

Healing Waters International, Inc. and Affiliates

Consolidated Financial Statements

For the Year Ended June 30, 2025

(With Comparative Totals for the Year Ended June 30, 2024)



Certified Public Accountants

Healing Waters International, Inc. and Affiliates

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Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Healing Waters International, Inc. and Affiliates

Opinion

We have audited the accompanying consolidated financial statements of Healing Waters International, Inc. and Affiliates (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Healing Waters International, Inc. and Affiliates 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Healing Waters International, Inc. and Affiliates's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.



Certified Public Accountants

Independent Auditor's Report

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 consolidated 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 consolidated 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 Healing Waters International, Inc. and Affiliates'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Healing Waters International, Inc. and Affiliates'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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 18 through 20 is presented for purposes of additional analysis and is 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 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 supplemental information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

The consolidated financial statements of Healing Waters International, Inc. and Affiliates as of and for the year ended June 30, 2024, were audited by us and in our report dated October 17, 2024, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in black ink that reads "Olson, Reyes & Sauerwein, LLC". The signature is fluid and cursive, with the company name written in a slightly larger, more formal font at the end.

Olson, Reyes and Sauerwein, LLC
Centennial, Colorado
September 29, 2025

Healing Waters International, Inc. and Affiliates

Consolidated Statements of Financial Position

June 30, 2025

(With Comparative Totals as of June 30, 2024)

	2025	2024
ASSETS		
Current Assets		
Cash	\$ 1,149,717	\$ 720,045
Accounts receivable, net of allowance for credit losses of \$10,758 for 2025 and \$10,550 for 2024	5,378	8,313
Inventory	130,753	290,743
Prepaid expenses and other	21,462	32,295
Total Current Assets	1,307,310	1,051,396
Property and Equipment		
Vehicles	139,723	131,587
Computer equipment and software	10,613	15,935
Office furniture and equipment	-	7,751
Leasehold improvements	-	3,803
	150,336	159,076
Less: accumulated depreciation and amortization	(123,108)	(111,222)
Property and Equipment - Net	27,228	47,854
Other Assets		
Right-of-use asset - operating lease	42,505	21,769
TOTAL ASSETS	\$ 1,377,043	\$ 1,121,019

See Notes to the Consolidated Financial Statements

Healing Waters International, Inc. and Affiliates

Consolidated Statements of Financial Position (continued)

June 30, 2025

(With Comparative Totals as of June 30, 2024)

	2025	2024
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 39,383	\$ 50,489
Accrued personnel costs	160,705	157,524
Deferred contract revenue	-	145,631
Operating lease liability - current portion	28,036	2,706
Total Current Liabilities	228,124	356,350
Long Term Liabilities		
Operating lease liability - net of current portion	14,469	16,285
Total Liabilities	242,593	372,635
Net Assets		
Without donor restrictions:		
Undesignated	579,260	331,619
Investment in property and equipment	27,228	47,854
Total Net Assets Without Donor Restrictions	606,488	379,473
With donor restrictions	527,962	368,911
Total Net Assets	1,134,450	748,384
TOTAL LIABILITIES AND NET ASSETS	\$ 1,377,043	\$ 1,121,019

See Notes to the Consolidated Financial Statements

Healing Waters International, Inc. and Affiliates

Consolidated Statements of Activities

For the Year Ended June 30, 2025

(With Comparative Totals for the Year Ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025	2024
Support and Revenue				
Contributions and grants	\$ 1,443,057	\$ 1,097,014	\$ 2,540,071	\$ 2,246,118
Water system sales	166,069	-	166,069	143,875
In-kind contributions	130,093	-	130,093	70,155
Water sales	71,433	-	71,433	78,398
Gain (loss) on sale of property and equipment	(761)	-	(761)	3,745
Interest and dividends	11,566	-	11,566	5,042
Special events	8,735	-	8,735	-
Other income	2,592	-	2,592	9,152
Net assets released from restriction	937,963	(937,963)	-	-
Total Support and Revenue	2,770,747	159,051	2,929,798	2,556,485
Expenses				
Program Services				
WaSH Program Activities	2,027,376	-	2,027,376	2,401,109
Support Services				
Management and general	100,028	-	100,028	93,309
Fundraising	416,328	-	416,328	535,956
Total Support Services	516,356	-	516,356	629,265
Total Expenses	2,543,732	-	2,543,732	3,030,374
Change in Net Assets	227,015	159,051	386,066	(473,889)
Net Assets - Beginning of Year	379,473	368,911	748,384	1,222,273
NET ASSETS - END OF YEAR	\$ 606,488	\$ 527,962	\$ 1,134,450	\$ 748,384

