



20 LITERS
FINANCIAL STATEMENTS
June 30, 2019 and 2018

20 LITERS

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20 LITERS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
20 Liters
Grandville, Michigan

We have reviewed the accompanying statement of financial position of 20 Liters (a nonprofit organization), as of June 30, 2019, the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements. A review includes applying primarily analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 of material misstatement, whether due to fraud or error.

ACCOUNTANTS' RESPONSIBILITY

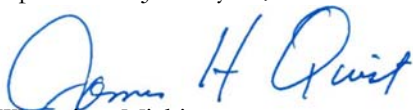
Our responsibility is to conduct the review in accordance with the statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

ACCOUNTANTS' CONCLUSION

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

REPORT ON 2018 FINANCIAL STATEMENTS

The June 30, 2018 financial statements were audited by us and we expressed an unmodified opinion on them in our report dated January 25, 2019. We have not performed any auditing procedures since that date.


Wyoming, Michigan
December 23, 2019

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20 LITERS

Statements of Financial Position

	June 30,	
	2019	2018 (Audited)
ASSETS		
Cash	\$ 69,422	\$ 70,119
Accounts receivable	252	8,854
Prepaid expense	536	2,818
	<u>70,210</u>	<u>81,791</u>
Intangible assets		
Website development	17,874	17,874
Accumulated amortization	(15,391)	(9,433)
	<u>2,483</u>	<u>8,441</u>
Total Assets	<u>\$ 72,693</u>	<u>\$ 90,232</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 1,460	\$ 13,804
Accrued payroll	5,753	2,014
Total Liabilities	<u>7,213</u>	<u>15,818</u>
Net Assets		
Without donor restrictions	<u>65,480</u>	<u>74,414</u>
Total Net Assets	<u>65,480</u>	<u>74,414</u>
Total Liabilities and Net Assets	<u>\$ 72,693</u>	<u>\$ 90,232</u>

See accompanying notes and independent accountants' review report

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Statements of Activities

For the Years Ended June 30,

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	(Audited) Without Donor Restrictions
SUPPORT AND REVENUE				
Contributions	\$ 343,026	\$ 13,000	\$ 356,026	\$ 350,118
Gifts in kind	15,000	-	15,000	15,000
Interest income	13	-	13	8
Total Support and Revenue	358,039	13,000	371,039	365,126
RECLASSIFICATIONS				
Net assets released for satisfaction of restricted purposes	13,000	(13,000)	-	-
EXPENSES				
Program services	270,486	-	270,486	259,340
Management and general	56,516	-	56,516	55,038
Fund-raising	52,971	-	52,971	73,738
Total Expenses	379,973	-	379,973	388,116
Change in Net Assets	(8,934)	-	(8,934)	(22,990)
Net Assets, Beginning of Year	74,414	-	74,414	97,404
Net Assets, End of Year	\$ 65,480	\$ -	\$ 65,480	\$ 74,414

See accompanying notes and independent accountants' review report

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Statements of Functional Expenses

For the Years Ended June 30,

	2019				2018 (Audited)			
	Program Services	Management and General	Fund-raising	Total Expenses	Program Services	Management and General	Fund-raising	Total Expenses
Grants and assistance								
to foreign organizations	\$ 135,025	\$ -	\$ -	\$ 135,025	\$ 152,949	\$ -	\$ -	\$ 152,949
Salaries and wages	40,360	23,064	28,829	92,253	40,360	23,063	28,829	92,252
Pension contributions	636	364	455	1,455	1,227	701	876	2,804
Other employee benefits	10,302	5,887	7,358	23,547	10,249	5,858	7,322	23,429
Payroll taxes	3,462	1,979	2,474	7,915	2,877	1,644	2,054	6,575
Professional fees - legal	-	-	-	-	-	170	-	170
Professional fees - accounting	-	13,245	-	13,245	-	6,913	-	6,913
Professional fees - other	80	80	-	160	970	970	-	1,940
Advertising and promotion	1,030	-	1,030	2,060	21,041	-	21,042	42,083
Office expenses	-	6,109	-	6,109	895	10,199	639	11,733
Information technology	4,146	314	3,981	8,441	3,619	230	3,524	7,373
Occupancy	6,563	3,750	4,687	15,000	6,563	3,749	4,688	15,000
Travel	1,222	352	352	1,926	2,776	76	76	2,928
Conferences, conventions								
and meetings	-	138	138	276	-	487	487	974
Interest expense	-	683	-	683	-	-	-	-
Amortization	2,979	-	2,979	5,958	2,979	-	2,979	5,958
Insurance	964	551	688	2,203	1,711	978	1,222	3,911
Filter materials	63,717	-	-	63,717	11,124	-	-	11,124
Total Expenses	\$ 270,486	\$ 56,516	\$ 52,971	\$ 379,973	\$ 259,340	\$ 55,038	\$ 73,738	\$ 388,116

