Healing Waters International, Inc.
And Affiliates

Years Ended December 31, 2017 and
2016 with
Independent Auditors' Report

Healing Waters International, Inc.
And Affiliates

Years Ended December 31, 2017 and 2016
(See Independent Auditors' Report)

Contents

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CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Healing Waters International, Inc. and Affiliates
Golden, Colorado

Independent Auditors' Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Healing Waters International, Inc. and Affiliates which comprise the consolidated statements of financial position as of December 31, 2017 and 2016 the related consolidated statements of activities and change in net assets and cash flows for the years then ended and the related notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Healing Waters International, Inc. and Affiliates as of December 31, 2017 and 2016 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Stratagem PC
Certified Public Accountants

Lakewood, Colorado

March 12, 2018

Healing Waters International, Inc.
And Affiliates

Consolidated Statements of Financial Position
December 31, 2017 and 2016
(See Independent Auditors' Report)

Assets

	2017	2016
Current assets:		
Cash and cash equivalents	$ 1,209,704	$ 1,258,930
Investments held to maturity	152,307	-
Accounts receivable	23,104	21,588
Inventory	72,096	61,195
Prepaid expenses and other	22,745	22,969
Total current assets	1,479,956	1,364,682
Property, equipment and improvements, at cost:		
Computer equipment	32,214	32,214
Leasehold improvements	10,623	10,623
Office furniture	7,751	7,751
Vehicles	125,144	125,144
Water systems	218,135	218,135
	393,867	393,867
Less accumulated depreciation and amortization	370,034	353,081
Total property, equipment and improvements	23,833	40,786
Total assets	$ 1,503,789	$ 1,405,468

(See Notes to Consolidated Financial Statements)

Healing Waters International, Inc.
And Affiliates

Consolidated Statements of Financial Position
December 31, 2017 and 2016
(See Independent Auditors' Report)

Liabilities and Net Assets

	2017	2016
Current and total liabilities:		
Accounts payable	$ 25,785	$ 24,828
Accrued expenses	139,468	114,510
Total liabilities	165,253	139,338
Net assets:		
Unrestricted:		
Operating	608,846	581,639
Board designated	40,000	28,000
Investment in property, equipment and improvements	23,833	40,786
Total unrestricted	672,679	650,425
Temporarily restricted	665,857	615,705
Total net assets	1,338,536	1,266,130
Total liabilities and net assets	$ 1,503,789	$ 1,405,468

(See Notes to Consolidated Financial Statements)

Healing Waters International, Inc.
And Affiliates

Consolidated Statement of Activities and Change in Net Assets
Year Ended December 31, 2017
(See Independent Auditors' Report)

	Unrestricted	Temporarily Restricted	Total	Percent of Total Support
Support and revenue:				
Contributions	$ 842,681	$ 1,099,273	$ 1,941,954	93.7 %
Water sales	110,673	-	110,673	5.3
Other sales income	8,044	-	8,044	0.4
Other income	11,851	-	11,851	0.6
Net assets released from restrictions:				
Satisfaction of program restrictions	1,049,121	(1,049,121)	-	-
Total support and revenue	2,022,370	50,152	2,072,522	100.0
Expenses:				
Program	1,596,350	-	1,596,350	77.0
General and administrative	116,128	-	116,128	5.6
Fundraising	270,878	-	270,878	13.1
Total expenses before depreciation	1,983,356	-	1,983,356	95.7
Change in net assets before depreciation	39,014	50,152	89,166	4.3
Other expense:				
Depreciation	(16,760)	-	(16,760)	(0.8)
Change in net assets	22,254	50,152	72,406	3.5 %
Net assets, beginning of year	650,425	615,705	1,266,130	
Net assets, end of year	$ 672,679	$ 665,857	$ 1,338,536	

Healing Waters International, Inc.
And Affiliates

Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2016
(See Independent Auditors' Report)

