

## FINANCIAL STATEMENTS



**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

# 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 Project Healing Waters Fly Fishing, Inc. (the Organization), which comprise the statement of financial position as of September 30, 2024, 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, 2024, 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.

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## **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. 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.



November 25, 2025

## PROJECT HEALING WATERS FLY FISHING, INC.

STATEMENT OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2024

## ASSETS

## CURRENT ASSETS

Cash and cash equivalents	\$ 483,417
Investments	254,067
Contributions receivable	168,430
Prepaid expenses	<u>42,467</u>
Total current assets	<u>948,381</u>

## NONCURRENT ASSETS

Property and equipment, net	68,204
Operating lease right-of-use assets, net	39,997
Deposits	<u>4,296</u>
Total noncurrent assets	<u>112,497</u>

**TOTAL ASSETS** **\$ 1,060,878**

## LIABILITIES AND NET ASSETS

## CURRENT LIABILITIES

Accounts payable	\$ 220,511
Accrued liabilities	99,780
Deferred revenue	156,772
Lease liability	<u>13,378</u>
Total current liabilities	<u>490,441</u>

## NONCURRENT LIABILITIES

Lease liability, net	<u>26,822</u>
Total liabilities	<u>517,263</u>

## NET ASSETS (DEFICIT)

Without donor restrictions	(5,048)
With donor restrictions	<u>548,663</u>
Total net assets	<u>543,615</u>

**TOTAL LIABILITIES AND NET ASSETS** **\$ 1,060,878**

## PROJECT HEALING WATERS FLY FISHING, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Special events:			
Revenue	\$ 545,737	\$ -	\$ 545,737
Less: Donor benefit costs	<u>(170,510)</u>	<u>-</u>	<u>(170,510)</u>
Net support from special events	375,227	-	375,227
Grants and contributions	2,747,100	1,141,798	3,888,898
Contributed nonfinancial assets	132,957	72,000	204,957
Net investment return	19,512	-	19,512
Other income	15,464	-	15,464
Net assets released from donor restrictions	<u>1,013,844</u>	<u>(1,013,844)</u>	<u>-</u>
Total revenue and support	<u>4,304,104</u>	<u>199,954</u>	<u>4,504,058</u>
<b>EXPENSES</b>			
Program Services:			
National	1,708,004	-	1,708,004
Regional	<u>1,531,279</u>	<u>-</u>	<u>1,531,279</u>
Total program services	<u>3,239,283</u>	<u>-</u>	<u>3,239,283</u>
Supporting Services:			
Management and General	1,059,818	-	1,059,818
Fundraising	<u>515,570</u>	<u>-</u>	<u>515,570</u>
Total supporting services	<u>1,575,388</u>	<u>-</u>	<u>1,575,388</u>
Total expenses	<u>4,814,671</u>	<u>-</u>	<u>4,814,671</u>
Change in net assets	(510,567)	199,954	(310,613)
Net assets at beginning of year	<u>505,519</u>	<u>348,709</u>	<u>854,228</u>
<b>NET (DEFICIT) ASSETS AT END OF YEAR</b>	<u><b>\$ (5,048)</b></u>	<u><b>\$ 548,663</b></u>	<u><b>\$ 543,615</b></u>

