



20 LITERS
FINANCIAL STATEMENTS
June 30, 2021 and 2020

20 LITERS

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June 30, 2021 and 2020



20 LITERS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
20 Liters
Grandville, Michigan

We have reviewed the accompanying financial statements of 20 Liters (a not-for-profit organization), which consist of the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years 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 the organization's 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 from material misstatement whether due to fraud or error.

ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of 20 Liters and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

ACCOUNTANTS' CONCLUSION

Based on our reviews, 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.


Wyoming, Michigan
January 8, 2022

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Statements of Financial Position

	June 30,	
	2021	2020
ASSETS		
Cash	\$ 89,368	\$ 97,160
Prepaid expenses	7,855	1,654
Security deposit	1,250	1,250
	<u>98,473</u>	<u>100,064</u>
Property and equipment		
Computer equipment	1,378	-
Leasehold improvements	19,719	-
Website development	17,874	17,874
Accumulated depreciation	<u>(24,288)</u>	<u>(17,874)</u>
	<u>14,683</u>	<u>-</u>
Total Assets	<u>\$ 113,156</u>	<u>\$ 100,064</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 2,324	\$ 2,438
Accrued payroll and related liabilities	4,935	4,813
Total Liabilities	<u>7,259</u>	<u>7,251</u>
Net Assets		
Without donor restrictions		
Undesignated	81,214	82,813
Board designated - contingency	10,000	10,000
Net investment in property and equipment	<u>14,683</u>	<u>-</u>
Total Net Assets	<u>105,897</u>	<u>92,813</u>
Total Liabilities and Net Assets	<u>\$ 113,156</u>	<u>\$ 100,064</u>

See accompanying notes and independent accountants' review report

20 LITERS

Statements of Activities

	Years Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 318,566	\$ 3,350	\$ 321,916	\$ 346,129	\$ 2,200	\$ 348,329
Gifts in kind	-	-	-	11,350	-	11,350
Program income	-	-	-	23,037	-	23,037
Interest income	93	-	93	1,681	-	1,681
Other income	160	-	160	2,000	-	2,000
Total Support and Revenue	318,819	3,350	322,169	384,197	2,200	386,397
RECLASSIFICATIONS						
Net assets released for satisfaction of restricted purposes	3,350	(3,350)	-	2,200	(2,200)	-
EXPENSES						
Program	191,560	-	191,560	228,674	-	228,674
Management and general	61,956	-	61,956	68,910	-	68,910
Fund-raising	55,569	-	55,569	61,480	-	61,480
Total Expenses	309,085	-	309,085	359,064	-	359,064
Change in Net Assets	13,084	-	13,084	27,333	-	27,333
Net Assets, Beginning of Year	92,813	-	92,813	65,480	-	65,480
Net Assets, End of Year	\$ 105,897	\$ -	\$ 105,897	\$ 92,813	\$ -	\$ 92,813

See accompanying notes and independent accountants' review report

20 LITERS

Statements of Functional Expenses

	Years Ended June 30,							
	2021				2020			
	Program	Management and General	Fund-raising	Total Expenses	Program	Management and General	Fund-raising	Total Expenses
Grants and assistance								
to foreign organizations	\$ 112,000	\$ -	\$ -	\$ 112,000	\$ 112,000	\$ -	\$ -	\$ 112,000
Salaries and wages	23,923	26,617	32,479	83,019	29,059	29,059	34,869	92,987
Pension contributions	478	532	650	1,660	581	581	698	1,860
Other employee benefits	3,150	3,505	4,277	10,932	7,614	7,614	9,137	24,365
Payroll taxes	1,902	2,117	2,583	6,602	2,193	2,193	2,633	7,019
Professional fees - accounting	-	16,052	-	16,052	-	15,330	-	15,330
Professional fees - other	-	-	-	-	-	1,300	-	1,300
Advertising and promotion	535	-	1,308	1,843	403	-	1,027	1,430
Office	689	7,194	766	8,649	619	6,106	811	7,536
Information technology	3,184	836	3,065	7,085	3,875	141	3,759	7,775
Occupancy	4,585	4,117	5,908	14,610	5,001	5,000	6,001	16,002
Travel	-	-	-	-	14,309	340	342	14,991
Conferences, conventions and meetings	-	69	207	276	-	31	92	123
Interest	-	-	-	-	-	490	-	490
Depreciation	3,208	-	3,207	6,415	1,242	-	1,241	2,483
Insurance	823	917	1,119	2,859	725	725	870	2,320
Filter materials	37,083	-	-	37,083	51,053	-	-	51,053
Total Expenses	\$ 191,560	\$ 61,956	\$ 55,569	\$ 309,085	\$ 228,674	\$ 68,910	\$ 61,480	\$ 359,064