See Notes to the Consolidated Financial Statements

Consolidated Statements of Functional Expenses

For the Year Ended June 30, 2025

(With Comparative Totals for the Year Ended June 30, 2024)

	WaSH Program Activities	Supporting Services		Total 2025	Total 2024		
		Management and General					
		Fundraising					
Salaries, payroll taxes and benefits	\$ 816,277	\$ 32,821	\$ 171,787	\$ 1,020,885	\$ 1,190,331		
Program expenses	984,480	-	-	984,480	1,246,544		
Depreciation and amortization	18,939	-	-	18,939	16,124		
Development and fundraising	-	-	43,682	43,682	92,321		
Office expenses	44,217	6,138	12,437	62,792	57,227		
Software	15,022	999	163,031	179,052	188,894		
Other expenses	10,769	244	19,756	30,769	25,147		
Professional services	50,689	58,394	1,997	111,080	94,952		
Rent	52,615	1,432	3,638	57,685	76,022		
Travel, meals and meetings	34,368	-	-	34,368	42,812		
TOTAL EXPENSES	\$ 2,027,376	\$ 100,028	\$ 416,328	\$ 2,543,732	\$ 3,030,374		

Healing Waters International, Inc. and Affiliates

Consolidated Statements of Cash Flows

For the Year Ended June 30, 2025

(With Comparative Totals for the Year Ended June 30, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 386,066	\$ (473,889)
Adjustment to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities		
Depreciation and amortization	18,939	16,124
(Gain) on sale of property and equipment	761	(3,745)
Investment (loss)	-	(4,187)
Noncash lease expense	40,272	42,612
Change in allowance for credit losses	(208)	(104)
Change in Operating Assets and Liabilities		
(Increase) Decrease in:		
Accounts receivable	3,143	1,292
Inventory	159,990	(99,268)
Prepaid expenses and other	10,833	2,638
Increase (Decrease) in:		
Accounts payable	(11,106)	7,869
Accrued personnel costs	3,181	38,618
Deferred contract revenue	(145,631)	145,631
Operating lease liability	(37,494)	(43,100)
Net Cash Flows from Operating Activities	428,746	(369,509)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) of property and equipment	(11,377)	(23,718)
Proceeds from sale of property and equipment	12,303	3,745
Proceeds from sale/redemption of investments	-	122,922
Net Cash Flows from Investing Activities	926	102,949
Net Increase (Decrease) in Cash	429,672	(266,560)
Cash - Beginning of Year	720,045	986,605
CASH - END OF YEAR	\$ 1,149,717	\$ 720,045

See Notes to the Consolidated Financial Statements

Healing Waters International, Inc. and Affiliates

Notes to the Consolidated Financial Statements

Note 1 - Significant Accounting Policies

Principles of Consolidation and Nature of Organization

Healing Waters International, Inc. and Affiliates (the "Organization") is on a mission to end the global water crisis. The Organization custom engineers and 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.

Water Purification Systems

The Organization's engineering team designs and implements water purification systems custom designed for each community. They leverage reliable and powerful tools to provide a lasting supply of safe water and train the site partner in systems operation and maintenance.

Sanitation and Hygiene Education

Education has the power to transform people's lives exponentially. Sanitation and hygiene education teaches families and communities about the long-lasting effects of living healthy lives: from drinking safe water to hand washing to properly cleaning food.

Water Micro-Businesses

The Organization 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, supports sustainability, and that may also provide additional profit for reinvestment into the community.

The Organization places the right equipment, 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 a minimum, a 10-year life.

