

**Hope Springs Water  
Statement of  
Financial Position  
As of December 31, 2021**

**ASSETS**

<b>Current Assets</b>	
Unrestricted Cash	\$11,132
Restricted Cash	182,910
Cash	194,042
A/R Hope Springs, Inc.	75,894
Prepaid Belize	2,000
Prepaid Ethiopia	1,352
Prepaid Hopewell	11,722
Total Prepays	15,074
Hope for Girls Inventory	
H4G Noble Cups Inventory	15,180
Hope for Girls Blue Totes	3,880
Hope for Girls Purple Totes	3,880
Total Hope for Girls Inventory	22,940
<b>Total Current Assets</b>	<b>307,950</b>
<b>Other Assets</b>	
Well repair kits-Belize	1,821
Investment in Hope Springs, Inc.	
Hope Springs, Inc. equity	87,893
1000 Shares Hope Springs, Inc.	311
Total Investment in Hope Springs, Inc.	88,204
<b>Total Other Assets</b>	<b>90,025</b>
<b>TOTAL ASSETS</b>	<b>\$397,975</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
Unearned Revenue HopeWELL	20,200
24000 · Payroll Liabilities	4,419
<b>Total Liabilities</b>	24,619
<b>Minority Interests Preferred Stock</b>	2,600
<b>Net Assets</b>	370,756
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$397,975</b>

See Notes to Financials Statements

**Hope Springs Water  
Statement of Activities  
January through December 2021**

**Revenues**

Legacy and Relief Funds	2,660
Memorial Contributions	945
<b>Designated Water Well Funds</b>	
Aaron's Well	11,736
Africa	30,000
Ethiopia	1,984
Designated Water Projects	81,485
Kenya	10,796
Nicaragua	79,377
The Colonias	60,000
WASH	4,910
<b>Total Designated Water Well Funds</b>	<b>280,288</b>
<b>Promotional Income</b>	
Golf Well Fundraiser	32,264
ShootWELL	5,981
Turkey Trot Fundraiser	17,002
<b>Total Promotional Income</b>	<b>55,247</b>
Exchange Rate Gain	6,099
Unrestricted Contributions	79,045
<b>Total Revenue</b>	<b>424,284</b>

**Expenditures**

<b>Designated Exp.</b>	
Belize	2,400
Ethiopia NGO Coordination	1,389
Ethiopia NGO Operational Exp.	45,326
Ethiopia Water Projects	32,850
Kenya Water Projects	31,160
Nicaragua	78,163
Relief expense	3,710
The Colonias	13,071
WASH	7,626
<b>Total Designated Exp.</b>	<b>215,695</b>

**Hope Springs Water  
Statement of Activities  
January through December 2021**

<b>Major Fundraiser Expenditures</b>	
Golfwell expense	6,856
GolfWell Items Donated	405
ShootWELL	2,105
Turkey Trot	2,433
<b>Total Major Fundraiser Expenditures</b>	<u>11,799</u>
<b>Miscellaneous Expense</b>	
Auto Expense	567
Computer Software & Expenses	5,757
Donor Relations	1,735
General Liability Ins.	2,910
Meals	1,946
Media Expense	7,300
Office Supplies and Furniture	5,063
Other Misc. Expenses	708
Postage, Mailing Service, Printing, Copying	789
Processing Fees	782
Promotional expense	3,094
Telephone & Internet Expense	1,717
Wire Transfer fee	730
Workers comp. insurance	367
<b>Total Miscellaneous Expense</b>	<u>33,465</u>
<b>Payroll Expenses</b>	
HSW Payroll Expenses	90,193
Payroll Taxes	7,064
<b>Total Payroll Expenses</b>	<u>97,257</u>
<b>Total Expenditures</b>	<u>358,216</u>
<b>Revenues over Expenditures</b>	66,068
<b>Other Income</b>	
IRS Refund/Credit	2,783
PPP Loan-Extinguishment of Debt	16,500
<b>Total Other Income</b>	<u>19,283</u>
Hope Springs Inc. Donation	10,000
Hope Springs Inc. 2021 profit	31,930
<b>Net Revenues over Expenditures</b>	<u>\$127,281</u>

See Notes to the Financials Statements

**Hope Springs Water  
Statement of Functional Activities  
FYE December 31, 2021**

	Program Services	Management and General	Fundraising	Total
The Colonias and Border relief	\$ 16,781			\$ 16,781
Ethiopia Water projects	66,594			66,594
Kenya Water projects	31,260			31,260
Nicaragua Water projects	71,966			71,966
Belize Water projects	2,400			2,400
Compensation of Key Employee	18,978	15,182	3,796	37,956
Other salaries and wages	26,118	20,895	5,224	52,237
Payroll taxes	3,532	2,825	707	7,064
Fees		512		512
Advertising and promotion	9,770	104	505	10,379
Office expense	6,760	845	845	8,450
Information technology	6,383	749	375	7,507
Travel	19,640	567		20,207
Meetings	1,654	195	97	1,946
Insurance	3,053	328	164	3,545
Hope for Girls	7,612			7,612
	<u>\$ 292,501</u>	<u>42,202</u>	<u>11,713</u>	<u>\$ 346,416</u>

