

Wine To Water

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2018

COHN  REZNICK
ACCOUNTING • TAX • ADVISORY

Wine To Water

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8

Independent Auditor's Report

To the Board of Directors
Wine To Water

Report on the Financial Statements

We have audited the accompanying financial statements of Wine To Water, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 controls relevant to the preparation and fair presentation of 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wine To Water as of June 30, 2018, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Charlotte, North Carolina
April 11, 2019

Wine To Water

**Statement of Financial Position
June 30, 2018**

Assets

Current assets	
Cash and cash equivalents	\$ 169,730
Accounts receivable	90,996
Inventory	82,209
Prepaid expenses	33,006
Notes receivable, net of allowance (\$4,362)	-
	<hr/>
Total current assets	375,941
	<hr/>
Property and equipment	
Building and improvements	1,005,809
Computers and office equipment	37,620
Furniture and fixtures	11,203
Land	331,000
	<hr/>
	1,385,632
Less accumulated depreciation	<hr/> (44,780)
	<hr/>
Total property and equipment	1,340,852
	<hr/>
Total assets	<u><u>\$ 1,716,793</u></u>

Wine To Water

**Statement of Financial Position
June 30, 2018**

Liabilities

Current liabilities	
Accounts payable	\$ 82,015
Deferred revenue	60,945
Real estate taxes payable	4,611
Accrued bonuses	85,980
Accrued interest	15,836
Current maturities of long-term debt	<u>64,741</u>
Total current liabilities	<u>314,128</u>
Long-term liabilities	
Notes payable	<u>1,006,326</u>
Total long-term liabilities	<u>1,006,326</u>
Total liabilities	<u>1,320,454</u>
Net assets	
Unrestricted net assets	344,593
Temporarily restricted net assets	<u>51,746</u>
Total net assets	<u>396,339</u>
Total liabilities and net assets	<u>\$ 1,716,793</u>

See Notes to Financial Statements.

Wine To Water

Statement of Activities and Changes in Net Assets Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support			
Contribution revenue	\$ 1,301,852	\$ 51,746	\$ 1,353,598
Program revenue	827,831	-	827,831
Event revenue	9,792	-	9,792
Rental revenue	43,065	-	43,065
Other revenue	24,596	-	24,596
	<u>2,207,136</u>	<u>51,746</u>	<u>2,258,882</u>
Total revenue and other support			
Expenses			
Program services			
Awareness and filter program	1,141,405	-	1,141,405
Volunteer program	283,902	-	283,902
Support services			
General and administrative	244,084	-	244,084
Fundraising	268,575	-	268,575
	<u>1,937,966</u>	<u>-</u>	<u>1,937,966</u>
Total expenses			
Changes in net assets	269,170	51,746	320,916
Net assets at beginning of year	<u>75,423</u>	<u>-</u>	<u>75,423</u>
Net assets at end of year	<u>\$ 344,593</u>	<u>\$ 51,746</u>	<u>\$ 396,339</u>

See Notes to Financial Statements.

Wine To Water

Statement of Functional Expenses Year Ended June 30, 2018

	Program Services			Support Services			Total
	Water Program	Volunteer Program	Total Programs	General & Administrative	Fundraising	Total Support	
Grant expense	\$ 296,074	\$ 121,022	\$ 417,096	\$ -	\$ -	\$ -	\$ 417,096
Direct program expense	106,686	369	107,055	-	-	-	107,055
Freight expense	30,612	-	30,612	-	-	-	30,612
Salaries and wages	424,431	84,870	509,301	158,266	170,675	328,941	838,242
Professional fees	68,456	20,979	89,435	3,054	4,930	7,984	97,419
Marketing expense	61,543	3,325	64,868	226	37,766	37,992	102,860
Office expense	24,145	12,657	36,802	11,857	41,304	53,161	89,963
Miscellaneous expense	15,456	740	16,196	8,430	10,097	18,527	34,723
Travel expense	86,047	33,860	119,907	270	2,205	2,475	122,382
Depreciation expense	5,118	-	5,118	23,475	852	24,327	29,445
Interest expense	6,954	-	6,954	32,749	-	32,749	39,703
Insurance expense	6,926	6,080	13,006	2,461	746	3,207	16,213
Real estate tax expense	8,957	-	8,957	-	-	-	8,957
Loss on disposal of fixed assets	-	-	-	3,296	-	3,296	3,296
	<u>\$ 1,141,405</u>	<u>\$ 283,902</u>	<u>\$ 1,425,307</u>	<u>\$ 244,084</u>	<u>\$ 268,575</u>	<u>\$ 512,659</u>	<u>\$ 1,937,966</u>

See Notes to Financial Statements.

