Wine To Water

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

June 30, 2019 and 2018

CohnReznick
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Wine To Water

Index

Independent Auditor's Report

To Management
Wine To Water

Report on the Financial Statements

We have audited the accompanying financial statements of Wine To Water, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 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 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, 2019 and 2018, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CohnReznick LLP

Charlotte, North Carolina
December 6, 2019

Wine To Water

Statements of Financial Position
June 30, 2019 and 2018

Assets

	2019	2018
Current assets		
Cash and cash equivalents	$ 161,827	$ 169,730
Accounts receivable	40,647	90,996
Inventory	81,498	82,209
Prepaid expenses	16,042	33,006
Notes receivable, net of allowance ($4,362)	-	-
Total current assets	300,014	375,941
Property and equipment		
Building and improvements	1,149,871	1,005,809
Computers and office equipment	36,404	37,620
Furniture and fixtures	11,203	11,203
Land	331,000	331,000
	1,528,478	1,385,632
Less accumulated depreciation	(93,873)	(44,780)
Total property and equipment	1,434,605	1,340,852
Total assets	$ 1,734,619	$ 1,716,793

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Statements of Financial Position
June 30, 2019 and 2018

Liabilities and Net Assets

	2019	2018
Current liabilities		
Accounts payable	$ 76,783	$ 82,015
Deferred revenue	27,261	60,945
Real estate taxes payable	10,921	4,611
Accrued bonuses	9,149	85,980
Accrued retirement contributions	15,932	-
Accrued interest	22,836	15,836
Current maturities of long-term debt	67,048	64,741
Lines of credit	104,019	-
Total current liabilities	333,949	314,128
Long-term liabilities		
Notes payable	943,807	1,006,326
Total long-term liabilities	943,807	1,006,326
Total liabilities	1,277,756	1,320,454
Net assets		
Net assets without donor restrictions	456,863	344,593
Net assets with donor restrictions	-	51,746
Total net assets	456,863	396,339
Total liabilities and net assets	$ 1,734,619	$ 1,716,793

See Notes to Financial Statements.

Wine To Water

Statement of Activities and Changes in Net Assets
Year Ended June 30, 2019

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenues and other support			
Contribution revenue	$ 1,308,066	$ -	$ 1,308,066
Program revenue	864,868	-	864,868
Conference and workshop revenue	65,152	-	65,152
Rental revenue	78,788	-	78,788
Other revenue	36,549	-	36,549
	2,353,423	-	2,353,423
Net assets released from restrictions	51,746	(51,746)	-
Total revenue and other support	2,405,169	(51,746)	2,353,423
Expenses			
Program services			
Water program	1,671,623	-	1,671,623
Support services			
General and administrative	305,659	-	305,659
Fundraising	315,617	-	315,617
Total expenses	2,292,899	-	2,292,899
Changes in net assets	112,270	(51,746)	60,524
Net assets at beginning of year	344,593	51,746	396,339
Net assets at end of year	$ 456,863	$ -	$ 456,863

Wine To Water

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

	Net assets without donor restrictions	Net assets with donor restrictions	Total
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
	2,207,136	51,746	2,258,882
Net assets released from restrictions	-	-	-
Total revenue and other support	2,207,136	51,746	2,258,882
Expenses			
Program services			
Water program	1,141,405	-	1,141,405
Global experiences	283,902	-	283,902
Support services			
General and administrative	244,084	-	244,084
Fundraising	268,575	-	268,575
Total expenses	1,937,966	-	1,937,966
Changes in net assets	269,170	51,746	320,916
Net assets at beginning of year	75,423	-	75,423
Net assets at end of year	$ 344,593	$ 51,746	$ 396,339

See Notes to Financial Statements.

Wine To Water

Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services	Support Services			
	Water Program	General and Administrative	Fundraising	Total Support	Total
Grant expense	$ 329,937	$ -	$ -	$ -	$ 329,937
Direct program expense	140,168	-	-	-	140,168
Freight expense	10,944	-	-	-	10,944
Salaries and wages	843,945	155,704	199,766	355,470	1,199,415
Professional fees	-	9,820	-	9,820	9,820
Marketing expense	118,766	-	54,686	54,686	173,452
Office expense	47,949	63,608	44,820	108,428	156,377
Miscellaneous expense	817	2,003	216	2,219	3,036
Travel expense	129,459	1,969	14,312	16,281	145,740
Depreciation expense	17,841	32,203	1,037	33,240	51,081
Interest expense	14,424	25,742	-	25,742	40,166
Insurance expense	17,373	4,272	780	5,052	22,425
Real estate tax expense	-	9,033	-	9,033	9,033
Loss on disposal of fixed assets	-	1,305	-	1,305	1,305
	$ 1,671,623	$ 305,659	$ 315,617	$ 621,276	$ 2,292,899

Wine To Water

Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services			Support Services			
	Water Program	Global Experiences	Total Programs	General and Administrative	Fundraising	Total Support	Total
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
	$ 1,141,405	$ 283,902	$ 1,425,307	$ 244,084	$ 268,575	$ 512,659	$ 1,937,966

See Notes to Financial Statements.

