

**Hope Springs Water
Position Statement
As of December 31, 2013**

Dec 31, 2013

ASSETS

Current Assets

**Checking/Savings
 First State Bank**

\$63,081

**Accounts Receivable
 Other Receivables**

2,169

Total Current Assets

65,250

Other Assets

Investments

**1000 Shares Hope Springs, Inc.
 Commulative Equity in Income of Hope Springs, Inc.
 Total Investments**

311

14,716

15,027

Non-Current Assets

**N/R Hope Springs, Inc.
 Total Non-Current Assets**

5,000

5,000

Well Repair Kits

14,545

Total Other Assets

34,572

TOTAL ASSETS

\$99,822

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

1,680

Total Current Liabilities

1,680

Total Liabilities

1,680

Equity

**Unrestricted Net Assets
 Net Revenues over Expenditures**

68,490

29,652

Total Equity

98,142

TOTAL LIABILITIES & EQUITY

\$99,822

**Hope Springs Water
Statement of Activity
as of December 31, 2013**

	Jan - Dec 13
Revenues	
Designated Water Well Funds	
Ethiopia	\$ 14,102
Belize	11,105
Cambodia	2,500
	27,707
Total Designated Water Well Funds	
Designated Funds	
West, TX	532
	28,239
Total Designated Funds	
Grants	5,000
Other Contributions	
Gifts in Kind - Goods	1,638
	1,638
Total Other Contributions	
Promotional Revenue	
Fundraiser Duck Dynasty	22,881
Golf Well Fundraiser	13,989
	36,870
Total Promotional Revenue	
Unrestricted Contributions	
Unrestricted Contributions	49,346
Other Revenues	559
	49,905
Total Unrestricted Revenues	
Equity in earnings of Hope Springs, Inc.	3,507
Total Revenues	125,159
Expenditures	
Water Donated to West	532
Designated Water Well Expenditure	
Designated Expenditure Ethiopia	14,102
Designated Expenditure Belize	11,105
Designated Expenditure Cambodia	2,500
	27,707
Total Designated Water Well Expenditure	

**Hope Springs Water
Statement of Activity
as of December 31, 2013**

	Jan - Dec 13
Water Projects	
Sierra Leone Water Filters	7,000
Mexico	4,000
Rwandan Rain Water Project	3,000
Cambodia	2,500
Nicaragua	2,500
Ethiopia	1,866
Belize	1,049
Honduras	1,000
Total Water Projects	22,915
Other Water Well expenditures	3,486
Total Water Projects Expenditures	26,401
 Major Fundraiser Expenditures	
Duck Dynasty expense	21,440
Golfwell expense	6,594
	28,034
 Total Major Fundraiser Expenditures	28,034
 Miscellaneous Expenditures	
Computer and Office	2,038
Advertising	1,631
Postage and Printing	435
Telephone & Internet Expense	400
Other Expense	226
Credit Card Processing Fees	121
Total Miscellaneous Expenditures	4,851
 Promotional expenditures	2,303
 Shared Employee Expenditures	
Staff expense	4,612
Payroll Taxes	466
General Liability and Workman's Comp	601
Total Shared Employee Expenditures	5,679
 Total Expenditures	95,507
 Net Revenues over Expenditures	\$ 29,652

**Hope Springs Water
Statement of Cash Flows
January through December 2013**

	<u>Jan - Dec 13</u>
Operating Activities	
Net Income	\$29,652
Adjustments to reconcile Net Income to net cash provided by operations:	
Current Liability: Accounts Payable	1,681
Other	24
Accounts Receivable Hope Springs, Inc.	(2,169)
Equity in income of Hope Springs, Inc.	(3,507)
Net cash provided by Operating Activities	<u>25,681</u>
Investing Activities	
Well Repair Kits	(14,545)
Net cash provided by Investing Activities	<u>(14,545)</u>
Net cash increase for period	11,136
Cash at beginning of period	<u>51,945</u>
Cash at end of period	<u><u>\$63,081</u></u>

**Hope Springs Water
Statement of Functional Expenses
Year Ended December 31, 2013**

	Program Services			Management and General	Fundraising	Total
	Water Programs	Other	Subtotal			
Travel	\$5,268		\$5,268			\$5,268
Tools and Parts	5,827		5,827			5,827
Water Testing, Lab and ID	796		796			796
Training	2,700		2,700			2,700
Projects Funded						
Ethiopia	15,968		15,968			15,968
Cambodia	5,000		5,000			5,000
Sierra Leone Water Filters	7,000		7,000			7,000
Rwanda Rain Water Project	3,000		3,000			3,000
Mexico	4,000		4,000			4,000
Nicaragua	2,500		2,500			2,500
Belize	1,049		1,049			1,049
Honduras	1,000		1,000			1,000
Donated Water		532	532			532
Compensation						
Officer and Director				1,687		1,687
Other				1,929	1,463	3,392
Advertising and Promotion					2,981	2,981
Office Expenses				1,656		1,656
Information Technology				650	649	1,299
Insurance				300	300	600
Bank Charges and other				142		142
Event						
Facility				6,660		6,660
Speaker					14,500	14,500
Event Advertising					3,858	3,858
Insurance					463	463
Prizes					2,366	2,366
Product sold					954	954
Credit card fees					121	121
Miscellaneous					188	188
Total	\$54,108	\$532	\$54,640	\$6,364	\$34,503	\$95,507