See Notes to Financial Statements



**Hope Springs Water  
Statement of Cash Flows  
Year ended 12/31/2021**

<b>Changes in net assets</b>	<b>\$ 127,593</b>
<b>Adjustments to reconcile changes in net assets to net cash</b>	
<b>Gain on investment in Hope Springs, Inc.</b>	<b>(31,930)</b>
<b>(Increase) decrease in operating assets:</b>	
<b>A/R Hope Springs, Inc.</b>	<b>(47,844)</b>
<b>Hope for Girls Inventory</b>	<b>(22,940)</b>
<b>Prepaid expense</b>	<b>21,867</b>
<b>Other</b>	<b>(311)</b>
	<b><u>(49,228)</u></b>
<b>Increase(decrease) in operating liabilities:</b>	
<b>Payroll Liabilities</b>	<b><u>524</u></b>
<b>Net increase(decrease) in cash:</b>	<b>46,959</b>
<b>Cash, beginning of year</b>	<b><u>147,083</u></b>
<b>Cash, end of year</b>	<b><u><u>\$ 194,042</u></u></b>

# HOPE



## SPRINGS WATER

A Texas Non-Profit Organization  
Notes to Financial Statements  
January 1, 2021 through December 31, 2021

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

#### **Nature of Operations**

Hope Springs Water is a not-for-profit organization under 501 (c) (3) of the Internal Revenue code whose primary purpose is to partner with communities in countries to provide sources of pure drinking water, sanitation and hygiene education. Hope Springs Water is headquartered 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 only when a fair value can be reasonably estimated and when the materials are used in the normal course of operations and would otherwise have been purchased.

Hope Springs Water is exempt from federal income tax under 501 (c) (3) of the Internal Revenue Code. 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 is 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 prefer to present the equity method of accounting for HSI as we consider this to be the most appropriate presentation of the financial position of HSW. However, for information purposes, consolidated summary statements are disclosed in a following footnote.

#### **Contributions**

Under SFAS No. 116, Accounting for Contributions Received and Contributions Made, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions.

#### **PPP Loan Forgiveness**

The PPP loan for \$16,500 was forgiven resulting in a gain on extinguishment of debt of \$16,500. This is in accordance with FASB ASC Topic 470.

#### **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, 2021, Hope Springs Water did not exceed the federally insured limit. The Board and Management evaluates their banking relationships routinely to mitigate the risk to bank deposits. \$182,910 of cash was restricted as of 2021 yearend.

#### **Prepays**

Prepays consist of expenditures to be used primarily for future program and promotional expenditures.



### **Fixed Assets**

Property and Equipment is reported at cost, if purchased, or at estimated fair value at date of gift, if donated. Depreciation is calculated in a straight-line basis over their estimated useful life and has been fully depreciated. Property that is received in Ethiopia is expensed because the government retains ownership of all property in Ethiopia.

### **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. However, see the 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.	\$58,563
Less preferred stock of Hope Springs, Inc.	(\$2,600)
Add: 2021 Net profit—Hope Springs, Inc.	<u>31,930</u>
Investment—Hope Springs, Inc.	\$87,893

Hope Springs, Inc. net income is up \$29,429 from the previous year. As reimbursements of the BGC promotional costs are unpredictable, these are reported as unearned revenue until recognized.

Total Sales increased \$364,475 from 2020 to 2021. In 2020, sales were depressed due to issues with the bottler.

Hope Springs, Inc. shared estimated overhead of payroll expenses of \$74,362, telephone expenses of \$1,531, and media expenses of \$7,300 for a total of \$83,193.

### **Other Assets**

Well repair kits represent the parts necessary to recomplete non-functioning water wells in Belize.

### **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 4 full time employees and 1 part time employee and is assisted by volunteers.

### **Contingent Liabilities**

Hope Springs Water is not aware of any contingent liabilities.

### **Deferred Revenue**

Deferred revenue consists of designated contributions to be utilized for future program expenditures.

