



20 LITERS
FINANCIAL STATEMENTS
June 30, 2022 and 2021

20 LITERS

FINANCIAL STATEMENTS

June 30, 2022 and 2021



20 LITERS

Table of Contents

| | <u>Page</u> |
|--|-------------|
| Independent Accountants' Review Report | 1 |
| Financial Statements | |
| Statements of Financial Position | 2 |
| Statements of Activities | 3 |
| Statements of Functional Expenses | 4 |
| Statements of Cash Flows | 5 |
| Notes to Financial Statements | 6-9 |



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, 2022 and 2021, 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
February 14, 2023

2425 Avon Avenue SW
Wyoming MI 49519-2207
616 443 5344
jqvist@quist-cpa.com

20 LITERS

Statements of Financial Position

| | June 30, | |
|--|-------------------|-------------------|
| | 2022 | 2021 |
| ASSETS | | |
| Cash | \$ 69,345 | \$ 89,368 |
| Prepaid expenses | 28,711 | 7,855 |
| Security deposit | 1,000 | 1,250 |
| | <u>99,056</u> | <u>98,473</u> |
| Property and equipment | | |
| Computer equipment | 1,378 | 1,378 |
| Leasehold improvements | 19,719 | 19,719 |
| Website development | 17,874 | 17,874 |
| Accumulated depreciation | <u>(33,095)</u> | <u>(24,288)</u> |
| | <u>5,876</u> | <u>14,683</u> |
| Total Assets | <u>\$ 104,932</u> | <u>\$ 113,156</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 3,604 | \$ 2,324 |
| Accrued payroll and related liabilities | 5,474 | 4,935 |
| Total Liabilities | <u>9,078</u> | <u>7,259</u> |
| Net Assets | | |
| Without donor restrictions | | |
| Undesignated | 79,978 | 81,214 |
| Board designated - contingency | 10,000 | 10,000 |
| Net investment in property and equipment | <u>5,876</u> | <u>14,683</u> |
| Total Net Assets | <u>95,854</u> | <u>105,897</u> |
| Total Liabilities and Net Assets | <u>\$ 104,932</u> | <u>\$ 113,156</u> |

See accompanying notes and independent accountants' review report

20 LITERS

Statements of Activities

Years Ended June 30,

| | 2022 | | | 2021 | | |
|---|----------------------------|-------------------------|------------|----------------------------|-------------------------|------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| SUPPORT AND REVENUE | | | | | | |
| Contributions | \$ 331,734 | \$ - | \$ 331,734 | \$ 318,566 | \$ 3,350 | \$ 321,916 |
| Program income | 9,430 | - | 9,430 | - | - | - |
| Interest income | 21 | - | 21 | 93 | - | 93 |
| Other income | 877 | - | 877 | 160 | - | 160 |
| Total Support and Revenue | 342,062 | - | 342,062 | 318,819 | 3,350 | 322,169 |
| RECLASSIFICATIONS | | | | | | |
| Net assets released for satisfaction of restricted purposes | - | - | - | 3,350 | (3,350) | - |
| EXPENSES | | | | | | |
| Program | 233,678 | - | 233,678 | 191,560 | - | 191,560 |
| Management and general | 61,072 | - | 61,072 | 61,956 | - | 61,956 |
| Fund-raising | 57,355 | - | 57,355 | 55,569 | - | 55,569 |
| Total Expenses | 352,105 | - | 352,105 | 309,085 | - | 309,085 |
| Change in Net Assets | (10,043) | - | (10,043) | 13,084 | - | 13,084 |
| Net Assets, Beginning of Year | 105,897 | - | 105,897 | 92,813 | - | 92,813 |
| Net Assets, End of Year | \$ 95,854 | \$ - | \$ 95,854 | \$ 105,897 | \$ - | \$ 105,897 |