	Unrestricted	Temporarily Restricted	Total	Percent of Total Support
Support and revenue:				
Contributions	$ 832,109	$ 989,034	$ 1,821,143	92.5 %
Water sales	131,284	-	131,284	6.7
Other sales income	8,145	-	8,145	0.4
Other income	8,391	-	8,391	0.4
Net assets released from restrictions:				
Satisfaction of program restrictions	935,397	(935,397)	-	-
Total support and revenue	1,915,326	53,637	1,968,963	100.0
Expenses:				
Program	1,288,537	-	1,288,537	65.5
General and administrative	148,579	-	148,579	7.5
Fundraising	263,575	-	263,575	13.4
Total expenses before depreciation	1,700,691	-	1,700,691	86.4
Change in net assets before depreciation	214,635	53,637	268,272	13.6
Other expense:				
Depreciation	(20,481)	-	(20,481)	(0.9)
Change in net assets	194,154	53,637	247,791	12.7 %
Net assets, beginning of year	456,271	562,068	1,018,339	
Net assets, end of year	$ 650,425	$ 615,705	$ 1,266,130	

Healing Waters International, Inc.
And Affiliates

Consolidated Statement of Functional Expenses
Year Ended December 31, 2017
(See Independent Auditors' Report)

	Program	General and Administrative	Fund Raising	Total	Percentage of Total Revenue - $2,072,522
Salaries and benefits	$ 651,413	$ 52,022	$ 165,472	$ 868,907	41.9 %
Program expense	702,487	-	-	702,487	33.9
Office expense	89,423	6,769	30,925	127,117	6.1
Travel and entertainment	78,604	3,669	30,168	112,441	5.4
Promotion and advertising	2,610	3,632	31,943	38,185	1.8
Technology expense	18,098	2,439	2,470	23,007	1.1
Professional fees	27,583	43,537	2,812	73,932	3.6
Other expense	26,132	4,060	7,088	37,280	1.8
Total expenses before depreciation	1,596,350	116,128	270,878	1,983,356	95.7
Depreciation expense	16,485	71	204	16,760	0.8
Total expenses	$ 1,612,835	$ 116,199	$ 271,082	$ 2,000,116	96.5 %
Percentage of Total Expenses	80.6%	5.8%	13.6%	100.0%	

Healing Waters International, Inc.
And Affiliates

Consolidated Statement of Functional Expenses
Year Ended December 31, 2016
(See Independent Auditors' Report)

	Program	General and Administrative	Fund Raising	Total	Percentage of Total Revenue - $1,968,963
Salaries and benefits	$ 570,121	$ 62,747	$ 178,298	$ 811,166	41.2 %
Program expense	502,812	-	-	502,812	25.5
Office expense	79,849	5,034	25,867	110,750	5.6
Travel and entertainment	61,412	15,796	17,690	94,898	4.8
Promotion and advertising	1,592	3,196	29,081	33,869	1.7
Technology expense	20,114	2,678	3,760	26,552	1.4
Professional fees	22,482	43,355	3,437	69,274	3.5
Other expense	30,155	15,773	5,442	51,370	2.6
Total expenses before depreciation	1,288,537	148,579	263,575	1,700,691	86.4
Depreciation expense	19,462	184	835	20,481	0.9
Total expenses	$ 1,307,999	$ 148,763	$ 264,410	$ 1,721,172	87.3 %
Percentage of Total Expenses	76.1%	8.6%	15.3%	100.0%	

Healing Waters International, Inc.
And Affiliates

Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016
(See Independent Auditors' Report)

	2017	2016
Cash flows from operating activities:		
Cash received from sponsors, donors and others	$ 2,066,337	$ 1,968,008
Cash paid to suppliers and employees	(1,967,858)	(1,675,378)
Interest received	2,295	4,865
Net cash provided by operating activities	100,774	297,495
Cash flows from investing activities:		
Purchase of held to maturity investments	(150,000)	-
Purchases of property and equipment	-	(24,713)
Net cash used by investing activities	(150,000)	(24,713)
Net increase (decrease) in cash and cash equivalents	(49,226)	272,782
Cash and cash equivalents, beginning	1,258,930	986,148
Cash and cash equivalents, ending	$ 1,209,704	$ 1,258,930

