which resulted in discounts of \$1,077 and \$6,313 at September 30, 2021 and 2020, respectively.

115,673 372,640

Note payable to a financial institution. The note is secured by a first position deed of trust in certain property and is payable in monthly installments of \$19,878 plus interest with the balance due upon maturity of the loan in August 2028. The interest rate is equal to the LIBOR Daily Floating Rate plus 2%.

2,922,034 3,160,567

Note payable to a financial institution. The note is secured by equipment, bears interest at 6.25%, and is payable in monthly installments of principal and interest of \$15,309 through January 2024.

393,129 546,982

Note payable to a financial institution for financing of the Organization's insurance policies. The note is secured by the active insurance policies, bearing interest at 8.9%, and is payable in monthly installments of principal and interest of \$3,169 through February 2022.

12,445 -

Note payable to a financial institution. The note is secured by equipment, bears interest at 4.95%, and is payable in monthly installments of principal and interest of \$1,319 through June 2026.

66,788 -

Total	3,510,069	11,080,189
Less debt issuance costs	(66,972)	(77,088)
Less discounts on notes payable	(1,077)	(824,723)
Less current portion	<u>(542,924)</u>	<u>(564,636)</u>

Noncurrent portion \$ 2,899,096 \$ 9,613,742

Principal maturities of notes payable are as follows:

During the years ending September 30:

2022	\$ 542,924
2023	426,129
2024	308,109
2025	253,376
2026	250,164
Thereafter	<u>1,729,367</u>
Total	<u>\$ 3,510,069</u>

Imputed interest expense of \$53,100 and \$155,101 is included in the accompanying statements of activities for the years ended September 30, 2021 and 2020, respectively. The Organization recognized imputed interest contributions in the accompanying statements of activities of \$55,300 and \$128,100 during the years ended September 30, 2021 and 2020, respectively.

The line of credit and certain notes payable have certain restrictive covenants. As of September 30, 2021, the Organization was in compliance with such covenants.

7. INTEREST RATE SWAP LIABILITY

The Organization has an interest rate swap agreement with a bank under which the Organization is paying a fixed interest rate and receiving a rate of the one-month LIBOR. As of September 30, 2021 and 2020, the Organization's interest rate swap agreement consisted of the following:

<u>Original Notional Amount</u>	<u>Outstanding Notional</u>	<u>Fixed Payment Rate</u>	<u>Termination Date</u>	<u>Fair Value Liability</u>
<u>2021</u>				
\$ 2,250,000	\$ 1,514,522	2.59%	December 2027	\$ 88,789
<u>2020</u>				
\$ 2,250,000	\$ 1,753,056	2.59%	December 2027	\$ 154,469

The estimated fair value of the agreement is determined by broker quotations and represent the estimated amount that the Organization would pay or receive to terminate the agreement at the reporting date, taking into account current interest rates and creditworthiness of the counterparty. The estimated fair value does not necessarily reflect the potential gain or loss that would be realized on an actual settlement of the agreement.

As of September 30, 2021 and 2020, the total estimated fair value of the Organization's derivative is included in long-term liabilities in the accompanying statements of financial position. The Organization has elected not to apply hedge accounting. Accordingly, a gain of \$65,680 and a loss of \$57,556 for the years ended September 30, 2021 and 2020, respectively, are included in the accompanying statements of activities.

The Organization's measurement of fair value used Level 2 inputs, as defined in Note 1.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions available for future periods or purposes as of September 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Contributions with purpose restrictions	\$ 4,637,893	\$ 1,385,341
Imputed interest on notes payable	<u>1,077</u>	<u>824,723</u>
Total	<u>\$ 4,638,970</u>	<u>\$ 2,210,064</u>

Net assets released from donor restrictions during the years ended September 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Contributions with purpose restrictions	\$ 4,954,057	\$ 3,650,717
Imputed interest on notes payable	<u>878,946</u>	<u>155,101</u>
Total assets released from restrictions	<u>\$ 5,833,003</u>	<u>\$ 3,805,818</u>

9. OPERATING LEASES

The Organization leases office space under operating lease agreements. Lease expense for the years ended September 30, 2021 and 2020 was approximately \$23,400 and \$23,100, respectively. Future minimum payments due under the operating lease agreements are approximately \$23,000 and \$6,000 for the years ending September 30, 2022 and 2023, respectively.

10. CONCENTRATIONS

During the years ended September 30, 2021 and 2020, sales to one customer accounted for approximately 90% and 95% of total product sales, respectively.

Accounts receivables due from two customers represented 100% of the accounts receivable balance as of September 30, 2021.

The Organization's support comes from a limited number of donors.

11. CONTINGENCIES

The Organization is involved in various claims or actions arising in the normal course of business. It is management's opinion that the resolution of these matters will not materially affect the Organization's financial position or the results of its operations.

On March 10, 2020, the World Health Organization declared the coronavirus outbreak ("COVID-19") to be a pandemic. The outbreak is causing widespread economic disruption across a range of industries. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on its customers, employees and vendors, all of which are uncertain and cannot be predicted. Therefore, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

12. RETIREMENT PLAN

The Organization has a defined contribution plan for all eligible employees. This retirement plan requires the Organization to match participants' contributions of up to 4% of participants' compensation. The retirement contributions by the Organization were approximately \$84,000 and \$77,000 for the years ended September 30, 2021 and 2020, respectively, and are included in compensation in the accompanying statements of functional expense.

13. SUPPLEMENTAL CASH FLOW

Supplemental cash flow information for the years ended September 30, 2021 and 2020 is approximately as follows:

	<u>2021</u>	<u>2020</u>
Cash paid for interest	\$ 168,850	\$ 177,463