Wine To Water

Statement of Cash Flows Year Ended June 30, 2018

Cash flows from operating activities	
Changes in net assets	\$ 320,916
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities	
Depreciation	29,445
Loss on disposal of fixed assets	3,296
Net changes in assets and liabilities that provided(used) cash	
Accounts receivable	(55,265)
Inventory	(65,992)
Prepaid expenses	(32,889)
Accounts payable	24,249
Deferred revenue	(31,621)
Real estate taxes payable	9,089
Accrued bonuses	8,715
Accrued interest	11,565
	<hr/>
Net cash provided by (used in) operating activities	221,508
	<hr/>
Cash flows from investing activities	
Purchases of property and equipment	(148,730)
	<hr/>
Net cash provided by (used in) investing activities	(148,730)
	<hr/>
Cash flows from financing activities	
Payment of notes payable	(57,649)
	<hr/>
Net cash provided by (used in) financing activities	(57,649)
	<hr/>
Net increase (decrease) in cash and cash equivalents	15,129
Cash and cash equivalents at beginning of year	154,601
	<hr/>
Cash and cash equivalents at end of year	\$ 169,730
	<hr/> <hr/>
Supplemental disclosure of cash flow information	
Cash paid for interest	\$ 15,836
	<hr/> <hr/>
Supplemental disclosure of non-cash activity	
Fixed asset additions	\$ 34,183
Accounts payable	(34,183)
	<hr/> <hr/>
Total	\$ -
	<hr/> <hr/>

See Notes to Financial Statements.

Wine To Water

Notes to Financial Statements June 30, 2018

Note 1 - Organization

Wine To Water ("Organization") was organized in 2007 as a charitable organization for the advancement of water availability and education and is headquartered in Boone, North Carolina.

The Organization is committed to support life and dignity for all through the power of clean water through water access programs, water, sanitation and hygiene training, and safe water management, efforts all led by local social mobilizers. The Organization sees water as a catalyst for community transformation that goes much deeper than the well. The Organization engages its supporters in service opportunities, emphasizing education and awareness of the water crisis.

The Organization is a highly dedicated group of individuals united to make a significant difference in our local and global communities. The Organization goes beyond the staff in the office and field as much of the Organization's greatest work can be done by ordinary people making an extraordinary difference. Individuals and corporations alike have partnered with the Organization to bring clean water to communities all around the world, putting their drop in the bucket to create a powerful ripple effect.

By leveraging financial support from contributions and coupling international volunteer service and water filter build opportunities, the Organization is able to provide clean water to those in need from the Amazon jungle to the mountains of Nepal to the Caribbean communities of the Dominican Republic and beyond.

Note 2 - Summary of significant accounting policies

Basis of presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Additionally, information is required to segregate program service expenses from support expenses. Support expenses include management and fundraising expenses.

Revenue recognition

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as unrestricted revenues. The expiration of temporary restrictions on net assets (i.e. the donor imposed stipulated purpose has been fulfilled, or the stipulated time-period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Unconditional pledges receivable that are expected to be collected within a year are recorded at their net realizable value when the donor makes the promise. Unconditional pledges receivable that are expected to be collected in future years are recorded at the present value of their established future cash flows.

Grants and sponsorships that are received prior to recognition are recorded as deferred revenue.

Wine To Water

Notes to Financial Statements June 30, 2018

Donated goods and services

Donated services, when significant and measurable as to value, are reflected in the statement of activities as contributions when provided. In addition, a substantial number of volunteers have donated a significant amount of time to the Organization. These donated services have not been recognized as contributions in the financial statements since the recognition criteria, as stated by generally accepted accounting principles, were not met. Certain professional services are donated to the Organization by various organizations. Since these donated services meet the criteria for recognition, as stated by generally accepted accounting principles, they are recorded at fair value at the date of donation. The Organization also receives donated goods valued based at fair market value at the date of the contribution. During the year ended June 30, 2018, the Organization received donated goods, consisting of wine bottle inventory, in the amount of \$20,160.

Net assets

The Organization classifies net assets as unrestricted, temporarily restricted or permanently restricted.

Temporarily restricted net assets of the Organization result: (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Organization pursuant to those stipulations. There are temporarily restricted net assets in the amount of \$51,746 as of June 30, 2018.

Permanently restricted net assets of the Organization result: (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations and (c) from reclassifications from (or to) other classes of net assets as a consequence of donor-imposed stipulations. The Organization has not received any permanently restricted contributions. There are no permanently restricted net assets as of June 30, 2018.