(continued)
(See Notes to Consolidated Financial Statements)

Healing Waters International, Inc.
And Affiliates

Consolidated Statements of Cash Flows (continued)
Years Ended December 31, 2017 and 2016
(See Independent Auditors' Report)

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 72,406	$ 247,791
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,760	20,481
Interest income reinvested	(2,114)	-
(Increase) decrease in:		
Accounts receivable	(1,516)	4,315
Inventory	(10,901)	39,740
Prepaid expenses and other	224	216
Increase (decrease) in:		
Accounts payable	957	(24,563)
Accrued expenses	24,958	9,515
Net cash provided by operating activities	$ 100,774	$ 297,495

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations

Healing Waters International (HWI) is on a mission to end the global water crisis. We build holistic clean water solutions and spread God's love in at-risk communities around the world, empowering people not just to survive, but to thrive – physically, socially, and spiritually.

It starts with providing safe water, but water alone is not enough. Teaching healthy habits and business management skills provides an integrated solution. The interdependence of these elements is the key to changing lives and communities.

HWI begins with an assessment of a community's WASH (water, sanitation and hygiene) needs and then work with local leaders to develop the knowledge, tools and economic resources they need to ensure sustainable access to safe water. HWI then designs a Holistic WASH Solution with three primary components: water purification technology, sanitation & hygiene education and water micro-businesses.

Water Purification Systems

HWI's engineering team designs and implements water purification systems uniquely created for each community. They leverage simple, reliable, and powerful tools to provide a lasting supply of safe water and train the site partner in systems operation and maintenance.

Sanitation & Hygiene Education

Education has the power to transform people from the inside out. Sanitation & hygiene education teaches communities about the long-lasting effects of living healthy lives, from drinking safe water to hand washing, to properly cleaning food, as well as the health risks and alternatives to open defecation.

Water Micro-Businesses

HWI works with site partners to develop and implement a community-appropriate water distribution and sales model that when executed, produces income that covers system maintenance costs and can provide additional profit for reinvestment in the community.

HWI places the right tools and resources into the hands of local partners in order to equip them to serve the tangible needs of their communities. All holistic transformation water systems are locally owned and operated by an accountable site leadership team and is designed to have, at minimum, a 10-year life.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Nature of Operations (continued)

HWI is exempt from income taxes under Internal Revenue Code (the "Code") Section 50l(c)(3) and is not a private foundation under Section 509(a) of the Code. Contributions are HWI's primary source of support and revenue.

In connection with its overseas ministry, HWI maintains operations in countries outside the United States (Foreign Affiliates). The assets, liabilities, and activities of the foreign operations in Guatemala, Dominican Republic, Mexico, and Haiti are included in these consolidated financial statements.

Principles of consolidation

Due to the influence of control by HWI, foreign affiliates are considered to be controlled affiliates of HWI. The consolidated financial statements include the consolidated financial sources and activities of HWI and foreign affiliates. The financial sources and activities related to foreign affiliates have been identified under the Foreign Operations section at the end of note 1. All significant inter-entity balances and transactions have been eliminated.

Basis of presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 958-205. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

The consolidated financial statements of the Organization are prepared using the accrual method of accounting under accounting principles generally accepted in the United States of America whereby income is reported as earned and expenses reported as incurred.

Cash and cash equivalents

The Organization considers currency on hand, demand deposits with banks or other financial institutions, treasury bills, commercial paper, money market funds or other investments with original maturities of three months or less to be cash and cash equivalents. At December 31, 2017 and 2016, cash and cash equivalents consisted of currency on hand and demand deposits with banks and other financial institutions in which the deposits are guarantees by the Federal Deposit Insurance Corporation ("FDIC").

