



HEALING WATERS
INTERNATIONAL

**Healing Waters International, Inc.
And Affiliates**

Eighteen Months Ended June 30, 2019
with
Independent Auditors' Report

**Healing Waters International, Inc.
And Affiliates**

Eighteen Months Ended June 30, 2019
(See Independent Auditors' Report)

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Board of Directors
Healing Waters International, Inc. and Affiliates
Golden, Colorado

Independent Auditors' Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Healing Waters International, Inc. and Affiliates which comprise the consolidated statement of financial position as of June 30, 2019 and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the eighteen months then ended and the related notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Healing Waters International, Inc. and Affiliates as of June 30, 2019 and the changes in its net assets and its cash flows for the eighteen months then ended in accordance with accounting principles generally accepted in the United States of America.

Stratagem PC
Certified Public Accountants

Lakewood, Colorado

September 30, 2019

**Healing Waters International, Inc.
And Affiliates**

Consolidated Statement of Financial Position
June 30, 2019
(See Independent Auditors' Report)

Assets

Current assets:	
Cash and cash equivalents	\$ 829,926
Investments held to maturity	159,429
Accounts receivable	135,088
Inventory	117,988
Prepaid expenses and other	<u>20,868</u>
Total current assets	<u>1,263,299</u>
Property, equipment and improvements, at cost:	
Computer equipment	32,214
Leasehold improvements	10,623
Office furniture	7,751
Vehicles	<u>119,039</u>
	169,627
Less accumulated depreciation and amortization	<u>150,703</u>
Total property, equipment and improvements, net	<u>18,924</u>
Total assets	<u><u>\$ 1,282,223</u></u>

(See Notes to Consolidated Financial Statements)

**Healing Waters International, Inc.
And Affiliates**

Consolidated Statement of Financial Position
June 30, 2019
(See Independent Auditors' Report)

Liabilities and Net Assets

Current and total liabilities:		
Accounts payable	\$	32,076
Accrued expenses		<u>79,803</u>
Total liabilities		<u>111,879</u>
Net assets:		
Without donor restrictions:		
Operating		765,140
Investment in property, equipment, and improvements, net		<u>18,924</u>
Total without donor restrictions		784,064
With donor restrictions:		
Purpose restrictions		<u>386,280</u>
Total net assets		<u>1,170,344</u>
Total liabilities and net assets	\$	<u><u>1,282,223</u></u>

(See Notes to Consolidated Financial Statements)

**Healing Waters International, Inc.
And Affiliates**

Consolidated Statement of Activities and Change in Net Assets
Eighteen Months Ended June 30, 2019
(See Independent Auditors' Report)

	Without Donor Restrictions	With Donor Restrictions	Total	Percent of Total Support
Support and revenue:				
Contributions	\$ 1,472,009	\$ 1,540,041	\$ 3,012,050	93.8 %
Water sales	164,298	-	164,298	5.1
Other sales income	17,815	-	17,815	0.5
Other income	18,001	-	18,001	0.6
Net assets released from restrictions:				
Satisfaction of program restrictions	1,819,618	(1,819,618)	-	-
Total support and revenue	3,491,741	(279,577)	3,212,164	100.0
Expenses:				
Program	2,805,640	-	2,805,640	87.3
General and administrative	139,042	-	139,042	4.3
Fundraising	415,245	-	415,245	13.0
Total expenses before depreciation	3,359,927	-	3,359,927	104.6
Change in net assets before depreciation	131,814	(279,577)	(147,763)	(4.6)
Other expense:				
Depreciation	(20,429)	-	(20,429)	(0.6)
Change in net assets	111,385	(279,577)	(168,192)	<u>(5.2) %</u>
Net assets, beginning of period	672,679	665,857	1,338,536	
Net assets, end of period	\$ 784,064	\$ 386,280	\$ 1,170,344	

(See Notes to Consolidated Financial Statements)