## PROJECT HEALING WATERS FLY FISHING, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Program Services			Supporting Services			
	National	Regional	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries, benefits and payroll taxes	\$ 366,813	\$ 183,485	\$ 550,298	\$ 639,110	\$ 336,390	\$ 975,500	\$ 1,525,798
Travel and meetings	528,178	411,617	939,795	20,717	16,178	36,895	976,690
Program expenses	481,798	225,074	706,872	3,108	648	3,756	710,628
Materials and supplies	93,097	478,921	572,018	62,507	36,345	98,852	670,870
Information technology	101,734	1,079	102,813	113,856	68,218	182,074	284,887
Contributed nonfinancial assets	6,642	141,290	147,932	-	3,025	3,025	150,957
Other expenses	9,182	22,137	31,319	52,951	42,251	95,202	126,521
Professional fees	72,431	-	72,431	39,947	-	39,947	112,378
Office expense	10,893	11,735	22,628	50,186	11,899	62,085	84,713
Occupancy expenses	25,935	35,065	61,000	-	-	-	61,000
Insurance	11,076	2,532	13,608	44,723	40	44,763	58,371
Depreciation	-	5,300	5,300	30,749	326	31,075	36,375
Shows and fundraising	225	13,044	13,269	1,964	250	2,214	15,483
<b>TOTAL EXPENSES AS PRESENTED ON EXHIBIT B</b>	<b>\$ 1,708,004</b>	<b>\$ 1,531,279</b>	<b>\$ 3,239,283</b>	<b>\$ 1,059,818</b>	<b>\$ 515,570</b>	<b>\$ 1,575,388</b>	<b>\$ 4,814,671</b>
Special events expense	164,842	5,668	170,510	-	-	-	170,510
<b>TOTAL EXPENSES</b>	<b>\$ 1,872,846</b>	<b>\$ 1,536,947</b>	<b>\$ 3,409,793</b>	<b>\$ 1,059,818</b>	<b>\$ 515,570</b>	<b>\$ 1,575,388</b>	<b>\$ 4,985,181</b>

See accompanying notes to financial statements.

## PROJECT HEALING WATERS FLY FISHING, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (310,613)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	36,375
Receipt of donated securities	(105,118)
Amortization of operating lease right-of-use asset	3,407
Unrealized gain on Investments	(7,948)
Decrease in:	
Contributions receivable	194,723
Inventory	27,967
Prepaid expenses	55,870
(Decrease) increase in:	
Accounts payable	(124,040)
Accrued liabilities	27,023
Deferred revenue	41,272
Lease liability	<u>(3,204)</u>
Net cash used by operating activities	<u>(164,286)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Purchases of property and equipment	(3,442)
Reinvested interest and dividends on investments	<u>(2,406)</u>
Net cash used by financing activities	<u>(5,848)</u>
Net decrease in cash and cash equivalents	(170,134)
Cash and cash equivalents at beginning of year	<u>653,551</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 483,417</u></b>

**SCHEDULE OF NONCASH TRANSACTIONS**

Right-of-use Asset for Operating Lease Liability	<b><u>\$ 43,404</u></b>
Operating Lease Liability	<b><u>\$ 43,404</u></b>



## PROJECT HEALING WATERS FLY FISHING, INC.

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

#### 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 Statement of Activities and Change in Net Assets and Statement of Functional Expenses as follows:

- **National Programs** which consists of the 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 accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-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** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

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

**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. Interest, dividends, realized and unrealized gains and losses are included in net investment return which 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.

**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.

**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 three to ten years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the year ended September 30, 2024 totaled \$36,375.

**Income taxes -**

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

**Support from grants and contributions -**

Contributions include annual fund contributions and support for special events, which is equal to the net amount of special events presented in the Statement of Activities and Change in Net Assets.

Contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

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

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

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

**Support from grants and contributions (continued) -**

Support from contributions 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. Contributions, including grants qualifying as contributions, that are unconditional but 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. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Organization had no refundable advances as of September 30, 2024.

In addition, the Organization may obtain funding source agreements related to conditional contributions, which will be received in future years. However, the Organization had no conditional contributions to be received in future years as of September 30, 2024.

**Contributed nonfinancial assets -**

Contributed nonfinancial assets 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.

PROJECT HEALING WATERS FLY FISHING, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024

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

Investment 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.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

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.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended September 30, 2024. Transfers between levels are recorded at the end of the reporting period, if applicable.

Investments consist of certificates of deposit and donated stock.