Receivables

The Organization records accounts receivable at total unpaid balances for water filter builds and volunteer trips, which approximates estimated fair value. At year end, the Organization determined that all receivables were collectible.

Property and equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Asset lives range from 15 to 40 years for building and improvements, and 3 to 7 years for software, office equipment, furniture and fixtures, and vehicles. The Organization's capitalization threshold is \$500.

Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized.

Rental income

Rental income is recognized on a straight-line basis over the life of the related lease. Rental payments received in advance are classified as deferred revenue. The lease between the Organization and the tenant of the property is an operating lease.

Wine To Water

Notes to Financial Statements June 30, 2018

Impairment of long-lived assets

The Organization reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the year ended June 30, 2018.

Deferred revenue

Volunteer and filter build revenue received are recorded as deferred revenue and recognized as income in the period earned.

Income taxes

The Organization is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, certain activities not directly related to the Organization's tax-exempt purpose are subject to taxation. The Organization's primary activity subject to taxation includes rental income.

The Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS generally for three years after they were filed. While none of the Organization's income tax returns are currently being examined by the Internal Revenue Service, tax years since the year ended June 30, 2015, remain open for potential examination.

Functional allocations of expenses

The costs of providing the various programs and the administration of the Organization have been summarized on a functional basis in the statement of functional expenses. Certain costs have been allocated on the basis of time records and estimates made by the Organization's management.

Program services

Water Program

The Organization carries out effective water programs through investment in the training, development, technology, and evaluation of its core field programs. Currently, the Organization supports the operations of three international field offices in Nepal, the Dominican Republic, and Colombia. This means that, in each of these three countries, a network of qualified nationals implement sustainable clean water solutions catered to meet the specific country's needs. Outside of these field offices, the Organization is constantly branching into new territories through organizational partnerships and disaster relief preparedness through filtration.

This year, the Organization distributed 7,086 filters, constructed or rehabilitated 61 wells, built 29 latrines, and led 11 W.A.S.H. (Water, Sanitation & Hygiene) trainings in 54 global communities. These efforts impacted 87,833 lives with clean water.

Dominican Republic and Haiti - Communities of the Dominican Republic and Haiti are facing many challenges as a result of extreme poverty and the lack of access to clean water. Many individuals have to spend limited resources on packaged water, while others resort to drinking water that puts them at risk of becoming chronically ill. In this particular region of the world, the Organization is using ceramic water filters to combat the Global Water Crisis. Created in the Dominican Republic factory, the Organization utilizes local resources such as clay, sawdust, and antibacterial silver to develop a life-changing form of technology. To create truly sustainable and safely manageable water solutions, the

Wine To Water

Notes to Financial Statements June 30, 2018

Organization also ensures that all recipients of ceramic filters are well-informed on how to properly use and maintain their filters. Through innovative technology, education programs, and the phenomenal ground team, the Organization is changing the water landscape in the Dominican Republic and Haiti.

Nepal - This year, Nepal programs focused on developing a water and sanitation solution for the community of Riatole. Although the area was home to a few wells, there was no sanitary water system to sustain the whole population. With the help of community members, the Organization was able to quickly implement a Deep-Boring Solar Pumping Household Tap system along with eco- sand latrines for household sanitation. Riatole then transitioned into the next project phase as community members were trained on how to properly use and maintain their new water system. This education ensures that the community is empowered with the knowledge to have ownership of their water system. Riatole has set the new standard for the Organization's water programs moving forward. It has truly revolutionized the Organization's project approach into a complex, long-lasting sustainable program. The relationships built are deeper than any water system and allow programs to continue to provide support and foster growth in these people long after water is provided. The Organization believes water is just the start and the growth that can come to a community after the water is provided is exponential. The Organization's long-term approach ensures continued support of that growth.

Colombia - Colombia is as diverse in its culture as it is in its water problems. Despite having the largest tributary in the world, the water from this region of the Amazon is contaminated due to the constant flow of water between the major cities of the Amazonian River. Regions like La Guajira, Huila and Tolima experience regular dry seasons that can cause residents to go without water for up to five months, while mining exploitation and drug production overconsume and contaminate vital natural resources. This year, the Organization has implemented water tanks, repaired damaged wells, and distributed filters to communities in Colombia. In the village of Toribio Cauca, nearly the entire population received filters. The Organization was also able to visit the area of La Guajira to begin planning projects with new partners. The Colombian communities affected by water contamination and scarcity are learning to better conserve natural resources and participate more actively in filter deliveries and training sessions. By working in partnership with those affected most by the Global Water Crisis, communities like these in Colombia become an instrumental part of the solution.