**Healing Waters International, Inc.
And Affiliates**

Consolidated Statement of Functional Expenses
Eighteen Months Ended June 30, 2019
(See Independent Auditors' Report)

	Program	General and Administrative	Fund Raising	Total	Percentage of Total Revenue - \$3,212,164
Salaries and benefits	\$ 902,849	\$ 82,560	\$ 245,879	\$ 1,231,288	38.3 %
Program expense	1,519,977	-	-	1,519,977	47.3
Office expense	147,109	10,084	30,302	187,495	5.8
Travel and entertainment	93,133	6,339	56,521	155,993	4.9
Promotion and advertising	9,328	3,150	63,220	75,698	2.4
Technology expense	34,116	2,814	5,352	42,282	1.3
Professional fees	51,038	27,591	3,112	81,741	2.6
Other expense	48,090	6,504	10,859	65,453	2.0
	<u>2,805,640</u>	<u>139,042</u>	<u>415,245</u>	<u>3,359,927</u>	<u>104.6</u>
Total expenses before depreciation					
Depreciation expense	<u>20,328</u>	<u>30</u>	<u>71</u>	<u>20,429</u>	<u>0.6</u>
	<u>\$ 2,825,968</u>	<u>\$ 139,072</u>	<u>\$ 415,316</u>	<u>\$ 3,380,356</u>	<u>105.2 %</u>
Total expenses					
Percentage of Total Expenses	<u>83.6%</u>	<u>4.1%</u>	<u>12.3%</u>	<u>100.0%</u>	

(See Notes to Consolidated Financial Statements)

**Healing Waters International, Inc.
And Affiliates**

Consolidated Statement of Cash Flows
Eighteen Months Ended June 30, 2019
(See Independent Auditors' Report)

Cash flows from operating activities:	
Cash received from sponsors, donors and others	\$ 3,085,010
Cash paid to suppliers and employees	(3,457,316)
Interest received	<u>5,258</u>
Net cash used by operating activities	<u>(367,048)</u>
Cash flows from investing activities:	
Purchases of property and equipment	(24,907)
Proceeds from sale of assets	<u>12,177</u>
Net cash used by investing activities	<u>(12,730)</u>
Net decrease in cash and cash equivalents	(379,778)
Cash and cash equivalents, beginning	<u>1,209,704</u>
Cash and cash equivalents, ending	<u><u>\$ 829,926</u></u>

(continued)
(See Notes to Consolidated Financial Statements)

**Healing Waters International, Inc.
And Affiliates**

Consolidated Statement of Cash Flows (continued)
Eighteen Months Ended June 30, 2019
(See Independent Auditors' Report)

Cash flows from operating activities:	
Change in net assets	\$ (168,192)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	20,429
Interest income reinvested	(7,122)
Gain on sale of assets	(2,790)
(Increase) decrease in:	
Accounts receivable	(111,984)
Inventory	(45,892)
Prepaid expenses and other	1,877
Increase (decrease) in:	
Accounts payable	6,291
Accrued expenses	<u>(59,665)</u>
Net cash used by operating activities	<u><u>\$ (367,048)</u></u>

(See Notes to Consolidated Financial Statements)

Healing Waters International, Inc. And Affiliates

Notes to Consolidated Financial Statements
Eighteen Months Ended June 30, 2019
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations

Healing Waters International (“HWI”) is on a mission to end the global water crisis. HWI builds holistic clean water solutions and spreads God’s love in at-risk communities around the world, empowering people not just to survive, but to thrive – physically, socially, and spiritually.

It starts with providing safe water, but water alone is not enough. Teaching healthy habits and business management skills provides an integrated solution. The interdependence of these elements is the key to changing lives and communities.

HWI begins with an assessment of a community’s WASH (water, sanitation and hygiene) needs and then work with local leaders to develop the knowledge, tools and economic resources they need to ensure sustainable access to safe water. HWI then designs a Holistic WASH Solution with three primary components: water purification technology, sanitation & hygiene education and water micro-businesses.