See accompanying notes and independent accountants' review report

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Statements of Cash Flows

	For the Years Ended June 30,	
	2019	2018 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (8,934)	\$ (22,990)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Amortization	5,958	5,958
Change in:		
Accounts receivable	8,602	16,917
Prepaid expense	2,282	(1,667)
Accounts payable	(12,344)	(3,311)
Accrued payroll	3,739	303
Net Cash Used by Operating Activities	(697)	(4,790)
Change in Cash	(697)	(4,790)
Cash, Beginning of Year	70,119	74,909
Cash, End of Year	<u>\$ 69,422</u>	<u>\$ 70,119</u>
SUPPLEMENTAL DATA		
Interest paid on credit card account	<u>\$ 683</u>	<u>\$ -</u>

See accompanying notes and independent accountants' review report

20 LITERS

Notes to Financial Statements

June 30, 2019 and 2018

1. NATURE OF ORGANIZATION

20 Liters (20L) was created to both educate and engage the developed world about the need for clean water and to empower local communities in the developing world to meet their clean water needs through sustainable technologies.

20L was incorporated under the laws of the state of Michigan to operate as a charitable organization within the meaning of Section 501(c)(3) of the Internal Revenue Code (code). It is exempt from federal and state income taxes, and contributions by the public are deductible within the limitations prescribed by the code. 20L has been classified as a public organization that is not a private foundation under Section 509(a) of the code.

20L's revenues consist primarily of contributions from the public.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The more significant accounting policies are summarized below.

CASH

Cash consists of bank checking and savings accounts and a credit card depository account. Balances in these accounts may at times exceed federally insured limits. 20L has not experienced any losses in these accounts and management believes it is not exposed to any significant credit risk.

ACCOUNTS RECEIVABLE

Accounts receivable consists primarily of contributions received by Mars Hill Bible Church (MHBC) for 20L but not forwarded to 20L before the fiscal year end.

PREPAID EXPENSE

Prepaid expense at June 30, 2019 and 2018 consists of insurance premium payments which have been paid prior to the end of the fiscal year but which benefit the following fiscal year.

INTANGIBLE ASSETS

Intangible assets are reported at cost, estimated cost or fair value. Expenditures for intangible assets in excess of \$2,000 and having estimated useful lives of three years or more are capitalized at cost when purchased. Donated items are reported at their estimated fair values as of the date the gifts are received. Amortization is reported using the straight-line method over the estimated useful lives of the assets, which is three years. Amortization expense was \$5,958 for the years ended June 30, 2019 and 2018.

NET ASSETS

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

NET ASSETS WITHOUT DONOR RESTRICTIONS are net assets available for use in general operations and not subject to donor or certain grantor-imposed restrictions. The governing board has not designated any net assets without donor restrictions for specific purposes.

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Notes to Financial Statements

June 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

NET ASSETS, continued

NET ASSETS WITH DONOR RESTRICTIONS are 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 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, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

SUPPORT AND REVENUE

Contributions are recognized when cash, securities or other assets, an unconditional promise to give or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions of assets other than cash and services are reported at their estimated fair value. 20L reports donations of property and equipment as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Property and equipment donated with restrictions regarding their use and contributions of cash to acquire property are reported as restricted support.