Wine To Water

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Changes in net assets	$ 60,524	$ 320,916
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	51,081	29,445
Loss on disposal of fixed assets	1,305	3,296
Net changes in assets and liabilities that provided (used) cash		
Accounts receivable	50,349	(55,265)
Inventory	711	(65,992)
Prepaid expenses	16,964	(32,889)
Accounts payable	(5,232)	24,249
Deferred revenue	(33,684)	(31,621)
Real estate taxes payable	6,310	9,089
Accrued bonuses	(76,831)	8,715
Accrued retirement contributions	12,639	-
Accrued interest	7,000	11,565
Net cash provided by (used in) operating activities	91,136	221,508
Cash flows from investing activities		
Purchases of property and equipment	(142,846)	(148,730)
Net cash provided by (used in) investing activities	(142,846)	(148,730)

Wine To Water

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from financing activities		
Payment of notes payable	(60,212)	(57,649)
Advances on lines of credit	107,499	-
Payments on lines of credit	(3,480)	-
Net cash provided by (used in) financing activities	43,807	(57,649)
Net increase (decrease) in cash and cash equivalents	(7,903)	15,129
Cash and cash equivalents at beginning of year	169,730	154,601
Cash and cash equivalents at end of year	$ 161,827	$ 169,730
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 33,166	$ 15,836
Supplemental disclosure of non-cash activity		
Fixed asset additions	$ -	$ 34,183
Accounts payable	-	(34,183)
Total	$ -	$ -

See Notes to Financial Statements.

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.

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 to the mountainous regions of Tanzania, 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 two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. 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 with restriction or without restriction, 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 without donor restriction revenues. The expiration of 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.

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. The Organization also receives donated goods valued based at fair market value at the date of the contribution. During the years ended

June 30, 2019 and 2018, the Organization received donated goods, consisting of wine bottle inventory, in the amount of $0 and $20,160, respectively.

Net assets
The Organization classifies net assets as with donor restrictions or without donor restrictions.

Net assets with donor restrictions result: (a) from contributions and other inflows of assets whose use by Wine To Water 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 Wine To Water pursuant to those stipulations. There are net assets with donor restrictions in the amount of $0 and $51,746 as of June 30, 2019 and 2018, respectively.

Receivables
The Organization records accounts receivable at total unpaid balances for water filter builds and Global Experiences 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.

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 years ended June 30, 2019 and 2018.

Deferred revenue
Global Experience and Water Program revenue received are recorded as deferred revenue and recognized as income in the period earned.

Income taxes
Wine To Water 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, 2016 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 Programs

The Organization operates globally through four international programs in Colombia, the Dominican Republic, East Africa, and Nepal. This means that, in each of these four territories, qualified nationals work toward sustainable clean water solutions catered to the specific country's needs. The impact of these water programs expands outside of these territories through organizational partnerships and disaster relief preparedness. This year, 87,800 lives have been impacted in 20 countries and 125 communities around the world through clean water.

Colombia - The Amazon River is the largest channel in the world, but industrial pollution prevents thousands of people from using it as a healthy water source. Harvesting rainwater is an alternate method of obtaining water in Colombia, but asbestos and other contaminants put many at risk for waterborne illnesses. A strategic investment in building trust through relationships encourages local engagement and stronger sustainability. Water Programs have transitioned from well rehabilitation toward community development through the use of in-home filtration and safe water management. Creating online filter training courses and hosting WASH (Water, Sanitation and Hygiene) education workshops better equips the global team to conduct surveys, distribute filters, and follow up with recipients in more sustainable and meaningful ways. This year, 3,038 lives have been impacted in 21 communities through 25 WASH trainings and 436 filters distributed.