### **Water Well Projects and WaSH**

Our WaSH zones now include Ethiopia, Belize, Guatemala, Nicaragua, Kenya, and The Colonias along the Texas-Mexico border. Our team was able to travel to Nicaragua in June of 2021, where we joined a team from Bryan, Texas to drill a water well in a village along the Prinzipolka River. We also introduced Hope for Girls, our menstrual management program, to the schools in several villages along the river. The three-year plan is to improve access to safe water in 12 indigenous communities, provide gender-specific latrines in the schools of those villages, offer deworming programs coupled with health and hygiene education, and offer menstrual management education and reusable menstrual products for the girls in those schools.

Our team was able to travel to Ethiopia in early October, where we were able to meet with our team at Hope For Life, monitor our government relationship, evaluate and update our equipment, and plan future projects. 15 wells were drilled in 2021. While in Bantu, our team was able to present the Hope for Girls menstrual management program to 78 schoolgirls and give them each a kit containing washable, reusable menstrual supplies that last three years. We are

beginning to ramp up our focus on sanitation now and will begin that campaign within the next several months, if the political climate continues to allow us to do so.

We drilled a well in Bungoma, Kenya earlier this year and have received funding to drill another one to serve the Mateka Children's Home near Bungoma. Country Coordinator Damon Donnell reported he is working with Rotary International on a grant to drill 10 additional wells in that region. Additionally, in May we raised \$4,000 to provide anti-malaria vaccinations to 1,000 children in Bungoma County through a partnership with In Jesus Global Missions.

Since the countries of Belize and Guatemala have had their borders closed for most of 2021 due to COVID-19, we have been unable to travel there to perform any work in the villages.

Our team traveled to the Brownsville-Matamoros border during the summer to evaluate the situation and take menstrual supplies to our partners to be distributed to the refugees along the border. We also spoke with water department officials in McAllen, Texas about water needs along the Rio Grande in The Colonias. We have been sending truckloads of water to Brownsville to assist in the efforts to serve the people of that area.

### **Related Party Disclosure**

Hope Springs, Inc. donated \$10,000 to Hope Springs Water in 2021.

Also, Hope Springs, Inc. paid Hope Springs Water for shared employee expense. The total accrued expense included payroll, telephone, and media expenses which were allocated based on the estimated time spent on each entity for a total of \$83,193. Also, during 2021, the 2020 shared payroll, shared payroll taxes, shared telephone and internet, shared insurance and shared media expense of \$40,450 was paid by Hope Springs, Inc.

Hope Springs Water purchased \$16,781 of water from Hope Springs, Inc. This water was used primarily to provide drinking water in support of HSW Relief activities on our border and for promotion and marketing purposes. The purchase price was approved by executive management.

Hope Springs Water website is [www.hopespringswater.org](http://www.hopespringswater.org).

As of December 31, 2021, Debbie and Jimmy Leatherwood are married and serve on the non-profit board. Bliss Nelson and Daniel Nelson are married. Bliss is the Executive Director of Hope Springs Water, the key employee, and Daniel serves on the for-profit board and is the President of Hope Springs, Inc. Frank Tindle and Janet Tindle are married. Frank is Treasurer and a Trustee of Hope Springs Water and Janet serves on the for-profit board. Eddy Dark and Amy Dark are married. Eddy serves as a Trustee for the non-profit and Amy serves on the for-profit. Candace Donnell and Damon Donnell are married. Candace serves on the non-profit and Damon serves on the for-profit. Kenneth McGee is a Director of Hope Springs, Inc. and he is a Director of First State Bank of Athens, where Hope Springs Water does its banking, which was approved by the Board of Directors.

### **Consolidated Financial Statements**

The following are financial statements as if Hope Springs Water and Hope Springs, Inc. are consolidated in accordance with GAAP/FASB.



**Hope Springs Water  
Consolidated Statement of  
Financial Position  
As of December 31, 2021**

**ASSETS**

**Current Assets**

Unrestricted Cash	\$100,753
Restricted Cash	182,910
Cash	<u>283,663</u>

Accounts Receivable	184,234
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Prepaid Belize	2,000
Prepaid Ethiopia	1,352
Prepaid Hopewell	11,722
Total Prepays	<u>15,074</u>

**Other Current Assets**

A/R Niagara	44,145
Inventory Water	23,908
Total Other Current Assets	<u>68,053</u>

**Hope for Girls Inventory**

H4G Noble Cups Inventory	15,180
Hope for Girls Blue Totes	3,880
Hope for Girls Purple Totes	3,880
Total Hope for Girls Inventory	<u>22,940</u>

Total Current Assets	573,964
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Well repair kits-Belize	1,821
2012 Box Truck	14,109

<b>TOTAL ASSETS</b>	<b><u><u>\$589,894</u></u></b>
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**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

Accounts Payable	165,808
Unearned Revenue	27,522
Payroll Liabilities	4,419
Federal Income Tax Payable	6,491
Total Current Liabilities	<u>204,240</u>