Water Purification Systems

HWI’s engineering team designs and implements water purification systems uniquely created for each community. They leverage simple, reliable, and powerful tools to provide a lasting supply of safe water and train the site partner in systems operation and maintenance.

Sanitation & Hygiene Education

Education has the power to transform people from the inside out. Sanitation & hygiene education teaches communities about the long-lasting effects of living healthy lives, from drinking safe water to hand washing, to properly cleaning food, as well as the health risks and alternatives to open defecation.

Water Micro-Businesses

HWI works with site partners to develop and implement a community-appropriate water distribution and sales model that when executed, produces income that covers system maintenance costs and can provide additional profit for reinvestment in the community.

HWI places the right tools and resources into the hands of local partners in order to equip them to serve the tangible needs of their communities. All holistic transformation water systems are locally owned and operated by an accountable site leadership team and is designed to have, at minimum, a 10-year life.

**Healing Waters International, Inc.
And Affiliates**

Notes to Consolidated Financial Statements
Eighteen Months Ended June 30, 2019
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Nature of operations (continued)

HWI is exempt from income taxes under Internal Revenue Code (the "Code") Section 501(c)(3) and is not a private foundation under Section 509(a) of the Code. Contributions are HWI's primary source of support and revenue.

In connection with its overseas ministry, HWI maintains operations in countries outside the United States ("Foreign Affiliates"). The assets, liabilities, and activities of the foreign operations in Guatemala, Dominican Republic, Mexico, and Haiti are included in these consolidated financial statements.

During the year, HWI changed its fiscal year-end from December 31st to June 30th and, as such, these consolidated financial statements are presented for the eighteen months ended June 30, 2019.

Principles of consolidation

Due to the influence of control by HWI, foreign affiliates are considered to be controlled affiliates of HWI. The consolidated financial statements include the consolidated financial sources and activities of HWI and foreign affiliates. The financial sources and activities related to foreign affiliates have been identified under the "Foreign operations" section at the end of note 1. All significant inter-entity balances and transactions have been eliminated.

Basis of presentation

The consolidated financial statements are prepared using the accrual method of accounting under accounting principles generally accepted in the United States of America whereby income is reported as earned and expenses reported as incurred.

The consolidated financial statements of HWI have been prepared in accordance with accounting principles generally accepted in the United States of America, which require HWI to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of HWI in accordance with the limitations of its charter and bylaws. These net assets may be used at the discretion of HWI's management and the Board of Directors. Decreases in net assets without donor restrictions generally result from expenses incurred for program and supporting services conducted by HWI.

**Healing Waters International, Inc.
And Affiliates**

Notes to Consolidated Financial Statements
Eighteen Months Ended June 30, 2019
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Basis of presentation (continued)

- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of HWI or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. HWI has no funds held in perpetuity as of June 30, 2019.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities and change in net assets.

Use of estimates in the preparation of consolidated financial statements

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

HWI considers currency on hand, demand deposits with banks or other financial institutions, treasury bills, commercial paper, money market funds or other investments with original maturities of three months or less to be cash and cash equivalents. At June 30, 2019, cash and cash equivalents consisted of currency on hand and demand deposits with banks and other financial institutions in which the deposits are guaranteed by the Federal Deposit Insurance Corporation ("FDIC").

The operating accounts of HWI are held at institutions that are provided insurance up to \$250,000 per FDIC-insured depository institution. Topic 825 of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC"), *Financial Instruments*, identifies such accounts as a concentration of credit risk requiring disclosure regardless of the degree of risk. Risk related to deposits held outside of institutions participating in the above FDIC program is managed by maintaining deposits with high quality financial institutions. In addition, management does not believe that HWI is exposed to any significant risk related to cash and cash equivalents.

**Healing Waters International, Inc.
And Affiliates**

Notes to Consolidated Financial Statements
Eighteen Months Ended June 30, 2019
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Accounts receivable

Accounts receivable consists primarily of amounts due from the water systems. All amounts are considered fully collectible by management. Accordingly, no allowance for doubtful accounts has been recorded.