Basis of Consolidation

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

Basis of Presentation

The consolidated financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Healing Waters International, Inc. and Affiliates

Notes to the Consolidated Financial Statements

Note 1 - Significant Accounting Policies (continued)

Classification of Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization, and changes therein, are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions: Net assets subject to donor or certain grantor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time, or other events specified by the donor. Other explicit donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose for which the resource was restricted has been fulfilled.

Income Taxes

The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Organization applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain, therefore, no amounts have been recognized as of June 30, 2025 and 2024.

Prior Year Summarized Comparative Information

The consolidated financial statements include certain prior-year summarized comparative information in total, but not by net asset class. The prior year presentation does not include sufficient detail to constitute presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the consolidated financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Healing Waters International, Inc. and Affiliates

Notes to the Consolidated Financial Statements

Note 1 - Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The Organization's financial instruments include cash, receivables, and accounts payable. The fair values of these financial instruments approximate their carrying amounts based on current market indicators, such as prevailing interest rates and their nearness to maturity.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Actual results could differ from the estimates.

Accounts Receivable

Accounts receivable are recorded when services are provided or when goods are shipped. The carrying value of accounts receivable is recorded net of an allowance for credit losses. Credit losses are estimated based on management's evaluation of historical losses, current conditions of individual accounts and reasonable and supportable forecasts. The Organization uses a pooled approach to estimate credit losses for financial assets with similar characteristics. Generally, the Organization pools its receivables based on the aging category of the receivable. As of June 30, 2025 and 2024, an allowance for credit losses of \$10,758 and \$10,550, respectively, was recorded.

Contract Assets and Contract Liabilities

Contract assets represent a conditional right to receive consideration from a customer when a good or service has already been provided to the customer. A conditional right is based on something other than the passage of time.

Contract liabilities represent an obligation to provide a good or service to a customer when consideration has already been received from the customer but not yet earned by the Organization. Contract liabilities include deferred contract revenue.

The following table presents accounts receivable and contract liabilities at June 30, 2025, 2024 and 2023. The Organization does not have contract assets at June 30, 2025, 2024 and 2023.

	2025	2024	2023
Accounts receivable, net	\$ 5,378	\$ 8,313	\$ 9,501
Contract liabilities			
Deferred contract revenue	\$ -	\$ 145,631	\$ -

Healing Waters International, Inc. and Affiliates

Notes to the Consolidated Financial Statements

Note 1 - Significant Accounting Policies (continued)

Inventory

Inventory consists of water system equipment, filters, pumps, components, maintenance parts, and water store consumables which is recorded at the lower of cost or net realizable value on the first-in, first-out ("FIFO") method.

Property and Equipment

Property and equipment is stated at cost or fair market value at the date of contribution, if donated. Maintenance items of a routine nature are expensed as incurred, whereas those which improve or extend the lives of existing assets are capitalized. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts, and any gain or loss is included in income. Depreciation and amortization is provided on the straight line method over the estimated useful lives of the assets which range from 5 to 7 years.

Long-Lived Assets

GAAP requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment, which is determined based upon the estimated fair value of the asset, is recorded when estimated undiscounted cash flows expected to be generated by the asset are insufficient to recover its net carrying value. Management has determined that no impairment of its long lived assets is deemed necessary at June 30, 2025 and 2024.

Lease Accounting

The Organization is a lessee in a noncancelable operating lease. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right of use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate. Increases or decreases to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense or income in the future period in which they are incurred.

The Organization has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

Healing Waters International, Inc. and Affiliates

Notes to the Consolidated Financial Statements

Note 1 - Significant Accounting Policies (continued)

Lease Accounting (continued)

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability, plus unamortized initial direct costs, plus or minus any prepaid or accrued lease payments, less the unamortized balance of lease incentives received and any impairment recognized.

For all underlying classes of assets, the Organization has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at the commencement of the lease and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease cost. The Organization recognizes short-term lease cost on a straight-line basis over the lease term.

Revenue Recognition

Contribution Revenue

Contributions are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when awarded.

