

PURE WATER FOR THE WORLD, INC.  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020

PURE WATER FOR THE WORLD, INC.  
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JUNE 30, 2021 AND 2020

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**McCORMACK, GUYETTE & ASSOCIATES**  
A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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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, 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 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, 2021 and 2020, 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

July 11, 2022

**PURE WATER FOR THE WORLD, INC**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

**ASSETS**

	2021	2020
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 585,278	\$ 302,041
Accounts receivable	3,508	4,252
Inventory	33,475	57,700
Security deposits	1,875	1,075
Prepaid expenses	7,528	11,640
Total current assets	631,664	376,708
<b>PROPERTY AND EQUIPMENT</b>		
Auto and trucks	218,171	221,719
Furniture and equipment	5,476	5,476
	223,647	227,195
Less - accumulated depreciation	169,791	189,817
	53,856	37,378
<b>OTHER ASSETS</b>		
Investments	384,329	375,865
<b>TOTAL ASSETS</b>	<b>\$ 1,069,849</b>	<b>\$ 789,951</b>

**LIABILITIES AND NET ASSETS**

	2021	2020
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 10,075	\$ 6,600
Refundable advance	486,163	138,270
Trip Deposits	6,669	6,669
Accrued expenses	4,325	12,868
Total current liabilities	507,232	164,407
<b>NET ASSETS</b>		
With donor restrictions	-	20,000
Without donor restrictions		
Undesignated	187,617	230,544
Designated	375,000	375,000
Total without donor restrictions	562,617	605,544
Total net assets	562,617	625,544
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,069,849</b>	<b>\$ 789,951</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, 2021**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>REVENUE</b>			
Contributions	\$ 367,533	\$ 142,823	\$ 510,356
Rotary grants	164,016	292,007	456,023
Partner receipts	-	347,584	347,584
Program income	36,332	-	36,332
Trip income	-	-	-
Investments	15,422	-	15,422
Other income	44,267	-	44,267
Net assets released from restrictions	802,414	(802,414)	-
	<u>1,429,984</u>	<u>(20,000)</u>	<u>1,409,984</u>
Total revenues			
<b>EXPENSES</b>			
Personnel expense	618,915	-	618,915
Implementation	575,349	-	575,349
Office	137,438	-	137,438
Vehicle expense	55,359	-	55,359
Payroll taxes	19,819	-	19,819
Travel	-	-	-
Housing and related expense	-	-	-
Depreciation	24,324	-	24,324
Marketing	6,297	-	6,297
Professional fees	29,492	-	29,492
Miscellaneous	5,918	-	5,918
	<u>1,472,911</u>	<u>-</u>	<u>1,472,911</u>
Total expenses			
<b>CHANGE IN NET ASSETS</b>	(42,927)	(20,000)	(62,927)
<b>NET ASSETS</b> , beginning of year	<u>605,544</u>	<u>20,000</u>	<u>625,544</u>
<b>NET ASSETS</b> , end of year	<u>\$ 562,617</u>	<u>\$ -</u>	<u>\$ 562,617</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, 2020**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</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	484,150	-	484,150
Implementation	151,461	-	151,461
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 FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expense	\$ 553,480	\$ 30,264	\$ 35,171	\$ 618,915
Implementation	575,349	-	-	575,349
Office	123,891	10,870	2,677	137,438
Vehicle expense	55,359	-	-	55,359
Payroll taxes	17,200	1,560	1,059	19,819
Travel	-	-	-	-
Housing and related expense	-	-	-	-
Depreciation	24,324	-	-	24,324
Marketing	-	-	6,297	6,297
Professional fees	8,062	21,430	-	29,492
Miscellaneous	5,918	-	-	5,918
<b>TOTAL EXPENSES</b>	<u>\$ 1,363,583</u>	<u>\$ 64,124</u>	<u>\$ 45,204</u>	<u>\$ 1,472,911</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**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Personnel expense	\$ 409,596	\$ 40,108	\$ 34,446	\$ 484,150
Implementation	151,461	-	-	151,461
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>	<b>\$ 777,195</b>	<b>\$ 70,968</b>	<b>\$ 50,671</b>	<b>\$ 898,834</b>

