

PURE WATER FOR THE WORLD, INC.  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 AND 2019

PURE WATER FOR THE WORLD, INC.  
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JUNE 30, 2020 AND 2019

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Pure Water for the World, Inc.  
Rutland, Vermont

We have audited the accompanying financial statements of Pure Water for the World, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditor's 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 entity'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 Pure Water for the World, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*McCormack, Guyette & Associates, PC*

License #113

June 7, 2021

**PURE WATER FOR THE WORLD, INC**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

**ASSETS**

	2020	2019
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 302,041	\$ 193,954
Accounts receivable	4,252	49,649
Inventory	57,700	84,950
Security deposits	1,075	975
Prepaid expenses	11,640	5,041
Total current assets	376,708	334,569
<b>PROPERTY AND EQUIPMENT</b>		
Auto and trucks	221,719	227,645
Furniture and equipment	5,476	5,476
	227,195	233,121
Less - accumulated depreciation	189,817	197,991
	37,378	35,130
<b>OTHER ASSETS</b>		
Investments	375,865	384,160
<b>TOTAL ASSETS</b>	<b>\$ 789,951</b>	<b>\$ 753,859</b>

**LIABILITIES AND NET ASSETS**

	2020	2019
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 6,600	\$ 12,300
Deferred revenue	144,939	18,818
Accrued expenses	12,868	7,699
Total current liabilities	164,407	38,817
<b>NET ASSETS</b>		
With donor restrictions	20,000	-
Without donor restrictions		
Undesignated	230,544	340,042
Designated	375,000	375,000
Total without donor restrictions	605,544	715,042
Total net assets	625,544	715,042
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 789,951</b>	<b>\$ 753,859</b>

The accompanying notes are an integral part of these financial statements

**PURE WATER FOR THE WORLD, INC**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE</b>			
Contributions	\$ 451,623	\$ 43,459	\$ 495,082
Rotary grants	65,481	-	65,481
Partner receipts	88,382	-	88,382
Program income	124,700	-	124,700
Trip income	8,396	-	8,396
Investments	9,126	-	9,126
Other income	18,169	-	18,169
Net assets released from restrictions	23,459	(23,459)	-
	<u>789,336</u>	<u>20,000</u>	<u>809,336</u>
<b>EXPENSES</b>			
Personnel expense	467,078	-	467,078
Implementation	168,533	-	168,533
Office	128,376	-	128,376
Vehicle expense	35,948	-	35,948
Payroll taxes	23,185	-	23,185
Travel	13,745	-	13,745
Housing and related expense	760	-	760
Depreciation	22,752	-	22,752
Marketing	4,297	-	4,297
Professional fees	20,836	-	20,836
Miscellaneous	13,324	-	13,324
	<u>898,834</u>	<u>-</u>	<u>898,834</u>
<b>CHANGE IN NET ASSETS</b>	(109,498)	20,000	(89,498)
<b>NET ASSETS</b> , beginning of year	<u>715,042</u>	<u>-</u>	<u>715,042</u>
<b>NET ASSETS</b> , end of year	<u>\$ 605,544</u>	<u>\$ 20,000</u>	<u>\$ 625,544</u>

The accompanying notes are an integral part of these financial statements

**PURE WATER FOR THE WORLD, INC**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2019**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE</b>			
Contributions	\$ 424,021	\$ 138,877	\$ 562,898
Rotary grants	393,029	-	393,029
Partner receipts	88,152	-	88,152
Program income	98,215	-	98,215
Trip income	9,847	-	9,847
Investments	12,541	-	12,541
Other income	5,149	-	5,149
Net assets released from restrictions	138,877	(138,877)	-
	<u>1,169,831</u>	<u>-</u>	<u>1,169,831</u>
Total revenues			
<b>EXPENSES</b>			
Personnel expense	611,402	-	611,402
Implementation	310,072	-	310,072
Office	100,812	-	100,812
Vehicle expense	50,819	-	50,819
Payroll taxes	28,234	-	28,234
Travel	31,706	-	31,706
Housing and related expense	14,707	-	14,707
Depreciation	18,188	-	18,188
Marketing	12,764	-	12,764
Professional fees	27,310	-	27,310
Miscellaneous	8,124	-	8,124
	<u>1,214,138</u>	<u>-</u>	<u>1,214,138</u>
Total expenses			
<b>CHANGE IN NET ASSETS</b>	(44,307)	-	(44,307)
<b>NET ASSETS, beginning of year</b>	<u>759,349</u>	<u>-</u>	<u>759,349</u>
<b>NET ASSETS, end of year</b>	<u>\$ 715,042</u>	<u>\$ -</u>	<u>\$ 715,042</u>