Unconditional or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Healing Waters International, Inc. and Affiliates

Notes to the Consolidated Financial Statements

Note 1 - Significant Accounting Policies (continued)

Revenue Recognition (continued)

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award

Grant Awards that are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards that are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control over the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Water System Sales

Water system sales are exchange transactions and are accounted for in accordance with FASB ASC Topic 606, Revenue from Contracts with Customers. The Organization has a supply agreement with one customer in which it supplies water systems and parts. The Organization invoices for water systems and parts supplied, payments are then typically received monthly; the Organization does not ship until the customer has paid the invoice in full. Revenue is recognized when product is shipped; until that point, any amounts paid by the customer are recorded as deferred revenue.

Water Sales

Water sales are exchange transactions and are accounted for in accordance with FASB ASC Topic 606. The contract agreements entered into typically have two performance obligations, which are both satisfied on a monthly basis. For the first performance obligation, the Organization will receive variable consideration based on a percentage of monthly water sales sold by the customer (percentage is defined in each customer contract) in exchange for overall water storage and maintenance. For the second payment obligation, the Organization receives a monthly fixed fee to cover system repairs and upgrades. Payments are typically received monthly. The Organization rarely has unsatisfied or partially unsatisfied performance obligations at year-end.

Healing Waters International, Inc. and Affiliates

Notes to the Consolidated Financial Statements

Note 1 - Significant Accounting Policies (continued)

Revenue Recognition (continued)

In-Kind Contributions

Donated goods are reflected as contributions in the consolidated financial statements at their estimated fair values at the date of donation. Donated services are recognized as contributions in accordance with GAAP for Not-for-Profit Organizations if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Volunteers provided assistance with specific programs and fundraising events throughout the year that were not recognized as contributions in the consolidated financial statements because the recognition criteria were not met.

Functional Expense Allocation

The Consolidated Statement of Functional Expenses reports certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries, payroll taxes and benefits, office expenses, rent and travel and entertainment which are allocated on the basis of estimated time and effort.

Foreign Operations

In connection with its foreign affiliates, the Organization 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 in the Consolidated Statement of Financial Position presented are translated at the closing rate at June 30, 2025. Income and expenses on the Consolidated Statement of Activities 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 the Organization's foreign operations.

Included in the Consolidated Statements of Financial Position are foreign affiliate assets of \$82,975 and \$96,098, respectively, and liabilities of \$130,157 and \$132,401, respectively, as of June 30, 2025 and 2024. Included in the Consolidated Statements of Activities is foreign affiliate support and revenue of \$82,092 and \$84,905, respectively, and program service expense of \$735,950 and \$1,083,637, respectively, for the years ended June 30, 2025 and 2024.

Healing Waters International, Inc. and Affiliates

Notes to the Consolidated Financial Statements

Note 1 - Significant Accounting Policies (continued)

Subsequent Events

In preparing its consolidated financial statements, the Organization has evaluated subsequent events through September 29, 2025, which is the date the consolidated financial statements were available to be issued. Management of the Organization has not identified any material subsequent events that require reporting or disclosure.

Note 2 - Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Consolidated Statement of Financial Position date, comprise the following as of June 30, 2025 and 2024:

	2025	2024
Cash	\$ 1,149,717	\$ 720,045
Accounts receivable, net	5,378	8,313
Total Financial Assets	1,155,095	728,358
Less:		
Restricted program contributions included in cash	527,962	368,911
Total Financial Assets Available for General Expenditure	\$ 627,133	\$ 359,447

As part of its liquidity plan, the Organization invests excess cash in short-term investments, including time deposits with maturities of 12 months or less, money market accounts, and cash accounts. The liquidity management plan of the Organization is structured to cover operating expenses and obligations as they come due.

Note 3 - Concentration of Credit Risk

Since the Organization periodically places cash in individual financial institutions in excess of FDIC-insured limits, the Organization periodically reviews the financial condition of the financial institutions to reduce the Organization's credit risk associated with cash. Additionally, the Organization places its cash with high credit quality financial institutions.

The Organization receives the majority of its revenues from public support. A significant reduction in the level of such support, if this were to occur, may have an adverse effect on the Organization's programs and activities. For the years ended June 30, 2025 and 2024, 19% and 22% of contributions and grants revenue were received from a single donor, respectively.