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, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (62,927)	\$ (89,498)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized gain on sale of investments	(1,244)	(56)
Gain on sale of vehicle	(10,393)	(5,304)
Unrealized (gain) loss on investments	(6,795)	363
Depreciation expense	24,324	22,752
Changes in operating assets and liabilities:		
Increase (decrease) in:		
Accounts receivable	744	45,397
Prepaid expenses	4,112	(6,599)
Inventory	24,225	27,250
Security deposit	(800)	(100)
Accounts payable	3,475	(5,700)
Refundable advance	347,893	126,121
Accrued expenses	(8,543)	5,169
	314,071	119,795
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of vehicle	10,393	5,304
Purchase of fixed assets	(40,802)	(25,000)
Proceeds from investments	(425)	7,988
	(30,834)	(11,708)
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>		
<b>NET INCREASE IN CASH</b>	283,237	108,087
<b>CASH AND CASH EQUIVALENTS</b> , beginning of year	302,041	193,954
<b>CASH AND CASH EQUIVALENTS</b> , end of year	\$ 585,278	\$ 302,041

The accompanying notes are an integral part of these financial statements

**PURE WATER FOR THE WORLD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**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, 2021.

**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, 2021 AND 2020

**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**

*Voluntary contributions*

Voluntary contributions are non-exchange transactions. The resources are received by the Organization with no or nominal consideration provided directly in return to the donor. The resources are to be applied towards advancing the mission of the Organization.

Voluntary contributions may be subject to conditions imposed upon the use of the resources. Revenue from these conditional contributions is recognized when these conditions have been satisfied.

Voluntary contributions without conditions 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.

*Revenue from exchange transactions*

Exchange transactions are transactions in which the Organization sells goods or provides services. Revenue comprises the fair value of considerations received or receivable for the sale of goods and services.

**PURE WATER FOR THE WORLD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**Date of Management's review**

Subsequent events were evaluated through July 11, 2022, 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, 2021 and 2020 as management has determined that all receivables are collectible. Bad debts are written off in the period in which they occur.

**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 and fixed-rate capital securities.

FASB ASC 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a 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 under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

PURE WATER FOR THE WORLD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

**NOTE 3 – INVESTMENTS (continued)**

The historical cost and market value were as follows as of June 30:

	<u>2021</u>		
	<u>Costs</u>	<u>Market value</u>	<u>Unrealized gain (loss)</u>
Certificates of deposit (level 1)	\$ 50,000	\$ 50,535	\$ 535
Mutual Funds (level 1)	213,780	214,428	648
Stocks (level 1)	112,329	119,366	7,037
Fixed-rate capital securities (level 1)	-	-	-
Total investments	<u>\$ 376,109</u>	<u>\$ 384,329</u>	<u>\$ 8,220</u>
	<u>2020</u>		
	<u>Costs</u>	<u>Market value</u>	<u>Unrealized gain (loss)</u>
Certificates of deposit (level 1)	\$ 125,000	\$ 126,974	\$ 1,974
Mutual Funds (level 1)	175,369	176,236	867
Stocks (level 1)	50,006	47,425	(2,581)
Fixed-rate capital securities (level 1)	25,771	25,230	(541)
Total investments	<u>\$ 376,146</u>	<u>\$ 375,865</u>	<u>\$ (281)</u>

Investment return for the year ended June 30:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 7,384	\$ 9,433
Realized gain (loss)	1,243	56
Net unrealized gain (loss)	<u>6,795</u>	<u>(363)</u>
Total investment return	<u>\$ 15,422</u>	<u>\$ 9,126</u>

**PURE WATER FOR THE WORLD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 4 - REFUNDABLE ADVANCE**

Refundable advances consist of conditional contributions received as of June 30, 2021 and 2020. Conditional contributions are held as a refundable advance until the conditions are met, at which time revenue is recognized.

	<u>2021</u>	<u>2020</u>
Grants	\$ 390,704	\$ 80,903
PPP loans	<u>95,459</u>	<u>57,367</u>
	<u>\$ 486,163</u>	<u>\$ 138,270</u>

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 PPP1 loan for \$57,367. In February 2021, the Organization obtained a PPP2 loan for \$38,092. The Organization used all proceeds from the note for qualifying expenses and the loans were forgiven August 25, 2021 and October 26, 2021, respectively.

**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 \$3,085 and \$2,510 during the years ended June 30, 2021 and 2020, respectively.

**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. As of July 2019, the office space is rented from an outside third party.

**PURE WATER FOR THE WORLD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**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 \$973,115 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 \$585,278, receivables of \$3,508 and investments of \$384,329. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Any money designated by the Board is utilized subject to Board approval.