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents (continued)

The operating accounts of the Organization are held at institutions that are provided insurance up to $250,000 per FDIC-insured depository institution. Topic 825 of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), “Financial Instruments” identifies such accounts as a concentration of credit risk requiring disclosure regardless of the degree of risk. Risk related to deposits held outside of institutions participating in the above FDIC program is managed by maintaining deposits with high quality financial institutions. In addition, management does not believe that the Organization is exposed to any significant risk related to cash and cash equivalents.

Accounts receivable

Accounts receivable consists primarily of amounts due from the water systems. All amounts are considered fully collectible by management. Accordingly, no allowance for doubtful accounts has been recorded.

Inventory

Inventory consists of water bottles and caps, maintenance parts, and water system equipment which is recorded at the lower of cost or market on the first-in, first-out (FIFO) method.

Property, equipment and improvements

Property, equipment and improvements are stated at cost, or if donated, at the fair market value on the date of the gift. Property donated with restrictions regarding its use and contributions of cash to acquire property are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from temporarily restricted net assets to unrestricted net assets at that time. HWI capitalizes all fixed assets greater than $2,500. Depreciation and amortization is computed on the straight-line basis over estimated useful lives ranging from two to five years for all equipment and vehicles. Depreciation for traditional water systems is computed on the straight-line basis over the ownership period, ranging from two to five years, rather than their useful lives of fifteen years. As a result, depreciation expense is recognized at an accelerated rate due to HWI's intentions to transition ownership of the water systems over a two to five year period.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Property, equipment and improvements (continued)

Depreciation expense was approximately $16,800 and $20,500, for the years ended December 31, 2017 and 2016, respectively. Amortization expense, related to website development, computer equipment and software and leasehold improvements was $0, for the years ended December 31, 2017 and 2016.

Management has reviewed the assets in other countries and has determined that they are under the control and ownership of HWI. While such items are recognized as assets of HWI, it should be noted that the political situation in many countries is subject to rapid change. Therefore, the reader should be aware that while HWI believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in other countries. In addition, it should be understood that the carrying value of the assets in other countries may not be representative of the amount that would be realized should the asset be sold.

Contributions

Contributions are recorded when made, which may be when cash is received or unconditionally promised, or when ownership of donated assets is transferred to HWI. Contributions restricted by the donor for a specific purpose are recorded as support in the temporarily restricted class of net assets until funds have been expended by HWI for the purpose specified. Upon satisfaction of the restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Donated assets are recorded as contributions at their estimated fair value on the date of donation. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Revenue and expenses

Water sales revenue is recorded when earned, which is when water is distributed to customers. Other sales income and investment income are recorded when earned.

Expenses are reported when costs are incurred.

Allocations

The costs of providing various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated statements of functional expenses provide a detail of the natural classifications of those functional expenses.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Use of estimates in the preparation of consolidated financial statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Operations

In connection with its foreign affiliates, HWI has certain supporting facilities outside the United States. The account balances relating to foreign operations are reflected in the consolidated financial statements in United States dollars. Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position. Income and expenses for each consolidated statement of activities and changes in net assets are translated at exchange rates at the dates of the transactions. Changes in exchange rates subsequent to the date of the consolidated financial statements could have an impact on asset valuation and the organization's foreign operations.

Included in the consolidated statements of financial position are foreign affiliate assets of approximately $100,900 and $94,900 and liabilities of $118,700 and $97,000, as of December 31, 2017 and 2016, respectively. Included in the consolidated statements of activities is foreign affiliate support and revenue of approximately $121,100 and $141,400 for the years ended December 31, 2017 and 2016, respectively.

Net assets

The consolidated financial statements report amounts separately by class of net assets as follows:

- Unrestricted net assets are those currently available at the discretion of the board for use in HWI's operations and those resources invested in property, equipment and improvements.