Healing Waters International, Inc. and Affiliates

Notes to the Consolidated Financial Statements

Note 4 - Operating Lease Commitments

In January 2025, the Organization entered into a lease agreement for office space in Denver, Colorado. The agreement requires minimum monthly payments of \$2,433, and is set to mature on December 31, 2025. The lease agreement provides for month to month renewal options at the same monthly rate. The Organization is reasonably certain it will exercise renewal options through December 31, 2026 and, accordingly, has included the renewal period through this date in the ROU asset and lease liability reflected on the Consolidated Statement of Financial Position.

The agreement requires the Organization to make variable payments for its proportionate share of the building's property taxes, insurance, and common area maintenance.

The variable lease payments are not included in the payments to determine the operating lease liability and are expensed as incurred.

The ROU asset reflected on the Consolidated Statement of Financial Position represents the Organization's right to use underlying assets for the lease term, and the lease liability reflected on the Consolidated Statement of Financial Position represents the Organization's obligation to make lease payments arising from the lease. The ROU asset and lease liability, which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has elected to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. At June 30, 2025 and 2024, the weighted-average discount rate applied to calculate lease liabilities was 4.32% and 2.85%, respectively, and the weighted-average lease term remaining was 18 months and 6 months, respectively.

Approximate future minimum annual rent payments due under all operating leases are as follows:

	June 30,
2026	\$ 29,196
2027	14,598
Total Lease Payments	43,794
Less: present value discount	(1,289)
Operating Lease Liability	\$ 42,505

Healing Waters International, Inc. and Affiliates

Notes to the Consolidated Financial Statements

Note 4 - Operating Lease Commitments (continued)

For the years ended June 30, 2025 and 2024, operating lease cost and variable lease costs were as follows:

	2025	2024
Operating lease costs	\$ 37,494	\$ 43,718
Short-term lease costs	13,395	10,082
Variable lease costs	6,796	22,222
Total	\$ 57,685	\$ 76,022

Note 5 - Net Assets

As of June 30, 2025 and 2024, net assets with donor restrictions are restricted for the following purposes:

	2025	2024
Water systems	\$ 304,601	\$ 182,456
Supplemental projects and grants	223,361	186,455
Total Net Assets with Donor Restrictions	\$ 527,962	\$ 368,911

Note 6 - In-Kind Contributions

In-kind contributions included in the consolidated financial statements are as follows for the years ended June 30, 2025 and 2024:

Description	Valuation Methodology	2025	2024
Donated stock	Fair value on an active market at the time of donation	\$ 116,743	\$ 58,467
Auction and other items	Estimated retail value	13,350	11,688
		\$ 130,093	\$ 70,155

Note 7 - Retirement Plan

The Organization sponsors a Simple IRA deferred compensation plan covering substantially all employees who meet specified service requirements. The plan allows for employee contributions up to the maximum allowable by the IRS. Matching contributions by the Organization are up to 3% of employee deferrals, and totaled \$17,137 and \$18,623, respectively, for the years ended June 30, 2025 and 2024.

Supplementary Information

Healing Waters International, Inc. and Affiliates

Consolidating Statements of Financial Position

June 30, 2025

(With Comparative Totals as of June 30, 2024)

	U.S.	Foreign Affiliates	Total 2025	Total 2024
ASSETS				
Current Assets				
Cash	\$ 1,123,191	\$ 26,526	\$ 1,149,717	\$ 720,045
Accounts receivable, net of allowance for credit losses of \$10,758 for 2025 and \$10,550 for 2024	-	5,378	5,378	8,313
Inventory	79,682	51,071	130,753	290,743
Prepaid expenses and other	21,462	-	21,462	32,295
Total Current Assets	1,224,335	82,975	1,307,310	1,051,396
Property and Equipment				
Vehicles	100,820	38,903	139,723	131,587
Computer equipment and software	10,613	-	10,613	15,935
Office furniture and equipment	-	-	-	7,751
Leasehold improvements	-	-	-	3,803
	111,433	38,903	150,336	159,076
Less: accumulated depreciation and amortization	(84,205)	(38,903)	(123,108)	(111,222)
Property and Equipment - Net	27,228	-	27,228	47,854
Other Assets				
Right-of-use asset - operating lease	42,505	-	42,505	21,769
TOTAL ASSETS	\$ 1,294,068	\$ 82,975	\$ 1,377,043	\$ 1,121,019

