

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

OPERATION HEALING FORCES, INC.

December 31, 2023

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Operation Healing Forces, Inc.

### **Opinion**

We have audited the accompanying financial statements of Operation Healing Forces, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, cash flows, functional expenses 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 Operation Healing Forces, Inc. as of December 31, 2023, and the changes in its net assets, 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 Responsibility 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:

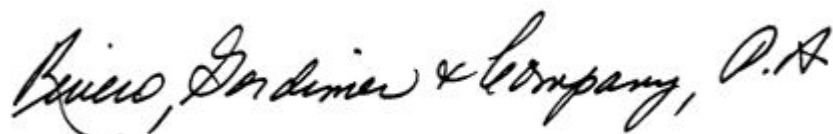
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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.

## **Report on Summarized Comparative Information**

We have previously audited Operation Healing Forces, Inc.'s 2022 financial statements, and our report dated March 31, 2023, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tampa, Florida  
March 22, 2024



Operation Healing Forces, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2023  
(With comparative total for 2022)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (notes A4 and A13)	\$ 1,740,683	\$ 783,378
Current portion of pledges receivable, net (notes A5 and B)	86,500	135,000
Investments, at market (notes A6 and C)	247,510	1,005,341
Accrued interest receivable	-	2,342
Prepaid Expenses	21,006	-
Total current assets	<u>2,095,699</u>	<u>1,926,061</u>
Pledges receivable, net (notes A5 and B)	-	25,141
Property and equipment, net (notes A7 and E)	47,807	47,777
Operating lease right of use asset, net (note F)	424,426	520,109
Security deposits	<u>12,720</u>	<u>12,720</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 2,580,652</b></u>	<u><b>\$ 2,531,808</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 161,229	\$ 170,888
Current portion of operating lease liability (note F)	102,442	123,018
Total current liabilities	<u>263,671</u>	<u>293,906</u>
Noncurrent liabilities		
Non-current portion of lease liability (note F)	<u>348,126</u>	<u>420,462</u>
Total non-current liabilities	<u>348,126</u>	<u>420,462</u>
Total liabilities	<u>611,797</u>	<u>714,368</u>
Net assets (note H)		
Net assets without donor restrictions		
Operating	941,286	766,037
Board designated	<u>777,569</u>	<u>1,009,012</u>
	1,718,855	1,775,049
Net assets with donor restrictions	<u>250,000</u>	<u>42,391</u>
Total net assets	<u>1,968,855</u>	<u>1,817,440</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 2,580,652</b></u>	<u><b>\$ 2,531,808</b></u>

The accompanying notes are an integral part of this statement.

Operation Healing Forces, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2023  
(With comparative total for 2022)

	Without donor restrictions	With donor restrictions	Total December 31, 2023	Total December 31, 2022
<b>PUBLIC SUPPORT AND REVENUE</b>				
Public support				
Cash contributions (notes A8 and I)	\$ 3,000,526	\$ 250,000	\$ 3,250,526	\$ 2,987,916
In-kind/noncash contributions (note A9)	1,092,595	-	1,092,595	1,158,260
Total public support	<u>4,093,121</u>	<u>250,000</u>	<u>4,343,121</u>	<u>4,146,176</u>
Other revenue				
Special events, net (note G)	578,613	-	578,613	411,031
Investment returns, realized and unrealized (note D)	33,215	-	33,215	7,683
Miscellaneous income	22,126	-	22,126	696
Total other revenue	<u>633,954</u>	<u>-</u>	<u>633,954</u>	<u>419,410</u>
Net assets released from donor restrictions (note H)	42,391	(42,391)	-	-
Total public support and revenue	<u>4,769,466</u>	<u>207,609</u>	<u>4,977,075</u>	<u>4,565,586</u>
<b>EXPENSES</b>				
Program services				
Therapeutic retreats	2,742,923	-	2,742,923	3,006,537
SOAR program	1,270,511	-	1,270,511	1,196,295
Total program services	<u>4,013,434</u>	<u>-</u>	<u>4,013,434</u>	<u>4,202,832</u>
Supporting services				
Management and general	275,864	-	275,864	219,377
Fundraising and development	536,362	-	536,362	599,630
Total supporting services	<u>812,226</u>	<u>-</u>	<u>812,226</u>	<u>819,007</u>
Total expenses	<u>4,825,660</u>	<u>-</u>	<u>4,825,660</u>	<u>5,021,839</u>
Changes in net assets	(56,194)	207,609	151,415	(456,253)
Net assets at beginning of year	<u>1,775,049</u>	<u>42,391</u>	<u>1,817,440</u>	<u>2,273,693</u>
Net assets at end of year	<u>\$ 1,718,855</u>	<u>\$ 250,000</u>	<u>\$ 1,968,855</u>	<u>\$ 1,817,440</u>

The accompanying notes are an integral part of this statement.