- Temporarily restricted net assets are those contributed with donor stipulations for specific operating purposes or programs

2. Investments Held to Maturity

During 2017, the Organization invested in an investment fund through the purchase of two notes receivable which are classified as held to maturity and carried at amortized cost.

The first note has an outstanding balance of $100,000, a fixed interest rate of 3.31% payable monthly with a maturity date of June 15, 2018.

The second note has an outstanding balance of $50,000, a variable interest rate based on the three month LIBOR rate, adjusted monthly (1.90% as of December 31, 2017) with a maturity date of June 2023. However, the agreement with the investment fund allows for the Organization to redeem this investment upon its' request without prepayment penalty, in whole or in part, provided the balance is at least $10,000 during the preceding 90 days. While the Organization may not utilize this provision, management has determined that classification as a current asset is appropriate as of December 31, 2017.

At the election of the Organization, unpaid interest has been deferred and added to the principal balance and accrue interest based on the terms of the original notes. The underlying investments of the investment fund consists of mortgage loans to religious organizations for the acquisition, development, and/or renovation of churches or church-related properties. As of December 31, 2017, the balance of the notes, including unpaid interest, was $152,307.

As of December 31, 2017, the estimated fair value of the investments approximated their amortized cost, therefore, no significant unrealized gains or losses are reflected.

3. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of donations restricted by the donors and are available for the following purposes as of December 31, 2017 and 2016:

	2017	2016
Water Systems	$ 359,180	$ 210,395
Supplemental Projects and Grants	306,677	405,310
	$ 665,857	$ 615,705

4. Board Designated Net Assets

During 2014, the Board agreed to establish a reserve for severance costs related to field personnel and set aside funds to be used to fund the liability on an annual basis. As of December 31, 2017 and 2016, the amount of the reserve was $40,000 and $28,000, respectively.

5. Allocation of Functional Expenses

The costs of providing program services and supporting activities of HWI have been summarized on a functional basis in the consolidated statements of activities. Accordingly, costs relating to more than one function (such as salaries and facility costs) have been allocated between the program services and supporting activities benefited.

Functional expenses for the years ended December 31, 2017 and 2016 are as follows:

	2017	2016
Program services:		
U.S.	$ 903,009	$ 851,515
Affiliates	693,341	437,022
Total program services	1,596,350	1,288,537
Supporting services:		
General and administrative	116,128	148,579
Fundraising	270,878	263,575
	$ 1,983,356	$ 1,700,691

6. Commitments

In May 2011, HWI entered into a lease agreement for office space in Golden, Colorado which was amended to extend the lease to September 2021. The agreement, as amended, requires initial base rent of $4,024, increasing to $4,397 in the final year of the agreement.

The future minimum lease payments for years ending after December 31, 2017, are as follows:

Year Ended December 31,		
2018	$	48,649
2019		50,108
2020		51,612
2021		39,573
	$	189,942

Total rent expense for the years ended December 31, 2017 and 2016 was approximately $69,900 and $70,600, respectively.

7. Income Taxes

In July, 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109”, hereafter referred to as Topic 740 of the FASB ASC. Topic 740 clarifies the accounting for uncertainty in income tax positions and defines the threshold for recognizing the tax benefits of tax return filing positions in the consolidated financial statements as “more likely than not” to be sustained upon examination, based on the technical merits of the positions.

The Organization adopted the provisions of Topic 740 on July 1, 2009. The adoption of Topic 740 did not result in a material modification of the overall consolidated financial statements of the Organization as of and for the years ended December 31, 2017 and 2016. The Organization files tax returns in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. federal examinations by tax authorities for years before 2012.