**Long Term Liabilities**

FSB Athens 2012 Box Truck	9,698
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Net Assets	375,956
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<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u><u>\$589,894</u></u></b>
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See Notes to Financials Statements

**Hope Springs Water  
Consolidated Statement of Activities/Income  
January through December 2021**

**Revenues**

<b>Legacy and Relief Funds</b>	<b>\$2,660</b>
<b>Memorial Contributions</b>	<b>945</b>
<b>Designated Water Well Funds</b>	
<b>Aaron's Well</b>	<b>11,736</b>
<b>Africa</b>	<b>30,000</b>
<b>Ethiopia</b>	<b>1,984</b>
<b>Designated Water Projects</b>	<b>81,485</b>
<b>Kenya</b>	<b>10,796</b>
<b>Nicaragua</b>	<b>79,377</b>
<b>The Colonias</b>	<b>60,000</b>
<b>WASH</b>	<b>4,910</b>
<b>Total Designated Water Well Funds</b>	<b><u>280,288</u></b>
<b>Income from Hope Springs, Inc.</b>	
<b>Direct Distribution including BGC</b>	<b>418,232</b>
<b>Sales Water Athens Warehouse</b>	<b>243,065</b>
<b>Total Income from Hope Springs, Inc.</b>	<b><u>661,297</u></b>
<b>Promotional Income</b>	
<b>Golf Well Fundraiser</b>	<b>32,264</b>
<b>ShootWELL</b>	<b>5,981</b>
<b>Turkey Trot Fundraiser</b>	<b>17,002</b>
<b>Total Promotional Income</b>	<b><u>55,247</u></b>
<b>Exchange Rate Gain</b>	<b>6,099</b>
<b>Unrestricted Contributions</b>	<b>79,045</b>
<b>Total Revenue</b>	<b><u>1,085,581</u></b>

**Expenditures**

<b>Designated Exp.</b>	
<b>Belize</b>	<b>2,400</b>
<b>Ethiopia NGO Coordination</b>	<b>1,389</b>
<b>Ethiopia NGO Operational Exp.</b>	<b>45,326</b>
<b>Ethiopia Water Projects</b>	<b>32,850</b>
<b>Kenya Water Projects</b>	<b>31,160</b>
<b>Nicaragua</b>	<b>78,163</b>
<b>Relief expense</b>	<b>3,710</b>
<b>The Colonias</b>	<b>13,071</b>
<b>WASH</b>	<b>7,626</b>
<b>Total Designated Exp.</b>	<b><u>215,695</u></b>

**Hope Springs Water**  
**Consolidated Statement of Activities/Income**  
**January through December 2021**

<b>Cost of Goods Sold Hope Springs, Inc.</b>	
COGS Direct Distribution	365,327
Cost of Goods Athens	133,298
Niagara Rebate	(23,877)
Freight Costs	7,240
<b>Total Cost of Goods Sold Hope Springs, Inc.</b>	<b>481,988</b>
<b>Major Fundraiser Expenditures</b>	
Golfwell expense	6,856
GolfWell Items Donated	405
ShootWELL	2,105
Turkey Trot	2,433
<b>Total Major Fundraiser Expenditures</b>	<b>11,799</b>
<b>Miscellaneous Expense</b>	
Auto Expense	28,402
Depreciation	5,461
Interest Exp. Box Truck	781
Rent and Lease Expense	1,600
Computer Software & Expenses	6,513
Donor Relations	1,735
Insurance	8,604
Meals	2,991
Media Expense	14,600
Office Supplies and Furniture	5,488
Other Misc. Expenses	1,356
Postage, Mailing Service, Printing, Copying	789
Processing Fees	970
Promotional expense	4,308
Telephone & Internet Expense	3,248
Wire Transfer fee	1,021
<b>Total Miscellaneous Expense</b>	<b>87,867</b>
Payroll Expenses	171,986
<b>Total Expenditures</b>	<b>969,335</b>
<b>Revenues over Expenditures</b>	<b>116,246</b>
<b>Other Income</b>	
IRS Refund/Credit	2,783
PPP Loan-Extinguishment of Debt	16,500
<b>Total Other Income</b>	<b>19,283</b>
Federal Income Taxes	(8,248)
<b>Net Revenues over Expenditures</b>	<b>\$127,281</b>

See Notes to the Financials Statements



**Non-Discrimination Clause**

Employment with Hope Springs Water and access to its programs or activities or funding opportunities shall not be limited on the basis of race, color, creed, national origin, religion, age, gender, sexual orientation, political affiliation, or disability.

**Subsequent events**

Hope Springs Water filed IRS Form 990 for the year ended December 31, 2021. A copy of prior Form 990 can be viewed on our website, [www.hopespringswater.org](http://www.hopespringswater.org).