Inventory

Inventory consists of water bottles and caps, maintenance parts, and water system equipment which is recorded at the lower of cost or market on the first-in, first-out ("FIFO") method.

Property, equipment and improvements

Property, equipment and improvements are stated at cost, or if donated, at the fair market value on the date of the gift. Property donated with restrictions regarding its use and contributions of cash to acquire property are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from net assets with donor restrictions to net assets without donor restrictions at that time. HWI capitalizes all fixed assets greater than \$2,500. Depreciation and amortization is computed on the straight-line basis over estimated useful lives ranging from two to five years for all equipment and vehicles.

Depreciation expense was \$20,429 for the eighteen months ended June 30, 2019. There was no amortization expense related to website development, computer equipment and software and leasehold improvements for the eighteen months ended June 30, 2019, as all amounts are fully amortized.

Management has reviewed the assets in other countries and has determined that they are under the control and ownership of HWI. While such items are recognized as assets of HWI, it should be noted that the political situation in many countries is subject to rapid change. Therefore, the reader should be aware that while HWI believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in other countries. In addition, it should be understood that the carrying value of the assets in other countries may not be representative of the amount that would be realized should the asset be sold.

**Healing Waters International, Inc.
And Affiliates**

Notes to Consolidated Financial Statements
Eighteen Months Ended June 30, 2019
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Contributions

Contributions are recorded when made, which may be when cash is received or unconditionally promised, or when ownership of donated assets is transferred to HWI. Contributions restricted by the donor for a specific purpose are recorded as support net assets with donor restrictions until the funds have been expended by HWI for the purpose specified. Upon satisfaction of the restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and change in net assets as net assets released from restrictions. Donated assets are recorded as contributions at their estimated fair value on the date of donation. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Revenue and expenses

Water sales revenue is recorded when earned, which is when water is distributed to customers. Other sales income and investment income are recorded when earned.

Expenses are reported when costs are incurred.

Functional allocation of expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated statement of functional expenses provides a detail of the natural classifications of those functional expenses and are determined on an equitable and rational basis.

Foreign operations

In connection with its foreign affiliates, HWI has certain supporting facilities outside the United States. The account balances relating to foreign operations are reflected in the consolidated financial statements in United States dollars. Assets and liabilities on the consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position. Income and expenses on the consolidated statement of activities and change in net assets are translated at exchange rates at the dates of the transactions. Changes in exchange rates subsequent to the date of the consolidated financial statements could have an impact on asset valuation and HWI's foreign operations.

Included in the consolidated statement of financial position are foreign affiliate assets of approximately \$86,400 and liabilities of \$60,000 as of June 30, 2019. Included in the consolidated statement of activities and change in net assets is foreign affiliate support and revenue of approximately \$200,500 for the eighteen months ended June 30, 2019.

**Healing Waters International, Inc.
And Affiliates**

Notes to Consolidated Financial Statements
Eighteen Months Ended June 30, 2019
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

New accounting pronouncement

In 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“FASB ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. HWI adopted ASU 2016-14 as of June 30, 2019.

2. Availability and Liquidity

Financial assets:

Cash and cash equivalents	\$ 829,926
Investments held to maturity	159,429
Accounts receivable	135,088
Inventory	<u>117,988</u>
Total financial assets	1,242,431
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>386,280</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 856,151</u></u>

HWI’s goal is generally to maintain financial assets to meet four to six months of operating expenses (approximately \$440,000 to \$660,000). As part of its liquidity plan, excess cash is invested in short-term investments, including time deposits with maturities of twelve months or less, money market accounts, and cash accounts.

3. Investments Held to Maturity

During 2017, HWI invested in an investment fund through the purchase of two notes receivable which are classified as held to maturity and carried at amortized cost.

The first note has an outstanding balance of \$100,000, a fixed interest rate of 3.31% payable monthly with an original maturity date of June 15, 2018. During 2018, the note was renewed with a fixed interest rate of 2.87% payable monthly with a maturity date of July 15, 2019.