Operation Healing Forces, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2023  
(With comparative total for 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 151,415	\$ (456,253)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation expense	11,175	5,739
Operating lease right-of-use lease amortization	95,683	36,401
Operating lease right-of-use lease liability principal payments	(92,912)	(13,030)
Decrease in pledges receivable	73,641	169,848
(Increase) in prepaid expenses	(21,006)	-
(Increase) in security deposits	-	(12,720)
Decrease (Increase) in accrued interest receivable	2,342	(2,342)
(Decrease) increase in accounts payable and accrued expenses	(9,659)	74,349
Total adjustments	<u>59,264</u>	<u>258,245</u>
Net cash provided (used) by operating activities	<u>210,679</u>	<u>(198,008)</u>
Cash flows from investing activities		
Net sales and (purchases) of investments	757,831	(1,005,341)
Payments for purchase of property and equipment	(11,205)	(48,111)
Net cash provided (used) by investing activities	<u>746,626</u>	<u>(1,053,452)</u>
Cash and cash equivalents at beginning of year	<u>783,378</u>	<u>2,034,838</u>
Cash and cash equivalents at end of year	<u>\$ 1,740,683</u>	<u>\$ 783,378</u>
Supplemental disclosures of cash flow information		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Schedule of Noncash Investing and Financing Activities		
Operating lease right-of-use asset and lease liability recognized	<u>\$ -</u>	<u>\$ 556,510</u>

The accompanying notes are an integral part of these statements.

Operation Healing Forces, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2023  
(With comparative total for 2022)

	Program Services			Supporting Services			Total December 31, 2023	Total December 31, 2022
	Therapeutic Retreats	SOAR Program	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services		
Salaries	\$ 613,193	\$ 249,253	\$ 862,446	\$ 135,851	\$ 193,973	\$ 329,824	\$ 1,192,270	\$ 1,103,086
Payroll taxes and benefits	61,660	25,064	86,724	13,661	19,505	33,166	119,890	104,414
Total salaries and related expenses	674,853	274,317	949,170	149,512	213,478	362,990	1,312,160	1,207,500
Retreat expenses	1,483,463	-	1,483,463	-	-	-	1,483,463	1,727,631
SOAR program expenses	-	944,421	944,421	-	-	-	944,421	949,262
Travel and lodging	442,213	6,217	448,430	14,948	141,848	156,796	605,226	615,364
Printing and copying	14,672	2,480	17,152	4,660	59,639	64,299	81,451	141,802
Professional fees	16,250	-	16,250	23,375	14,564	37,939	54,189	108,910
Website	20,262	947	21,209	12,932	18,402	31,334	52,543	44,771
Occupancy	71,006	31,407	102,413	16,386	17,751	34,137	136,550	50,785
Supplies and equipment	3,198	706	3,904	12,031	3,369	15,400	19,304	28,018
Donor recognition	-	-	-	-	23,147	23,147	23,147	35,487
Telephone	2,673	-	2,673	2,598	-	2,598	5,271	2,447
Postage	3,952	91	4,043	2,089	3,911	6,000	10,043	7,658
Insurance	-	-	-	10,700	-	10,700	10,700	8,567
Conferences and meetings	1,858	1,962	3,820	13,654	2,100	15,754	19,574	56,128
Miscellaneous	5,171	4,611	9,782	9,179	37,482	46,661	56,443	31,770
Total expenses before depreciation expense	2,739,571	1,267,159	4,006,730	272,064	535,691	807,755	4,814,485	5,016,100
Depreciation expense	3,352	3,352	6,704	3,800	671	4,471	11,175	5,739
Total expenses	\$ 2,742,923	\$ 1,270,511	\$ 4,013,434	\$ 275,864	\$ 536,362	\$ 812,226	\$ 4,825,660	\$ 5,021,839

The accompanying notes are an integral part of this statement.



Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and a summary of its significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Description of the Organization and Activities

Operation Healing Forces, Inc., formerly Operation Cruise, Inc. (the "Organization") is a not-for-profit, tax-exempt corporation formed in 2011. The mission of the Organization is to serve the needs of active-duty and recent-veteran wounded, ill, and fallen Special Operations Forces ("SOF") and their families by starting or continuing the process of mentally, physically and emotionally healing in preparation to return to the fight or transition successfully into civilian life.