See Independent Auditor's Report

Healing Waters International, Inc. and Affiliates

Consolidating Statements of Financial Position (continued)

June 30, 2025

(With Comparative Totals as of June 30, 2024)

	U.S.	Foreign Affiliates	Total 2025	Total 2024
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 39,383	\$ -	\$ 39,383	\$ 50,489
Accrued personnel costs	30,548	130,157	160,705	157,524
Deferred contract revenue	-	-	-	145,631
Operating lease liability - current portion	28,036	-	28,036	2,706
Total Current Liabilities	97,967	130,157	228,124	356,350
Long Term Liabilities				
Operating lease liability - net of current portion	14,469	-	14,469	16,285
Total Liabilities	112,436	130,157	242,593	372,635
Net Assets				
Without donor restrictions:				
Undesignated	626,442	(47,182)	579,260	331,619
Investment in property and equipment	27,228	-	27,228	47,854
Total Net Assets Without Donor Restrictions	653,670	(47,182)	606,488	379,473
With donor restrictions				
	527,962	-	527,962	368,911
Total Net Assets	1,181,632	(47,182)	1,134,450	748,384
TOTAL LIABILITIES AND NET ASSETS	\$ 1,294,068	\$ 82,975	\$ 1,377,043	\$ 1,121,019

See Independent Auditor's Report

Healing Waters International, Inc. and Affiliates

Consolidating Statements of Activities

For the Year Ended June 30, 2025

(With Comparative Totals for the Year Ended June 30, 2024)

	U.S.	Foreign Affiliates	Total 2025	Total 2024
Support and Revenue				
Contributions and grants	\$ 2,540,071	\$ -	\$ 2,540,071	\$ 2,246,118
Water system sales	164,551	1,518	166,069	143,875
In-kind contributions	130,093	-	130,093	70,155
Water sales	-	71,433	71,433	78,398
Gain on sale of property and equipment	(9,312)	8,551	(761)	3,745
Interest and dividends	11,537	29	11,566	5,042
Special events	8,735	-	8,735	-
Other income	2,031	561	2,592	9,152
Total Support and Revenue	2,847,706	82,092	2,929,798	2,556,485
Expenses				
Program Services				
Salaries, payroll taxes and benefits	590,932	225,345	816,277	939,185
Program expenses	533,155	451,325	984,480	1,246,544
Depreciation and amortization	18,939	-	18,939	16,124
Office, software and other expenses	49,580	20,428	70,008	66,083
Professional services	41,267	9,422	50,689	53,079
Rent	39,534	13,081	52,615	51,239
Travel, meals and entertainment	25,336	9,032	34,368	28,855
Total Program Services	1,298,743	728,633	2,027,376	2,401,109
Management and General				
Salaries, payroll taxes and benefits	32,821	-	32,821	50,075
Office, software and other expenses	3,385	3,996	7,381	14,191
Professional fees	58,394	-	58,394	21,319
Rent	1,432	-	1,432	4,941
Travel, meals and entertainment	-	-	-	2,783
Total Management and General	96,032	3,996	100,028	93,309
Fundraising				
Salaries, payroll taxes and benefits	171,787	-	171,787	201,071
Development, marketing and promotion	40,361	3,321	43,682	92,321
Office, software and other expenses	195,224	-	195,224	190,994
Professional fees	1,997	-	1,997	20,554
Rent	3,638	-	3,638	19,842
Travel, meals and entertainment	-	-	-	11,174
Total Fundraising	413,007	3,321	416,328	535,956
Total Expenses	1,807,782	735,950	2,543,732	3,030,374
Change in Net Assets before Transfers Between Affiliates	1,039,924	(653,858)	386,066	(473,889)
Transfer of funds between affiliates	(642,979)	642,979	-	-
Change in Net Assets	396,945	(10,879)	386,066	(473,889)
Net Assets - Beginning of Year	784,687	(36,303)	748,384	1,222,273
NET ASSETS - END OF YEAR	\$ 1,181,632	\$ (47,182)	\$ 1,134,450	\$ 748,384

See Independent Auditor's Report