East Africa – The Organization's projects in this Ethiopia and Uganda focus on providing secure, local water sources to communities through filter distributions, wells, and a solar-powered groundwater pumping system. These areas in East Africa have reliable sources of groundwater, which can provide safe and easily accessible drinking water through manual percussion well drilling. Therefore, current programs are focused on well rehabilitation, well drilling, sanitation education, and training subsistence farmers in conservation agriculture to help them prepare for recurring droughts. This year in Ethiopia, the Organization assisted in implementing a solar-powered groundwater pumping system in the community of Adulala. This technology is a practical, affordable way to provide safe drinking water to the entire community for up to 20 years. Locals have also become involved in supporting the system with their own Water Use Committee to maintain, manage, and protect their water source, ensuring that every individual has the right to clean water.

Wine To Water

Notes to Financial Statements

June 30, 2018

Relief - In the face of natural disasters, the Organization is ready to respond to crisis situations through filters sponsored and assembled through filter build events. This year, the Organization's supporters participated in 57 filter builds that allowed the organization to send filters to areas in need of disaster relief such as Cuba, Puerto Rico, and Texas. With thousands displaced by hurricanes and left with no access to clean water, the Organization's international team responded quickly to devastation in Puerto Rico and Cuba. Filters were distributed to more than 40 communities, providing more than 19,000 people with safe drinking water. In the aftermath of Hurricane Harvey, the Organization partnered with a group of students from Texas A&M University to distribute filters.

Volunteer Program

The Organization provides the opportunity for individuals to serve alongside field staff and connect with communities around the world through the power of clean water. By working so closely with others from across social and cultural boundaries, volunteers learn how community plays such an important role in creating a lasting impact. This year, 362 volunteers served for a total of 50,372 hours on 34 global service experiences in seven countries. While the Volunteer Program works hard to make a difference in the lives of those served, it also aspires to provide an unforgettable experience for those who serve. Ninety-seven percent of volunteers surveyed this year said that their lives were changed for the better by their experience.

Use of estimates

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

Note 3 - Concentration of credit risk

The Organization places its cash and cash equivalents with financial institutions in the United States. The Federal Deposit Insurance Corporation ("FDIC") covers up to \$250,000 for substantially all depository accounts. The Organization's cash accounts do not exceed these limits as of June 30, 2018.

Note 4 - Inventory

The Organization has two major inventory classes, including water filters and bottles of wine. The water filter inventory is used in connection with the Organization's awareness and filter program. Water filter inventory includes both unassembled and assembled filters and is not subject to inventory obsolescence. The Organization uses wine inventory for fundraising and promotional events. During the year ended June 30, 2018, the Organization received a donation of inventory from Westerly Wine with a fair value of \$20,160. The Organization's wine inventory is not subject to inventory obsolescence.

Wine To Water

Notes to Financial Statements June 30, 2018

The following is a summary of inventory as of June 30, 2018:

Water filters	\$ 64,509
Wine bottles	<u>17,700</u>
	<u>\$ 82,209</u>

Note 5 - Note receivable

Promissory note

On August 27, 2015, the Organization entered into a loan agreement with an unrelated third party for \$9,000. The note bears interest at the rate of 5% with a maturity date of February 27, 2017. Payments of principal and interest of \$320 are due on the 27th day of each month. The principal balance as of June 30, 2018 is \$4,362. No accrued interest associated with the note is receivable as of June 30, 2018.

Allowance for doubtful accounts

The Organization stopped receiving scheduled payments associated with the note in October 2016. Once payments stopped, the Organization stopped accruing interest on the note. The collectibility of remaining scheduled payments is considered remote. The allowance for doubtful accounts as of June 30, 2018 is \$4,362.

Note 6 - Employee bonuses

The Organization distributes employee bonuses following the fiscal year end and in an amount up to 15 percent of each employee's salary. Employee bonus amounts are based on employee performance and organization benchmarks. Employee bonuses payable for the year ended June 30, 2018 are \$85,980.

Note 7 - Notes payable

Promissory note - Paul Coffey

On February 2, 2017, the Organization entered into a loan agreement with Paul Coffey for \$650,000. The loan bears interest at the rate of 3.5% with a maturity date of December 10, 2022. Payments of principal and interest of \$4,647 are due on the 10th day of each month. The principal balance as of June 30, 2018 is \$446,774. Interest expense and accrued interest for the related note as of June 30, 2018 is \$16,502 and \$1,323, respectively. The current maturity of the loan as of June 30, 2018 is \$40,655.