Hope Springs Water
A Texas Non-Profit Organization
Notes to Financial Statements
January 1, 2013 through December 31, 2013

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Hope Springs Water is a not-for-profit organization whose primary purpose is to partner with communities in developing countries to provide sources of pure drinking water. Hope Springs Water maintains its headquarters in Athens, Texas.

Significant Accounting Policies

The financial statements of Hope Springs Water have been prepared on an accrual basis. Hope Springs Water recognizes contributions of materials and services only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

Generally, when an entity has control over another entity the financials are consolidated. Hope Springs Water (HSW) owns 100% of the common stock of Hope Springs Inc. (HSI). However, the nature of the businesses are materially different as HSW is a 501 (c) (3) not-for-profit and HSI is a for-profit C Corp. The objectives of the operations are significantly different. Therefore, under GAAP, HSW shows different statements than HSI. An example is Net Assets in HSW instead of Stockholder's Equity in HSI. We believe it would be confusing and misleading to the readers of the Financials Statements to attempt to consolidate these GAAP mandated different statements. Even though GAAP would have us consolidate the statements, we use the equity method of accounting for HSI as we consider this to be the most appropriate presentation of the financial position of HSW. HSI's website is www.hopespringsinc.com.

Cash

The financial institution holding Hope Springs Water cash account is participating in the FDIC's Transaction Account Guarantee Program which insures the cash account up to \$250,000. At December 31, 2013, Hope Springs Water is insured through this program.

Note Receivable Hope Springs, Inc.

A \$5000 promissory note with an interest rate of 6% per year with a due date of February 28, 2016, was executed with Hope Springs, Inc. for working capital and can be prepaid by Hope Springs, Inc. at any time before the maturity date without penalty.

1000 Shares Hope Springs, Inc.

Hope Springs Water owns all the common stock of Hope Springs, Inc., a for-profit entity. This allows the not-for-profit entity to elect the board members of Hope Springs, Inc. There are no common board members shared by the two entities, and efforts are made to keep the two entities separate. See Related Parties Disclosure below.

The net income produced by Hope Springs, Inc., is reported under the equity method of accounting as an equity earnings addition as shown in the following reconciliation:

Investment—Hope Springs, Inc.	\$11,520
Add: 2012 Net Income—Hope Springs, Inc.	<u>3,507</u>
Investment—Hope Springs, Inc.	<u>\$15,027</u>

Non-Current Assets

Well repair kits represent the parts necessary to recomplete non-functioning water wells in Belize and area countries. The kits are expensed as used to recomplete water wells during the year.

Liabilities and Net Assets

Hope Springs Water is not liable for any contractual arrangements, liabilities or contingent liabilities of Hope Springs, Inc.

Hope Springs Water has no permanent employees. Hope Springs, Inc. had four part-time employees who also did work for Hope Springs Water during 2013. It is estimated that they average 50% of their time on each entity and Hope Springs, Inc. bills Hope Springs Water for the total cost of their time and expenses which was \$5,679 for 2013.

Water Well, Pump and Installation Expenditures

Hope Springs Water is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501 (c) (3) of the Internal Revenue Code, or corresponding section of any future federal tax code. During 2013, two water wells were drilled in Belize and another well was recompleted using our water well kit. In Ethiopia, five hand-dug wells were converted to rope and washer pump wells. Money was contributed for

wells in Cambodia, Honduras, Mexico, and Nicaragua. Contributions were also made to the Rwanda Rain Water Project and water filters for Sierra Leone.

Related Party Disclosure

During 2013, Hope Springs Water paid Hope Springs, Inc. for four part-time employees. The total staff expense of \$11,358 which included payroll, payroll taxes and insurance was split evenly \$5,679 to each entity.

Hope Springs Water received \$300 in interest income from Hope Springs, Inc. for interest on the \$5,000 notes receivable.

Computer and office equipment is jointly used by Hope Springs Water and Hope Springs, Inc. The acquisition costs of these assets were shared by an estimated usage of 50% for each entity.

Hope Springs Water website is www.hopespringswater.org and Hope Springs Inc.'s website is www.hopespringsinc.com.

Two Directors of Hope Springs Water are married. The Treasurer and a Director of Hope Springs Water is married to the Treasurer and a Director of Hope Springs, Inc. One Director and Secretary of Hope Springs Water was compensated \$1,687 for part-time employment.

Subsequent events

Although not required, Hope Springs Water elected to file IRS Form 990 for the year ended December 31, 2013, to enhance transparency and full disclosure.