All other revenues are recorded when earned.

GIFTS IN KIND

During both years ended June 30, 2019 and 2018, 20L was provided office space by MHBC having an estimated fair rental value of \$15,000.

CONTRIBUTED SERVICES

During the years ended June 30, 2019 and 2018, 576 and 556 individuals provided approximately 3,682 and 4,174 hours of volunteer support to 20L, respectively. For the years ended June 30, 2019 and 2018, management estimates the total value of volunteer services to be approximately \$93,000 and \$96,000, respectively. However, the value of these services is not reflected in the financial statements because the services do not meet the definition of donated professional services under generally accepted accounting principles. Volunteers participate in various activities, including clerical services, social media management and planning and overseeing volunteer program and fundraiser activities.

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are reported when incurred, that is, when the purchased goods or services have been received.

The costs of program, management and fund-raising activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program, management and fund-raising activities benefitting from those expenditures.

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Notes to Financial Statements

June 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

FUNCTIONAL ALLOCATION OF EXPENSES, continued

Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. At 20L, the methods used to allocate costs among program and support functions vary depending upon the nature of the expense category. Compensation related expenses are allocated based on proportional estimates of paid time spent in each functional area of performance. Occupancy and amortization costs are allocated to each functional area based on proportional estimates of facility and intangible asset usage. Other expenses are allocated based on the guidelines defining the nature of the program, management or fund-raising expenses and the associated estimates of time and effort.

CHANGE IN ACCOUNTING PRINCIPLE

On August 18, 2016, The Financial Accounting Standards Board issued Accounting Standards Update (ASU) 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. 20L has adopted ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

ADVERTISING

20L expenses advertising costs as they are incurred. Total advertising costs were \$-0- and \$5,833 for the years ended June 30, 2019 and 2018, respectively.

LIQUIDITY AND AVAILABILITY

20L has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure as detailed below. The amounts shown below are net of financial assets required to meet donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

	June 30,	
	2019	2018
Cash	<u>\$ 69,422</u>	<u>\$ 70,119</u>

3. CONCENTRATION

For both years ended June 30, 2019 and 2018, the top five donors provided approximately 30 percent of total contributions.

4. NET ASSETS WITH DONOR RESTRICTIONS

Changes in net assets with donor restrictions are as follows:

	June 30, 2018	Contributions	Released	June 30, 2019
			From Restriction	
Connect for Water	<u>\$ -</u>	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ -</u>

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Notes to Financial Statements

June 30, 2019 and 2018

5. PENSION PLAN

In January 2018, 20L offered full time employees a SIMPLE IRA plan. 20L contributes 2 percent of salaries and employees may elect a payroll deduction to the plan.

Prior to the SIMPLE plan, 20L provided a 403(b) retirement plan for eligible employees. 20L contributed the equivalent of 1 percent of salaries and wages for employees who work more than thirty hours per week and have been employed for at least six months. In addition, 20L matched 50 percent of employee contributions based on employee tenure as follows:

<u>Years of Service</u>	<u>Percent of Compensation</u>
6 months to 3 years	4
4 - 5 years	6
6 - 7 years	8
8 years or more	10

Total contributions to these plans during the years ended June 30, 2019 and 2018 were \$1,455 and \$2,804, respectively.

6. RELATED PARTY TRANSACTIONS

In addition to use of office space noted under Gifts-In-Kind above, MHBC provided grants to 20L totaling \$62,466 and \$105,697 during the years ended June 30, 2019 and 2018, respectively, including \$252 and \$8,854 due to 20L from MHBC at June 30, 2019 and 2018, respectively. Included in accounts payable at June 30, 2019 and 2018 is \$124 and \$8,746, respectively, due to MHBC.

A board member is the owner of the company which provides marketing services to 20L, for which 20L paid \$-0- and \$32,630 during the years ended June 30, 2019 and 2018, respectively.

7. SUBSEQUENT EVENTS

Management has evaluated for potential recognition or disclosure in these financial statements subsequent events and transactions occurring through December 23, 2019, the date these financial statements were available to be issued. No such significant events or transactions were identified.