Dominican Republic - although the Dominican Republic is known as a popular resort destination, the local population suffers from water scarcity and contamination. Children and adults alike often experience waterborne diseases due to their lack of access to safe clean drinking water. Their only other option is expensive bottled water, which would only accumulate plastic waste and further contribute to local pollution problem. The ceramic filter factory is changing the water landscape in the DR thanks to the innovative and locally-sourced technology created by passionate team members and volunteers. With the "keep-it-local" mindset, a microfinance system allows for new enterprise and combats poverty. Selling the filter at a low subsidized cost allows community members to take ownership of their filter, ensuring better upkeep, while allowing the DR team to hire and pay factory workers to produce even more filters. With every new filter produced, the physical and financial health of local communities continues to improve as steadily as the water flows. This year, 8,993 lives have been impacted in 33 communities through 68 WASH trainings and 1,531 ceramic filters distributed.

East Africa - In January, a new international program was established through a ceramic filter factory in Arusha, Tanzania. The East Africa factory produces filters while providing sustainable enterprise through filter sales to the surrounding region. Through the sales of ceramic water filters, recipient engagement increases in terms of filter use and maintenance. This sustainable model promises to keep filter production flowing. In the few short months since assuming operations, this program has implemented a large number of filters that are benefiting the people of Tanzania. This year, 6,205 lives have been impacted through 7 WASH trainings and 819 filters distributed.

Nepal - Since the 2015 earthquake that devastated the region, communities like Raitole and Kalyanpur have not only healed, but have begun to thrive in the powerful wake of consistent access to clean water for every home. Through the implementation of tap stands outside each home, WASH education programs, EcoSan latrines, and economic development trainings, water is proving to be just the beginning of community transformation. Children are attending newly-built schools, farmers are harvesting healthy crops, communities are growing in numbers and commerce, and women are being empowered as leaders of Water User Committees. Team expansion now meets the needs of holistic WASH programs in six new communities. This year, 1,040 lives have been impacted in 9 communities through 15 WASH trainings and 99 tap stands.

East Africa - In January, Wine To Water was trusted with another ceramic filter factory very much like our Dominican Republic factory. The Safe Water Now organization passed operational control to the Wine To Water team to continue building on the amazing work being done in and around Arusha, Tanzania. The East Africa factory produces filters while providing sustainable enterprise through filter sales to the surrounding region. Through the sales of ceramic water filters, beneficiary engagement increases in terms of filter use and maintenance. This sustainable model promises to keep filter production flowing. While our newest location is still onboarding and building strategy that aligns with our systems and process, Wine To Water East Africa is running well and is continuing the amazing work passed on from SWN. Wine To Water has already had the opportunity to distribute and implement a large number of filters that are benefiting the people of Tanzania in a short time.

Disaster Relief

A major source of growth for disaster preparedness efforts comes directly from the Filter Build Program, where companies and individuals alike build portable water filters as a team building activity. Additionally, the recent development of an online filter use and cleaning program allows partners to distribute filters effectively and sustainably. With filters sponsored through this program, prepositioned around the globe and ready for implementation, people in need are reached the moment disaster strikes. This year, 27,397 lives have been impacted in 5 countries, through existing programs and with 6 partnerships, and 1,799 filters distributed.

Global experiences

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. During 2018, 362 volunteers served for a total of 50,372 hours on 34 global service experiences in seven countries. While the Global Experiences 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.

Change in accounting principle

During 2019, the Organization adopted the provisions of Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"). The update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. ASU 2016-14 has been applied on a retrospective basis.

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, 2019.

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, 3018, 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.

The following is a summary of inventory as of June 30, 2019 and 2018:

	2019	2018
Water filters	$ 68,208	$ 64,509
Wine bottles	13,290	17,700
	$ 81,498	$ 82,209

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, 2019 and 2018 is $4,362 and $4,362, respectively. No accrued interest associated with the note is receivable as of June 30, 2019 and 2018, respectively.

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, 2019 and 2018 is $4,362 and $4,362, respectively.

Note 6 - Employee bonuses

The Organization distributed employee bonuses following fiscal year ended June 30, 2018 in an amount up to 15 percent of each employee's salary. Employee bonus amounts were based on employee performance and organization benchmarks. The Organization ended the employee bonus incentive during the year ended June 30, 2018. Employee bonuses payable for the year ended June 30, 2019 and 2018 are $9,149 and $85,980, respectively.

Note 7 - Retirement contribution plan

The Organization offers a defined contribution retirement plan to full-time employees. The Organization will contribute up to 2% of each employee's contracted salary. Basic employee contributions up to 2% of compensation are eligible for a matching contribution by Wine To Water. Matching contributions are deposited at the end of the calendar year. During the years ended June 30, 2019 and 2018, the Organization made retirement contributions in the amount of $15,932 and $0, respectively. Accrued retirement contributions for the years ended June 30, 2019 and 2018 were $15,932 and $0, respectively.