**Healing Waters International, Inc.
And Affiliates**

Notes to Consolidated Financial Statements
Eighteen Months Ended June 30, 2019
(See Independent Auditors' Report)

3. Investments Held to Maturity (continued)

The second note has an outstanding balance of \$50,000, a variable interest rate based on the three month LIBOR rate, adjusted monthly (2.20% as of June 30, 2019) with a maturity date of June 2023. However, the agreement with the investment fund allows for HWI to redeem this investment upon its' request without prepayment penalty, in whole or in part, provided the balance is at least \$10,000 during the preceding 90 days. While HWI may not utilize this provision, management has determined that classification as a current asset is appropriate as of June 30, 2019.

At the election of HWI, unpaid interest has been deferred and added to the principal balance and accrues interest based on the terms of the original notes. The underlying investments of the investment fund consists of mortgage loans to religious organizations for the acquisition, development, and/or renovation of churches or church-related properties. As of June 30, 2019, the balance of the notes, including unpaid interest, was \$159,429.

As of June 30, 2019, the estimated fair value of the investments approximated their amortized cost, therefore, no significant unrealized gains or losses are reflected.

4. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of donations restricted by the donors and are available for the following purposes as of June 30, 2019:

Water Systems	\$ 287,939
Supplemental Projects and Grants	<u>98,341</u>
	<u>\$ 386,280</u>

5. Retirement Plan

HWI sponsors a simple IRA retirement plan (the "Plan") covering substantially all employees who meet specified service requirements as defined in the Plan document. The Plan allows for employee contributions up to the maximum allowable by the Code. Matching contributions by HWI are up to 3% of employee deferrals and totaled approximately \$23,800 for the eighteen months ended June 30, 2019.

**Healing Waters International, Inc.
And Affiliates**

Notes to Consolidated Financial Statements
Eighteen Months Ended June 30, 2019
(See Independent Auditors' Report)

6. Commitments

In May 2011, HWI entered into a lease agreement for office space in Golden, Colorado which was amended to extend the lease to September 2021. The agreement, as amended, requires initial base rent of \$4,024, increasing to \$4,397 in the final year of the agreement.

The future minimum lease payments for fiscal years ending after June 30, 2019, are as follows:

<u>Year Ended June 30,</u>	
2020	\$ 50,855
2021	52,380
2022	<u>13,191</u>
	<u>\$ 116,426</u>

Total rent expense for the eighteen months ended June 30, 2019 was approximately \$109,600.

7. Income Taxes

FASB ASC Topic 740, *Income Taxes*, clarifies the accounting for uncertainty in income tax positions and defines the threshold for recognizing the tax benefits of tax return filing positions in the consolidated financial statements as “more likely than not” to be sustained upon examination, based on the technical merits of the positions. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized. Tax positions which previously would have failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which the threshold is met. Conversely, previously recognized tax positions which no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which the threshold is no longer met.

As HWI is qualified as a nonprofit under the Code, any income tax position would be primarily related to unrelated business activities outside the core mission of the HWI. Based on prior examinations of contractual arrangements of HWI and correspondence received from the Internal Revenue Service, management believes there to be no potential income tax positions that would result in related tax liability for HWI. Management will continue to evaluate any future contractual arrangements with respect to potential income tax positions under this guidance.

8. Subsequent Events

Subsequent events have been evaluated by management as of the date of these consolidated financial statements. This date represents the date the consolidated financial statements were available to be issued.