7. Income Taxes (continued)

A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized. Tax positions which previously would have failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which the threshold is met. Conversely, previously recognized tax positions which no longer meet the more-likely-than-not recognition should be derecognized in the first subsequent financial reporting period in which the threshold is no longer met. Accrued interest related to tax positions deemed to meet the more-likely-than-not threshold is recognized in interest expense, and any applicable penalties related to such tax positions is recognized as an operating expense of the Organization.

8. Subsequent Events

Subsequent events have been evaluated by management as of the date of these consolidated financial statements. This date represents the date the consolidated financial statements were available to be issued.

Supplemental Information
(See Independent Auditors’ Report on Supplemental Information)

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CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Healing Waters International, Inc. and Affiliates
Golden, Colorado

Independent Auditors' Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The following consolidating statements financial position and activities as of and for the years ended December 31, 2017 and 2016 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Stratagem PC
Certified Public Accountants

Lakewood, Colorado

March 12, 2018

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Healing Waters International, Inc.
And Affiliates

Consolidating Statement of Financial Position
December 31, 2017
(See Auditors' Report on Supplemental Information)

Assets

	U.S.	Foreign Affiliates	Total
Cash and cash equivalents	$ 1,176,660	$ 33,044	$ 1,209,704
Investments held to maturity	152,307	-	152,307
Accounts receivable	-	23,104	23,104
Inventory	50,621	21,475	72,096
Prepaid expenses and other	22,745	-	22,745
Property, equipment and improvements, net	554	23,279	23,833
Total assets	$ 1,402,887	$ 100,902	$ 1,503,789

Liabilities and Net Assets

	U.S.	Foreign Affiliates	Total
Liabilities:			
Accounts payable	$ 25,785	$ -	$ 25,785
Accrued expenses	20,778	118,690	139,468
Total liabilities	46,563	118,690	165,253
Net assets:			
Unrestricted:			
Operating	689,913	(81,067)	608,846
Board designated	-	40,000	40,000
Investment in property, equipment and improvements	554	23,279	23,833
Total unrestricted	690,467	(17,788)	672,679
Temporarily restricted	665,857	-	665,857
Total net assets	1,356,324	(17,788)	1,338,536
Total liabilities and net assets	$ 1,402,887	$ 100,902	$ 1,503,789

Healing Waters International, Inc.
And Affiliates

Consolidating Statement of Financial Position
December 31, 2016
(See Auditors' Report on Supplemental Information)

Assets

	U.S.	Foreign Affiliates	Total
Cash and cash equivalents	$ 1,237,397	$ 21,533	$ 1,258,930
Accounts receivable	-	21,588	21,588
Inventory	48,547	12,648	61,195
Prepaid expenses and other	22,969	-	22,969
Property, equipment and improvements, net	1,661	39,125	40,786
Total Assets	$ 1,310,574	$ 94,894	$ 1,405,468

Liabilities and Net Assets

	U.S.	Foreign Affiliates	Total
Liabilities:			
Accounts payable	$ 24,828	$ -	$ 24,828
Accrued expenses	17,523	96,987	114,510
Total liabilities	42,351	96,987	139,338
Net assets:			
Unrestricted:			
Operating	650,857	(69,218)	581,639
Board designated	-	28,000	28,000
Investment in property, equipment and improvements	1,661	39,125	40,786
Total unrestricted	652,518	(2,093)	650,425
Temporarily restricted	615,705	-	615,705
Total net assets	1,268,223	(2,093)	1,266,130
Total liabilities and net assets	$ 1,310,574	$ 94,894	$ 1,405,468

Healing Waters International, Inc.
And Affiliates

Consolidating Statement of Activities
Year Ended December 31, 2017
(See Auditors' Report on Supplemental Information)