Note 8 - Debt

Lines of credit

The Organization entered into a revolving line of credit with a third party on November 19, 2018. The Organization may borrow funds up to the amount of $75,000. Interest is to accrue on the unpaid principal balance at the greater of a floating rate equal to the Index plus 0.5% or 5.5%. For the years ended June 30, 2019 and 2018, the outstanding balances related to the line of credit were $50,000 and $0, respectively. The line of credit is due to mature on November 30, 2019.

The Organization entered into an additional line of credit agreement with a third party on January 28, 2019. The Organization may borrow funds up to the amount of $100,000. Interest is to accrue on the unpaid balance at the Index Rate plus 2.03%. For the years ended June 30, 2019 and 2018, the outstanding balances related to the line of credit were $54,019 and $0, respectively. The line of credit is convertible to a term loan and is not subject to maturity.

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, 2019 and 2018 was $410,647 and $446,774, respectively. Interest expense for the related note for the years ended June 30, 2019 and 2018 was $14,987 and $16,502, respectively. Accrued interest as of June 30, 2019 and 2018 was $1,323 and $1,323, respectively. The current maturity of the loan as of June 30, 2019 and 2018 was $42,105 and $40,655, respectively.

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, 2019 and 2018 was $305,368 and $324,293, respectively. Interest expense for the related note for the years ended June 30, 2019 and 2018 was $11,100 and $11,697, respectively. Accrued interest as of June 30, 2019 and 2018 was $950 and $950, respectively. The current maturity of the loan as of June 30, 2019 and 2018 was $19,598 and $18,925, respectively.

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, 2027. Payments of interest only are due on the 13th day of each month. The principal balance as of June 30, 2019 and 2018 was $100,000. Interest expense for the years ended June 30, 2019 and 2018 was $3,500, respectively. Accrued interest as of June 30, 2019 and 2018, was $8,021 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, 2019 and 2018 was $94,840. Interest expense for the years ended June 30, 2019 and 2018 was $7,079 and $3,500, respectively. Accrued interest as of June 30, 2019 and 2018 was $4,521. The current maturity of the loan as of June 30, 2019 and 2018 was $5,345 and $5,161, respectively.

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, 2019 and 2018 was $100,000. Interest expense for the years ended June 30, 2019 and 2018 was $3,500, respectively. Accrued interest as of June 30, 2019 and 2018 was $8,021 and $4,521, respectively.

Following is a summary of all notes payable as of June 30, 2019 and 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	
06/30/19	Accrued interest	1,323	950	8,021	4,521	8,021	22,836
06/30/18	Accrued interest	1,323	950	4,521	4,521	4,521	15,836
2019	Interest expense	14,987	11,100	3,500	7,079	3,500	40,166
2018	Interest expense	16,502	12,701	3,500	3,500	3,500	39,703
2019	Interest capitalized	-	-	-	-	-	-
Principal payments due in the following years							
	2020	$ 42,101	$ 19,598	$ -	$ 5,349	$ -	$ 67,048
	2021	43,599	20,295	-	5,551	-	69,445
	2022	45,149	21,017	-	5,748	-	71,914
	2023	279,798	21,764	-	5,953	-	307,515
	2024	-	22,538	-	6,164	-	28,702
Thereafter		-	200,156	100,000	66,075	100,000	466,231
Outstanding Balance June 30, 2019		$ 410,647	$ 305,368	$ 100,000	$ 94,840	$ 100,000	$ 1,010,855
Outstanding Balance June 30, 2018		$ 446,774	$ 324,293	$ 100,000	$ 100,000	$ 100,000	$ 1,071,067

Note 9 - 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 years ended June 30, 2019 and 2018 was $78,788 and $43,065, respectively. Estimated rental income for each of the ensuing years through June 30, 2024 is as follows:

2020	$ 90,000
2021	90,000
2022	90,000
2023	-
2024	-
Thereafter	-
Total	$ 270,000

Note 10 - 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 December 6, 2019 (date which the financial statements were available to be issued) and concluded that the following subsequent events requiring disclosure or recognition in the financial statements.

On August 16, 2019, Wine To Water entered into a mortgage agreement with Wells Fargo in the amount of $1,300,000. The loan bears interest at a rate of 4.19% per annum. Monthly payments of $8,264 shall be due on the 5th day of each month, commencing on October 5, 2019. Any outstanding accrued interest and principal shall be due upon maturity, on September 5, 2029. The funds provided by the mortgage agreement were used to pay off all promissory notes, excluding both lines of credit, disclosed in Note 7.

Subsequent to year end, the Organization paid the entire outstanding balance for a line of credit in the amount of $54,019.

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