Supplemental Information
(See Independent Auditors' Report on Supplemental Information)

Board of Directors
Healing Waters International, Inc. and Affiliates
Golden, Colorado

Independent Auditors' Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The following consolidating statements of financial position and activities and change in net assets as of June 30, 2019 and for the eighteen months then ended are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Stratagem PC
Certified Public Accountants

Lakewood, Colorado

September 30, 2019

**Healing Waters International, Inc.
And Affiliates**

Consolidating Statement of Financial Position
June 30, 2019
(See Auditors' Report on Supplemental Information)

Assets			
	U.S.	Foreign Affiliates	Total
Cash and cash equivalents	\$ 809,475	\$ 20,451	\$ 829,926
Investments held to maturity	159,429	-	159,429
Accounts receivable	107,891	27,197	135,088
Inventory	79,279	38,709	117,988
Prepaid expenses and other	20,868	-	20,868
Property, equipment and improvements, net	18,924	-	18,924
Total assets	\$ 1,195,866	\$ 86,357	\$ 1,282,223

Liabilities and Net Assets			
	U.S.	Foreign Affiliates	Total
Current and total liabilities:			
Accounts payable	\$ 29,717	\$ 2,359	\$ 32,076
Accrued expenses	22,194	57,609	79,803
Total liabilities	51,911	59,968	111,879
Net assets:			
Without donor restrictions:			
Operating	738,751	26,389	765,140
Investment in property, equipment and improvements, net	18,924	-	18,924
Total without donor restrictions	757,675	26,389	784,064
With donor restrictions:			
Purpose restrictions	386,280	-	386,280
Total net assets	1,143,955	26,389	1,170,344
Total liabilities and net assets	\$ 1,195,866	\$ 86,357	\$ 1,282,223

**Healing Waters International, Inc.
And Affiliates**

Consolidating Statement of Activities and Change in Net Assets
Eighteen Months Ended June 30, 2019
(See Auditors' Report on Supplemental Information)

	U.S.	Foreign Affiliates	Total
Support and revenue:			
Contributions	\$ 3,012,050	\$ -	\$ 3,012,050
Water sales	-	164,298	164,298
Other sales income	-	17,815	17,815
Other income	14,383	3,618	18,001
Total support and revenue	<u>3,026,433</u>	<u>185,731</u>	<u>3,212,164</u>
Expenses:			
Program:			
Salaries and benefits	706,809	196,040	902,849
Program expense	856,336	663,641	1,519,977
Office expense	103,836	43,273	147,109
Travel and entertainment	42,626	50,507	93,133
Promotion and advertising	5,650	3,678	9,328
Technology expense	23,803	10,313	34,116
Professional fees	26,176	24,862	51,038
Other expense	14,887	33,203	48,090
Total program expenses	<u>1,780,123</u>	<u>1,025,517</u>	<u>2,805,640</u>
General and administrative:			
Salaries and benefits	82,560	-	82,560
Office expense	10,084	-	10,084
Travel and entertainment	6,339	-	6,339
Promotion and advertising	3,150	-	3,150
Technology expense	2,814	-	2,814
Professional fees	27,591	-	27,591
Other expense	6,504	-	6,504
Total general and administrative expenses	<u>139,042</u>	<u>-</u>	<u>139,042</u>
Fundraising:			
Salaries and benefits	245,879	-	245,879
Office expense	30,302	-	30,302
Travel and entertainment	56,521	-	56,521
Promotion and advertising	63,220	-	63,220
Technology expense	5,352	-	5,352
Professional fees	3,112	-	3,112
Other expense	10,859	-	10,859
Total fundraising expenses	<u>415,245</u>	<u>-</u>	<u>415,245</u>
Total expenses before depreciation	<u>2,334,410</u>	<u>1,025,517</u>	<u>3,359,927</u>
Transfer of funds to foreign affiliates	<u>(897,855)</u>	<u>897,855</u>	<u>-</u>
Change in net assets before depreciation	(205,832)	58,069	(147,763)
Other expense:			
Depreciation	<u>(6,537)</u>	<u>(13,892)</u>	<u>(20,429)</u>
Change in net assets	(212,369)	44,177	(168,192)
Net assets, beginning of period	<u>1,356,324</u>	<u>(17,788)</u>	<u>1,338,536</u>
Net assets, end of period	<u>\$ 1,143,955</u>	<u>\$ 26,389</u>	<u>\$ 1,170,344</u>