Through therapeutic retreats, the Organization's purpose is to enable these war-torn men, women and families to break through the silence to openly discuss their battlefield and personal hardships. A safe, protected environment allows our participants to let their guard down and share. Realizing they are not alone, participants discover it is appropriate - and not a stigma - to seek help, support, and guidance when needed from fellow SOF professionals and their families. The retreat environment combined with peer-to-peer counseling and recreational therapies enable sincere bonding between couples, with other spouses going through similar hardships, and among fellow SOF service members.

Through the Special Operations Additional Resources ("SOAR" or "Immediate Needs") program, the Organization provides crisis support to SOF service members, spouses, and their families. The program covers travel and expenses related to medical emergencies for service members, Veterans, and their families, medical and adaptive equipment not covered by government means, funeral and memorials costs not covered by government means including family travel, relief or respite care for full-time caregivers, one-time financial assistance related to transition or employment opportunities including travel, and other as needed crisis support for families including emergency financial support.

Additional programs the Organization provides include: SOF Caregiver and Spouse Retreats, Financial Planning, Legal Assistance, and Employment Services.

Operation Healing Forces' vision is that all returning SOF are able to reclaim happy, productive, and fulfilling lives.

2. Basis of Accounting

The accompanying financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Liquidity

Assets and liabilities are presented in the accompanying statement of financial position according to their nearness of conversion to cash and, their maturity and resulting use of cash, respectively. See note J for more information on liquidity and availability of assets.

4. Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with original maturity of three months or less to be cash equivalents.

5. Pledges Receivable

Pledges receivables represent unconditional promises to give by donors that are expected to be collected within one year and are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded as pledges receivable at the present value of estimated future cash flows after an allowance for estimated uncollectible contributions is provided. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. The allowance for uncollectible pledges was \$8,500 at December 31, 2023.

6. Investments

Investments are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets.

7. Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets ranging from three to seven years. The Organization capitalizes all purchases that exceed \$2,500.

8. Contributions

Contributions, including unconditional promises to give, are recognized in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Contributed Services, Materials, and Supplies

Material in-kind items used in the program (e.g., equipment, supplies, etc.) are recorded as income and expense at the time the items are placed into service or distributed.

Contributed services are reported as contributions at their fair value if such services create or enhance non-financial assets; the services would have been purchased if not provided by contribution; and the service requires specialized skills.

In addition, the Organization received significant contributions of time from its Directors and unpaid volunteers for fundraising activities and other services to the Organization. The value of this contributed time is not reflected in these statements since no objective basis is available to measure the value of these services.

10. Functional Allocation of Expenses

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Expenses that benefit multiple functional areas have been allocated across programs, general and administrative, and fundraising expenses based on the proportion of employee time involved.

11. Income Tax Status

The Organization has received a determination of tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

The Organization is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years after 2019 remain subject to examination by federal and state taxing authorities.

12. Estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

13. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk are primarily cash and money market funds. The Organization's cash deposits are placed in financial institutions which at times may exceed the Federal Deposit Insurance Corporation (FDIC) coverage. The Organization has not experienced any losses in its cash deposits and does not believe it is exposed to any significant credit risks related to uninsured amounts. The Organization had cash in excess of FDIC insurance coverage of approximately \$1,459,000 at December 31, 2023.

14. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

15. Reclassification

Certain prior year information was reclassified to conform to current year classification. Net assets and changes in net assets are unchanged due to these reclassifications.

NOTE B - PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give by donors. Pledges that are expected to be collected after one year have been discounted using a rate of 2% and are reflected in the financial statements at their net present value. Pledges receivables consist of the following at December 31, 2023:

Total unconditional pledges	\$ 95,000
Less allowance for uncollectible pledges	<u>(8,500)</u>
Total pledges receivable, net	<u>\$ 86,500</u>

The expected collection of pledges receivable consists of the following:

Less than one year	\$ 95,000
Less allowance for uncollectible pledges	<u>(8,500)</u>
	<u>\$ 86,500</u>

Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

NOTE C - FAIR VALUE MEASUREMENT

Financial Accounting Standards Board *Accounting Standards Codification* 820 establishes a 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

- Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
  
- Level 2            The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar investments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
  
- Level 3            Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2023.

Mutual funds are valued using quoted market prices of identical assets on active exchanges, or Level 1 measurements.