See accompanying notes and independent accountants' review report

20 LITERS

Statements of Functional Expenses

| | Years Ended June 30, | | | | | | | |
|--------------------------------|----------------------|---------------------------|------------------|-------------------|-------------------|---------------------------|------------------|-------------------|
| | 2022 | | | | 2021 | | | |
| | Program | Management and General | Fund-raising | Total Expenses | Program | Management and General | Fund-raising | Total Expenses |
| Grants and assistance | | | | | | | | |
| to foreign organizations | \$ 114,600 | \$ - | \$ - | \$ 114,600 | \$ 112,000 | \$ - | \$ - | \$ 112,000 |
| Salaries and wages | 24,542 | 27,240 | 33,228 | 85,010 | 23,923 | 26,617 | 32,479 | 83,019 |
| Pension contributions | 491 | 545 | 664 | 1,700 | 478 | 532 | 650 | 1,660 |
| Other employee benefits | 2,746 | 3,048 | 3,718 | 9,512 | 3,150 | 3,505 | 4,277 | 10,932 |
| Payroll taxes | 1,894 | 2,102 | 2,564 | 6,560 | 1,902 | 2,117 | 2,583 | 6,602 |
| Professional fees - legal | - | 145 | - | 145 | - | - | - | - |
| Professional fees - accounting | - | 16,303 | - | 16,303 | - | 16,052 | - | 16,052 |
| Advertising and promotion | 283 | - | 1,914 | 2,197 | 535 | - | 1,308 | 1,843 |
| Office | 1,769 | 6,213 | 630 | 8,612 | 689 | 7,194 | 766 | 8,649 |
| Information technology | 3,703 | 737 | 3,584 | 8,024 | 3,184 | 836 | 3,065 | 7,085 |
| Occupancy | 3,829 | 3,650 | 4,993 | 12,472 | 4,585 | 4,117 | 5,908 | 14,610 |
| Travel | - | 167 | 158 | 325 | - | - | - | - |
| Conferences, conventions | | | | | | | | |
| and meetings | 240 | - | 374 | 614 | - | 69 | 207 | 276 |
| Depreciation | 4,404 | - | 4,403 | 8,807 | 3,208 | - | 3,207 | 6,415 |
| Insurance | 830 | 922 | 1,125 | 2,877 | 823 | 917 | 1,119 | 2,859 |
| Filter materials | 74,347 | - | - | 74,347 | 37,083 | - | - | 37,083 |
| Total Expenses | \$ 233,678 | \$ 61,072 | \$ 57,355 | \$ 352,105 | \$ 191,560 | \$ 61,956 | \$ 55,569 | \$ 309,085 |

See accompanying notes and independent accountants' review report

20 LITERS

Statements of Cash Flows

| | Years Ended June 30, | |
|--|----------------------|------------------|
| | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (10,043) | \$ 13,084 |
| Adjustments to reconcile change in net assets to net cash (used) provided by operating activities: | | |
| Depreciation | 8,807 | 6,415 |
| Change in: | | |
| Prepaid expenses | (20,856) | (6,201) |
| Security deposit | 250 | - |
| Accounts payable | 1,280 | (114) |
| Accrued payroll and related liabilities | 539 | 122 |
| Net Cash (Used) Provided by Operating Activities | <u>(20,023)</u> | <u>13,306</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | - | (21,098) |
| Net Cash Used by Investing Activities | <u>-</u> | <u>(21,098)</u> |
| Change in Cash | (20,023) | (7,792) |
| Cash, Beginning of Year | <u>89,368</u> | <u>97,160</u> |
| Cash, End of Year | <u>\$ 69,345</u> | <u>\$ 89,368</u> |

See accompanying notes and independent accountants' review report

20 LITERS

Notes to Financial Statements

June 30, 2022 and 2021

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, 2022 consist of expenditures for insurance, software and water filter supplies and at June 30, 2021 consist of expenditures for insurance and rent credits which were paid prior to the end of the fiscal year but which benefit the following fiscal year.

SECURITY DEPOSIT

Security deposit at June 30, 2022 and 2021 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 \$8,807 and \$6,415 for the years ended June 30, 2022 and 2021.

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:

20 LITERS

Notes to Financial Statements

June 30, 2022 and 2021

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, for which 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

20 Liters recognizes revenue from the occasional sales of filters at cost to other ministries. 20 Liters' performance obligation is fulfilled upon the completion of the sale. The cost of these sales is included in filter materials expense on the statements of functional expenses.

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.

CONTRIBUTED SERVICES

During the years ended June 30, 2022 and 2021, 288 and 133 individuals provided 2,833 and 1,038 hours of volunteer support to 20L having an estimated value of approximately \$84,800 and \$29,600, 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.

20 LITERS

Notes to Financial Statements

June 30, 2022 and 2021

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.

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, | |
|-----------------------------|------------------|------------------|
| | 2022 | 2021 |
| Cash | \$ 69,345 | \$ 89,368 |
| Less: | | |
| Board designated net assets | (10,000) | (10,000) |
| | <u>\$ 59,345</u> | <u>\$ 79,368</u> |

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

3. CONCENTRATION

For the years ended June 30, 2022 and 2021, the top five donors provided approximately 44 and 36 percent of total contributions, respectively.

4. NET ASSETS WITH DONOR RESTRICTIONS

Changes in net assets with donor restrictions as of and for the year ended June 30, 2021 are as follows:

| | June 30, | Contributions | Released From Restriction | June 30, |
|------------|----------|---------------|---------------------------------|----------|
| | 2020 | | | 2021 |
| Renovation | \$ - | \$ 3,350 | \$ 3,350 | \$ - |

No contributions with donor restrictions were received during the year-ended June 30, 2022.

20 LITERS

Notes to Financial Statements

June 30, 2022 and 2021

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, 2022 and 2021 was \$12,453 and \$12,840, respectively.

Future remaining minimum annual payments under the terms of the lease are \$9,548 for the year ending June 30, 2023.

6. PENSION PLAN

20L offers full-time employees a SIMPLE IRA plan, for which 20L contributes two percent of compensation and employees may make voluntary contributions to the plan. Total contributions to this plan by 20L during the years ended June 30, 2022 and 2021 were \$1,700 and \$1,660, respectively.

7. SUBSEQUENT EVENTS

Management has evaluated for potential recognition or disclosure in these financial statements subsequent events and transactions occurring through February 14, 2023, 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.