	U.S.	Foreign Affiliates	Total
Support and revenue:			
Contributions	$ 1,941,954	$ -	$ 1,941,954
Water sales	-	110,673	110,673
Other sales income	-	8,044	8,044
Other income	9,485	2,366	11,851
Total support and revenue	1,951,439	121,083	2,072,522
Expenses:			
Program:			
Salaries and benefits	376,769	274,644	651,413
Program expense	386,555	315,932	702,487
Office expense	62,061	27,362	89,423
Travel and entertainment	43,007	35,597	78,604
Promotion and advertising	-	2,610	2,610
Technology expense	12,377	5,721	18,098
Professional fees	7,589	19,994	27,583
Other expense	14,651	11,481	26,132
Total program expenses	903,009	693,341	1,596,350
General and administrative:			
Salaries and benefits	52,022	-	52,022
Office expense	6,769	-	6,769
Travel and entertainment	3,669	-	3,669
Promotion and advertising	3,632	-	3,632
Technology expense	2,439	-	2,439
Professional fees	43,537	-	43,537
Other expense	4,060	-	4,060
Total general and administrative expenses	116,128	-	116,128
Fundraising:			
Salaries and benefits	165,472	-	165,472
Office expense	30,925	-	30,925
Travel and entertainment	30,168	-	30,168
Promotion and advertising	31,943	-	31,943
Technology expense	2,470	-	2,470
Professional fees	2,812	-	2,812
Other expense	7,088	-	7,088
Total fundraising expenses	270,878	-	270,878
Total expenses before depreciation	1,290,015	693,341	1,983,356
Transfer of funds to foreign affiliates	(572,216)	572,216	-
Change in net assets before depreciation	89,208	(42)	89,166
Other expense:			
Depreciation	(1,107)	(15,653)	(16,760)
Change in net assets	88,101	(15,695)	72,406
Net assets, beginning of year	1,268,223	(2,093)	1,266,130
Net assets, end of year	$ 1,356,324	$ (17,788)	$ 1,338,536

Healing Waters International, Inc.
And Affiliates

Consolidating Statement of Activities
Year Ended December 31, 2016
(See Auditors' Report on Supplemental Information)

	U.S.	Foreign Affiliates	Total
Support and revenue:			
Contributions	$ 1,821,143	$ -	$ 1,821,143
Water sales	-	131,284	131,284
Other sales income	-	8,145	8,145
Other income	6,448	1,943	8,391
			-
Total support and revenue	1,827,591	141,372	1,968,963
Expenses:			
Program:			
Salaries and benefits	359,145	210,976	570,121
Program expense	360,439	142,373	502,812
Office expense	56,460	23,389	79,849
Travel and entertainment	36,173	25,239	61,412
Promotion and advertising	-	1,592	1,592
Technology expense	14,530	5,584	20,114
Professional fees	4,712	17,770	22,482
Other expense	20,056	10,099	30,155
Total program expenses	851,515	437,022	1,288,537
General and administrative:			
Salaries and benefits	62,747	-	62,747
Office expense	5,034	-	5,034
Travel and entertainment	15,796	-	15,796
Promotion and advertising	3,196	-	3,196
Technology expense	2,678	-	2,678
Professional fees	43,355	-	43,355
Other expense	15,773	-	15,773
Total general and administrative expenses	148,579	-	148,579
Fundraising:			
Salaries and benefits	178,298	-	178,298
Office expense	25,867	-	25,867
Travel and entertainment	17,690	-	17,690
Promotion and advertising	29,081	-	29,081
Technology expense	3,760	-	3,760
Professional fees	3,437	-	3,437
Other expense	5,442	-	5,442
Total fundraising expenses	263,575	-	263,575
Total expenses before depreciation	1,263,669	437,022	1,700,691
Transfer of funds to foreign affiliates	(311,552)	311,552	-
Change in net assets before depreciation	252,370	15,902	268,272
Other expense:			
Depreciation	(3,535)	(16,946)	(20,481)
Change in net assets	248,835	(1,044)	247,791
Net assets, beginning of year	1,019,388	(1,049)	1,018,339
Net assets, end of year	$ 1,268,223	$ (2,093)	$ 1,266,130