The accompanying notes are an integral part of these financial statements

**PURE WATER FOR THE WORLD, INC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expense	\$ 392,524	\$ 40,108	\$ 34,446	\$ 467,078
Implementation	168,533	-	-	168,533
Office	107,531	14,141	6,704	128,376
Vehicle expense	35,948	-	-	35,948
Payroll taxes	19,328	2,068	1,789	23,185
Travel	8,785	1,525	3,435	13,745
Housing and related expense	760	-	-	760
Depreciation	22,752	-	-	22,752
Marketing	-	-	4,297	4,297
Professional fees	7,710	13,126	-	20,836
Miscellaneous	13,324	-	-	13,324
<b>TOTAL EXPENSES</b>	<u>\$ 777,195</u>	<u>\$ 70,968</u>	<u>\$ 50,671</u>	<u>\$ 898,834</u>

The accompanying notes are an integral part of these financial statements

**PURE WATER FOR THE WORLD, INC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expense	\$ 499,011	\$ 62,361	\$ 50,030	\$ 611,402
Implementation	310,072	-	-	310,072
Office	76,816	19,247	4,749	100,812
Vehicle expense	50,819	-	-	50,819
Payroll taxes	21,513	3,665	3,056	28,234
Travel	22,409	2,941	6,356	31,706
Housing and related expense	14,707	-	-	14,707
Depreciation	18,188	-	-	18,188
Marketing	-	-	12,764	12,764
Professional fees	20,245	7,065	-	27,310
Miscellaneous	8,124	-	-	8,124
<b>TOTAL EXPENSES</b>	<u>\$ 1,041,904</u>	<u>\$ 95,279</u>	<u>\$ 76,955</u>	<u>\$ 1,214,138</u>

The accompanying notes are an integral part of these financial statements

**PURE WATER FOR THE WORLD, INC**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (89,498)	\$ (44,307)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized gain on sale of investments	(56)	-
Gain on sale of vehicle	(5,304)	-
Unrealized (gain) loss on investments	363	(4,587)
Depreciation expense	22,752	18,188
Changes in operating assets and liabilities:		
Increase (decrease) in:		
Accounts receivable	45,397	(49,649)
Prepaid expenses	(6,599)	1,264
Inventory	27,250	1,900
Security deposit	(100)	(975)
Accounts payable	(5,700)	12,300
Deferred revenue	126,121	(82,367)
Accrued expenses	5,169	1,170
	<b>119,795</b>	<b>(147,063)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of vehicle	5,304	-
Purchase of fixed assets	(25,000)	(14,554)
Proceeds from investments	7,988	(7,640)
	<b>(11,708)</b>	<b>(22,194)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>108,087</b>	<b>(169,257)</b>
<b>CASH AND CASH EQUIVALENTS</b> , beginning of year	<b>193,954</b>	<b>363,211</b>
<b>CASH AND CASH EQUIVALENTS</b> , end of year	<b>\$ 302,041</b>	<b>\$ 193,954</b>

The accompanying notes are an integral part of these financial statements

**PURE WATER FOR THE WORLD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

**Organization**

Pure Water for the World, Inc. (the Organization) is a nonprofit organization based in Rutland, Vermont with operations in Haiti and Honduras. The Organization's mission is to improve lives by empowering people with access to life's most basic necessities: safe water and sanitation.

**Financial statement presentation**

The Organization has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restriction, which represents the expendable resources that are available for operations at management's discretion; with donor restriction, which represents resources restricted by donors as to purpose or by the passage of time. The Organization had no net assets with donor restriction at June 30, 2020.

**Cash and cash equivalents**

The Organization's cash and cash equivalents include cash on hand, demand deposits, and investments with original maturities of three months or less.

**Property and equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis using the following useful lives. The Organization's policy is to capitalize purchases in excess of \$2,000 for furniture and equipment.

Auto and trucks	5 years
Furniture and equipment	5 years

**Investments**

Realized gains or losses are measured by the difference between the net proceeds for the repayment or sale and the cost basis of the investment without regard to unrealized appreciation or depreciation previously recognized. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period.

**Income taxes**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

**PURE WATER FOR THE WORLD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)**

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Advertising**

The Organization follows the policy of charging the cost of advertising to expense as incurred.

**Public support and revenue recognition**

Grant and other contributions received are recorded as with donor restriction and without donor restriction support, depending on the existence of any donor restrictions.

All donor-restricted grants and contributions are reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received.

**Date of Management's review**

Subsequent events were evaluated through June 7, 2021, which is the date the financial statements were available to be issued.