See accompanying notes and independent accountants' review report

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Statements of Cash Flows

	Years Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 13,084	\$ 27,333
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,415	2,483
Change in:		
Accounts receivable	-	252
Prepaid expenses	(6,201)	(1,118)
Security deposit	-	(1,250)
Accounts payable	(114)	978
Accrued payroll and related liabilities	122	(940)
Net Cash Provided by Operating Activities	<u>13,306</u>	<u>27,738</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(21,098)</u>	<u>-</u>
Net Cash Used by Investing Activities	<u>(21,098)</u>	<u>-</u>
Change in Cash	(7,792)	27,738
Cash, Beginning of Year	<u>97,160</u>	<u>69,422</u>
Cash, End of Year	<u>\$ 89,368</u>	<u>\$ 97,160</u>
SUPPLEMENTAL DATA		
Interest paid on credit card account	<u>\$ -</u>	<u>\$ 490</u>

See accompanying notes and independent accountants' review report

20 LITERS

Notes to Financial Statements

June 30, 2021 and 2020

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)(1) 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.

PREPAID EXPENSES

Prepaid expenses at June 30, 2021 consist of expenditures for insurance and rent credits and at June 30, 2020 consist of expenditures for insurance which had been paid prior to the end of the fiscal year but which benefit the following fiscal year.

SECURITY DEPOSIT

Security deposit at June 30, 2021 and 2020 consists of the deposit for the office rental agreement.

PROPERTY AND EQUIPMENT

Property and equipment is reported at cost, estimated cost or fair value. Expenditures for property and equipment 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. Depreciation is reported using the straight-line method over the estimated useful lives of the assets, which is three years. Depreciation expense was \$6,415 and \$2,483 for the years ended June 30, 2021 and 2020.

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:

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Notes to Financial Statements

June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued

NET ASSETS, continued

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 designated a portion of net assets without donor restrictions as a contingency fund.

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 the 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.

Other income for the year ended June 30, 2020 consists of a grant received from the federal Economic Injury Disaster Loan program.

GIFTS IN KIND

During the year ended June 30, 2020, 20L was provided office space by MHBC having an estimated fair rental value of \$11,350.

CONTRIBUTED SERVICES

During the years ended June 30, 2021 and 2020, 133 and 396 individuals provided 1,038 and 3,375 hours of volunteer support to 20L having an estimated value of approximately \$29,625 and \$91,800, 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, building filter technologies 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, 2021 and 2020

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.

ADVERTISING

20L expenses advertising costs as they are incurred. Total advertising costs were \$-0- and \$700- for the years ended June 30, 2021 and 2020, 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,	
	2021	2020
Cash	\$ 89,368	\$ 97,160
Less:		
Board designated net assets	(14,683)	-
	<u>\$ 74,685</u>	<u>\$ 97,160</u>

20L maintains bank checking and savings accounts for liquidity management.

3. CONCENTRATION

For the years ended June 30, 2021 and 2020, the top five donors provided approximately 36 and 39 percent of total contributions, respectively.

4. NET ASSETS WITH DONOR RESTRICTIONS

Changes in net assets with donor restrictions are as follows:

	June 30,	Contributions	Released From Restriction	June 30,
	2019			2020
Bahamas relief	<u>\$ -</u>	<u>\$ 2,200</u>	<u>\$ 2,200</u>	<u>\$ -</u>

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Notes to Financial Statements

June 30, 2021 and 2020

4. NET ASSETS WITH DONOR RESTRICTIONS, continued

	June 30, 2020	Contributions	Released From Restriction	June 30, 2021
Renovation	<u>\$ -</u>	<u>\$ 3,350</u>	<u>\$ 3,350</u>	<u>\$ -</u>

5. LEASES

In January 2020, 20L leased office space under an operating lease agreement requiring 38 monthly payments of \$250 for the first 2 months, \$1,000 for the next 12 months, \$1,030 for the next 12 months and \$1,061 for the last 12 months. 20L also leased warehouse space on a month-to-month basis, requiring monthly payments of \$250.

Total lease expense for the years ended June 30, 2021 and 2020 was \$12,840 and \$3,500, respectively.

Future minimum annual payments remaining under the terms of the lease are as follows:

Year Ending June 30,	
2022	\$ 12,453
2023	<u>8,487</u>
	<u>\$ 20,940</u>

6. PENSION PLAN

20L offers full time employees a SIMPLE IRA plan, for which 20L contributes two percent of salaries and employees may elect a payroll deduction to the plan. Total contributions to this plan during the years ended June 30, 2021 and 2020 were \$1,660 and \$1,860, respectively.

7. SUBSEQUENT EVENTS

Management has evaluated for potential recognition or disclosure in these financial statements subsequent events and transactions occurring through January 8, 2022, the date these financial statements were available to be issued.

The COVID-19 pandemic has cast uncertainty over many things. While the long-term effects of the pandemic could negatively affect 20L's financial position, cash flows and results of activities, any such effects cannot be reasonably estimated at this time.