Promissory note - Marone A Mi, LLC

On February 14, 2017, the Organization entered into a loan agreement with Marone A Mi, LLC for \$350,000. The loan bears interest at the rate of 3.5% with a maturity date of February 1, 2032. Payments of principal and interest of \$2,502 are due on the 10th day of each month. The principal balance as of June 30, 2018 is \$324,293. Interest expense and accrued interest for the related note as of June 30, 2018 is \$11,697 and \$950, respectively. The current maturity of the loan as of June 30, 2018 is \$18,925.

Promissory note - Dickson and Amber Hendley

On March 13, 2017, the Organization entered into a loan agreement with Dickson and Amber Hendley for \$100,000. The loan bears interest at the rate of 3.5% with a maturity date of March 13,

Wine To Water

Notes to Financial Statements June 30, 2018

2027. Payments of interest only are due on the 13th day of each month. The principal balance as of June 30, 2018 is \$100,000. Interest expense and accrued interest as of June 30, 2018 is \$3,500 and \$4,521, respectively.

Dickson Hendley is the president of the Organization and an active member of the Board of Directors.

Promissory note - Jeff Hendley

On March 13, 2017, the Organization entered into a loan agreement with Jeff Hendley for \$100,000. The loan bears interest at the rate of 3.5% with a maturity date of June 1, 2027. Payments of principal and interest of \$715 are due on the 1st day of each month, commencing July 1, 2018. The principal balance as of June 30, 2018 is \$100,000. Interest expense and accrued interest as of June 30, 2018 is \$3,500 and \$4,521, respectively. The current maturity of the loan as of June 30, 2018 is \$4,991.

Promissory note - Kathleen Serano

On March 13, 2017, the Organization entered into a loan agreement with Kathleen Serano for \$100,000. The loan bears interest at the rate of 3.5% with a maturity date of March 13, 2027. Payments of interest of only are due on the 13th day of each month. The principal balance as of June 30, 2018 is \$100,000. Interest expense and accrued interest as of June 30, 2018 is \$3,500 and \$4,521, respectively.

Following is a summary of all notes payable as of June 30, 2018:

Lender Name	Paul Coffey	Marone A Mi, LLC	Dickson and Amber Hendley	Jeff Hendley	Kathleen Serano	Total
Original amount	\$ 650,000	\$ 350,000	\$ 100,000	\$ 100,000	\$ 100,000	
Maturity date	12/10/2022	2/1/2032	3/13/2027	6/1/2027	3/13/2027	
Payment terms	Monthly	Monthly	Interest only	Monthly	Interest only	
Interest rate	3.5%	3.5%	3.5%	3.5%	3.5%	
Monthly principal and interest	\$ 4,647	\$ 2,502	\$ 292	\$ 715	\$ 292	
6/30/2018 Accrued interest	\$ 1,323	\$ 950	\$ 4,521	\$ 4,521	\$ 4,521	\$ 15,836
2018 Interest expense	\$ 16,502	\$ 11,697	\$ 3,500	\$ 3,500	\$ 3,500	\$ 38,699
Principal payments due in the following years:						
2019	\$ 40,655	\$ 18,925	\$ -	\$ 4,991	\$ -	\$ 64,571
2020	42,101	19,598	-	5,169	-	66,868
2021	43,599	20,295	-	5,323	-	69,217
2022	45,149	21,017	-	5,543	-	71,709
2023	275,270	21,764	-	5,935	-	302,969
Thereafter	-	222,694	100,000	73,039	100,000	495,733
Outstanding Balance June 30, 2018	<u>\$ 446,774</u>	<u>\$ 324,293</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 1,071,067</u>

Wine To Water

Notes to Financial Statements June 30, 2018

Note 8 - Rental income

On March 13, 2017, the Organization entered into a lease agreement with Ransom, Inc., ("commercial tenant"). The term of the lease is for 60 months and will end following payment received on March 1, 2022. The commercial tenant has agreed to make monthly payments in the amount of \$7,500 per month for the duration of the lease term. Rental income for the year ended June 30, 2018, was \$43,065. Estimated rental income for each of the ensuing years through June 30, 2023 is as follows:

2019	\$	90,000
2020		90,000
2021		90,000
2022		90,000
2023		45,000
Thereafter		<u>-</u>
Total	\$	<u><u>405,000</u></u>

Note 9 - Subsequent events

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through April 11, 2019 (date which the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require either recognition or additional disclosure in th financial statements.

COHN  REZNICK
ACCOUNTING • TAX • ADVISORY

Independent Member of Nexia International

cohnreznick.com