**NOTE 2 - ACCOUNTS RECEIVABLE**

No allowance for uncollectible accounts has been established for the year ended June 30, 2020 and 2019 as management has determined that all receivables are collectible. Bad debts are written off in the period in which they occur.

**PURE WATER FOR THE WORLD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 3 - INVESTMENTS**

Investments are presented in the financial statements at fair value. The Organization's investments consist of certificates of deposit, money market accounts, stocks, corporate bonds and fixed-rate capital securities. The historical cost and market value were as follows as of June 30:

	<u>2020</u>		
	<u>Costs</u>	<u>Market value</u>	<u>Unrealized gain (loss)</u>
Certificates of deposit	\$ 125,000	\$ 126,974	\$ 1,974
Mutual Funds	175,369	176,236	867
Stocks	50,006	47,425	(2,581)
Fixed-rate capital securities	<u>25,771</u>	<u>25,230</u>	<u>(541)</u>
Total investments	<u>\$ 376,146</u>	<u>\$ 375,865</u>	<u>\$ (281)</u>
	<u>2019</u>		
	<u>Costs</u>	<u>Market value</u>	<u>Unrealized gain (loss)</u>
Certificates of deposit	\$ 250,000	\$ 249,980	\$ (20)
Mutual Funds	83,004	83,080	76
Stocks	25,557	25,760	203
Fixed-rate capital securities	<u>25,771</u>	<u>25,340</u>	<u>(431)</u>
Total investments	<u>\$ 384,332</u>	<u>\$ 384,160</u>	<u>\$ (172)</u>

Investment return for the year ended June 30:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 9,433	\$ 7,954
Realized gain (loss)	56	-
Net unrealized gain	<u>(363)</u>	<u>4,587</u>
Total investment return	<u>\$ 9,126</u>	<u>\$ 12,541</u>

**PURE WATER FOR THE WORLD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 4 - DEFERRED REVENUE**

Deferred revenue as of June 30, 2020 and 2019 consists of advance payments for the following purposes:

	<u>2020</u>	<u>2019</u>
Grants	\$ 80,903	\$ -
PPP loan	57,367	-
Honduras travel deposits	<u>6,669</u>	<u>18,818</u>
	<u>\$ 144,939</u>	<u>\$ 18,818</u>

The Organization received a grant from UNICEF for work to be done in Honduras. The Organization had received \$86,849 of advances from the grant of which \$5,947 had been spent in the current year.

In response to the coronavirus outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020 the Organization obtained a PPP loan for \$57,367. The Organization used all proceeds from the note for qualifying expenses and expect the loan to be forgiven.

The Organization travels to Honduras with volunteers to work on projects. The volunteers pay deposits to hold their place on future trip.

**NOTE 5 - NET ASSETS**

The Organization's endowment consists of one fund established by the board of directors to reserve \$375,000 for future. The Organization has adopted an investment and spending policy for endowment assets that attempt to subject the fund to low investment risk and reserve funds for future needs. The investment policy includes a general prudence standard within the written policy as required by Vermont Uniform Management of Institutional Funds Act, as well as a policy to review at least annually any decision not to diversify the assets, and assess the independence of external agents selected to manage and invest funds, including any conflicts of interest of the agent.

**NOTE 6 - RETIREMENT PLAN**

The Organization maintains a SIMPLE individual retirement plan. Employees can contribute through regular payroll deductions and the Organization matches 100% of the employee's deferral up to a limit of 3% of the employee's annual compensation. Contributions made by the Organization were \$2,510 and \$5,203 during the years ended June 30, 2020 and 2019, respectively.

**PURE WATER FOR THE WORLD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 7 - RELATED PARTY TRANSACTION**

The Organization rents office space in Rutland, Vermont from a related party under a twelve-month lease. The owner of the rental property is the executive director of the Organization. Rent expense includes \$2,500 paid to the related party for the year ended June 30, 2020 and 2019. As of July 2019, the office space is rented from an outside third party.

**NOTE 8 - METHODS USED FOR ALLOCATION OF EXPENSES AMONG PROGRAM AND SUPPORTING SERVICES**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Those expenses include office space occupancy related expenses (rent, utilities, depreciation, etc.) and management's salaries and wages and corresponding payroll taxes and employee benefits. Occupancy expenses are allocated based on a square footage basis. Salaries and related expenses are allocated based on time devoted.

**NOTE 9 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization has \$682,158 of financial assets available within one year of the statement of financial position date, to meet cash needs for general expenditures consisting of substantially cash of \$302,041, receivables of \$4,252 and investments of \$375,865. Of these financial assets, \$20,000 are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.