- *Common Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Certificates of Deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of September 30, 2024:

	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of Deposit	\$ -	\$ 141,001	\$ -	\$ 141,001
Common Stocks	113,066	-	-	113,066
<b>TOTAL INVESTMENTS</b>	<b>\$ 113,066</b>	<b>\$ 141,001</b>	<b>\$ -</b>	<b>\$ 254,067</b>

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

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

Net investment return consisted of the following for the year ended September 30, 2024:

Interest and dividends	\$ 11,564
Unrealized gain	<u>7,948</u>
<b>NET INVESTMENT RETURN</b>	<b><u>\$ 19,512</u></b>

**3. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at September 30, 2024:

Vehicles	\$ 230,204
Computers and software	250,316
Furniture and equipment	78,553
Storage shed	<u>13,440</u>
Total property and equipment	572,513
Less: Accumulated depreciation	<u>(504,309)</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b><u>\$ 68,204</u></b>

**4. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at September 30, 2024:

Subject to expenditure for specified purpose:	
Regional/Local Programs	\$ 494,663
Subject to passage of time	<u>54,000</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 548,663</u></b>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors during the year ended September 30, 2024:

Purpose restrictions accomplished:	
Regional/Local programs	\$ 817,607
National Programs	178,237
Timing restrictions accomplished	<u>18,000</u>
<b>NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 1,013,844</u></b>

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

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**5. LIQUIDITY AND AVAILABILITY**

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. 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	\$ 483,417
Investments	254,067
Contributions receivable	<u>168,430</u>
Subtotal financial assets available within one year	905,914
Less: Donor-restricted funds	<u>(548,663)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 357,251</u></b>

**6. CONTRIBUTED NONFINANCIAL ASSETS**

During the year ended September 30, 2024, 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, 2024. \$54,000 of donated rent is considered time restricted and is included with net assets with donor restrictions as of September 30, 2024. In-kind contributions are valued at market value, which is the cost for the goods and services if sold in the public market.

Donated space received by the Organization is recorded as contributed nonfinancial revenue with a corresponding entry to contributions receivable or lease expense depending on the period in which the donated space is used by the Organization. The Organization valued the donated space by comparing the estimated market rate for comparable space versus the amount actually paid by the Organization.

To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended September 30, 2024:

Donated services	\$ 42,206
Donated materials and supplies	78,618
Donated travel expenses	11,933
Donated rent	<u>72,200</u>
<b>TOTAL</b>	<b><u>\$ 204,957</u></b>

The following programs have benefited from these in-kind contributions:

National	\$ 6,642
Regional	141,290
Fundraising	<u>3,025</u>
<b>TOTAL</b>	<b><u>\$ 150,957</u></b>

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

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**7. LEASE COMMITMENTS**

The Organization follows FASB ASC 842 for leases. The Organization has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Organization has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

**Short-term Leases:**

The Organization leases certain assets on an as-needed basis. The Organization has elected the practical expedient for these short-term leases as the lease terms are less than 12 months. Total short-term lease expense included in occupancy expenses for the year ended September 30, 2024, was \$129,098.

**Operating Lease:**

The Organization has an operating lease for office space in Colorado Springs that began in July, 2024 and expires in June 2027. The office lease includes an escalation of base rentals which is being amortized on a basis to achieve straight-line rent expense over the life of the lease. The discount rate used to calculate the lease liability was 4.4%.

For the year ended September 30, 2024, total lease cost was \$3,859 and total cash paid was \$3,656 for the operating lease.

**Below Market Rent:**

The Organization also utilizes office space in Windsor, Colorado. The agreement began January 1, 2024 and expires December 2026. Under the agreement, the Organization is charged a nominal cost of \$1 per month. The estimated fair value of the space is approximately \$2,000 per month. Because the Organization occupies the space at below market rates, the difference between the fair value and the amount paid is recognized as in-kind revenue and rent expense in the accompanying financial statements. \$72,000 was recognized during the year ending September 30, 2024 as in-kind revenue. \$18,000 was recorded as lease expense, and the remaining \$54,000 is recorded as a contribution receivable as of September 30, 2024.

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

**Year Ending September 30,**

2025	\$ 14,828
2026	15,641
2027	<u>12,188</u>
	42,657
Less: Imputed interest	<u>(2,457)</u>
	40,200
Less: Current portion	<u>(13,378)</u>
<b>LONG-TERM PORTION</b>	<b><u>\$ 26,822</u></b>

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

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**8. RETIREMENT PLAN**

The 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, 2024 totaled \$6,006 and are included in salaries, benefits and payroll taxes in the accompanying Statement of Functional Expenses.

**9. SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 25, 2025, the date the financial statements were issued.