The fair values of net assets measured on a recurring basis at December 31, 2023 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	<u>\$ 247,510</u>	<u>\$ 247,510</u>	<u>\$ -</u>	<u>\$ -</u>

Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

NOTE D - INVESTMENTS

Investment income consists of the following for the year ended December 31, 2023:

Realized and unrealized gain on investment	\$ 7,744
Interest and dividend income	<u>25,471</u>
	<u><u>\$ 33,215</u></u>

NOTE E - PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2023 is as follows:

Office and computer equipment	\$ 67,590
Less accumulated depreciation	<u>(19,783)</u>
Total property and equipment	<u><u>\$ 47,807</u></u>

Depreciation expense was \$11,175 for the year ended December 31, 2023.

NOTE F - LEASES

The Organization entered into a 6-year, non-cancellable operating lease agreement during the year ended December 31, 2023. The lease commencement date was November 1, 2022, and the remaining term of the lease is 3.8 years. In accordance with ASC 842, *Leases*, the Organization recorded an operating lease right of use asset and lease liability of \$556,510, which is the net present value of future minimum lease payments at the time the lease was signed using a discount rate of 6%, the incremental borrowing rate at the time the lease was signed.

The right of use operating lease asset is amortized using the straight-line method over the lease term. The right of use operating lease assets consists of the following as of December 31, 2023:

Operating lease right of use asset	\$ 556,510
Less accumulated amortization	<u>(132,084)</u>
	<u><u>\$ 424,426</u></u>

Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

NOTE F - LEASES - Continued

Future minimum payments under the operating lease agreement are as follows:

<u>Year ending December 31.:</u>	
2024	\$ 126,714
2025	130,522
2026	134,428
2027	<u>114,926</u>
Total future minimum payments	506,590
Interest expense	<u>(56,022)</u>
Lease liability	<u><u>\$ 450,568</u></u>

NOTE G - SPECIAL EVENTS

The Organization conducts special events for the purpose of raising money for annual operations. Special event revenue for the year ended December 31, 2023 was as follows:

Direct special event revenue	\$ 737,623
Contributions derived from special events	<u>250,895</u>
	988,518
Less direct expenses	<u>(409,905)</u>
Total special event revenue, net	<u><u>\$ 578,613</u></u>

NOTE H - NET ASSETS

1. Net Assets Without Donor Restrictions

Net assets without donor restrictions are net assets not subject to donor-imposed restrictions or the donor-imposed restrictions have expired. These net assets are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

NOTE H - NET ASSETS - Continued

The Organization's net assets without donor restrictions consists of the following at December 31, 2023:

Undesignated	\$ 941,286
Board designated for operating reserve	<u>777,569</u>
Total net assets without donor restrictions	<u><u>\$ 1,718,855</u></u>

2. Net Assets With Donor Restrictions

Net assets with donor restrictions are net assets subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations, that may become undesignated by the passage of time, or that require net assets to be permanently maintained, thereby restricting the use of principal. Once donor-imposed restrictions are satisfied, the net assets are then released and reclassified to net assets without donor restrictions. The Organization's net assets with donor restrictions consists of the following at December 31, 2023:

Net assets with purpose restrictions	<u>\$ 250,000</u>
Total net assets with donor restrictions	<u><u>\$ 250,000</u></u>

3. Net Assets Released from Donor Restrictions

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes, or by occurrence of the passage of time or other events specified by donors. The Organization released approximately \$42,000 of net assets with donor restrictions during the year ended December 31, 2023 due to the passage of time.



Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

NOTE I - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the date of the financial statements of financial position for general expenditure are as follows:

Cash and cash equivalents	\$ 1,740,683
Current portion of pledges receivable	86,500
Investments	<u>247,510</u>
Total financial assets available within one year	<u>2,074,693</u>
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	<u>250,000</u>
Total amounts unavailable for general expenditures within one year	<u>250,000</u>
Amounts unavailable to management without Board's approval:	
Board designated:	<u>777,569</u>
Total amounts unavailable to management without Board's approval	<u>777,569</u>
Total financial assets available to management for expenditure within one year	<u><u>\$ 1,047,124</u></u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The organization has financial assets available to management in an amount that is close to current year expenses, indicating that the organization has the ability to meet its expected expenditures within one year.

The Organization's Board of Directors has the ability to designate net assets without donor restrictions that could be made available for current operations if necessary.

NOTE J - RELATED PARTY TRANSACTIONS

The Organization received approximately \$1,158,000 of cash contributions and approximately \$215,000 of noncash contributions from ten members of the Board of Directors during the year ended December 31, 2023.

Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

NOTE K - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to December 31, 2023 as of March 22, 2024 which is the date the financial statements were available to be issued.