

Planet Water Foundation

Financial Statements and
Independent Auditors' Report

December 31, 2022 and 2021



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Planet Water Foundation
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Planet Water Foundation
Phoenix, Arizona

Opinion

We have audited the accompanying financial statements of Planet Water Foundation (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation, as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Lease Standards

As discussed in Note 1 to the financial statements, in 2022 the Foundation adopted new accounting guidance, Financial Accounting Standards Board Accounting Standards Update No. 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
March 22, 2023

Planet Water Foundation
Statements of Financial Position
December 31, 2022 and 2021

ASSETS	2022	2021
<i>Current assets</i>		
Cash and cash equivalents	\$ 872,884	\$ 635,301
Investments	82,621	98,675
Contributions receivable	150,502	242,750
Inventories	1,065,757	987,904
Prepaid expenses	13,462	7,386
Total current assets	2,185,226	1,972,016
<i>Noncurrent assets</i>		
Property and equipment, net	14,988	21,830
Operating lease right-of-use assets	142,449	-
Total noncurrent assets	157,437	21,830
Total assets	\$ 2,342,663	\$ 1,993,846
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable	\$ 2,922	\$ 57,011
Accrued compensation and related liabilities	4,744	9,963
Accrued interest	3,641	3,641
Refundable contribution advances	422,690	442,000
Current maturities of long-term debt	4,859	1,379
Current maturities of operating lease liabilities	70,856	-
Total current liabilities	509,712	513,994
<i>Noncurrent liabilities</i>		
Long-term debt, less current maturities	193,172	198,621
Operating lease liabilities, noncurrent	71,593	-
Total noncurrent liabilities	264,765	198,621
Total liabilities	774,477	712,615
<i>Net assets</i>		
Without donor restrictions	479,402	674,481
With donor restrictions	1,088,784	606,750
Total net assets	1,568,186	1,281,231
Total liabilities and net assets	\$ 2,342,663	\$ 1,993,846

See accompanying notes to financial statements.

Planet Water Foundation
Statements of Activities
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<i>Operating revenues</i>						
Contributions	\$ 62,994	\$ 3,588,734	\$ 3,651,728	\$ 71,068	\$ 2,253,234	\$ 2,324,302
Equity investment contribution	-	-	-	101,498	-	101,498
Sales of inventory	65,952	-	65,952	136,020	-	136,020
Investment return, net	(16,055)	-	(16,055)	(2,822)	-	(2,822)
Other revenue	-	-	-	2,657	-	2,657
Net assets released from restrictions	3,106,700	(3,106,700)	-	2,238,972	(2,238,972)	-
Total operating revenues	3,219,591	482,034	3,701,625	2,547,393	14,262	2,561,655
<i>Expenses</i>						
Program services	2,980,280	-	2,980,280	1,826,808	-	1,826,808
Management and general	272,696	-	272,696	226,712	-	226,712
Fundraising	161,694	-	161,694	176,891	-	176,891
Total expenses	3,414,670	-	3,414,670	2,230,411	-	2,230,411
Change in net assets before gain on forgiveness of Paycheck Protection Program loan	(195,079)	482,034	286,955	316,982	14,262	331,244
Gain on forgiveness of Paycheck Protection Program loan	-	-	-	90,296	-	90,296
Change in net assets	(195,079)	482,034	286,955	407,278	14,262	421,540
Net assets, beginning of year	674,481	606,750	1,281,231	267,203	592,488	859,691
Net assets, end of year	\$ 479,402	\$ 1,088,784	\$ 1,568,186	\$ 674,481	\$ 606,750	\$ 1,281,231

See accompanying notes to financial statements.

Planet Water Foundation
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
<i>Change in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Cash received from contributions	\$ 3,724,666	\$ 2,754,652
Cash received from sales of inventory	65,952	136,020
Cash paid to suppliers and others	(3,271,083)	(2,338,344)
Cash paid for employee salaries and benefits	(277,377)	(303,202)
Net cash from operating activities	242,158	249,126
<i>Cash flows from investing activities</i>		
Purchase of property and equipment	(2,606)	(8,126)
Payments on loans	(1,969)	-
Net cash from investing activities	(4,575)	(8,126)
Net change in cash and cash equivalents	237,583	241,000
Cash and cash equivalents, beginning of year	635,301	394,301
Cash and cash equivalents, end of year	\$ 872,884	\$ 635,301

See accompanying notes to financial statements.

Planet Water Foundation
Statements of Cash Flows (Continued)
Years Ended December 31, 2022 and 2021

	2022	2021
<i>Reconciliation of Change in Net Assets to Net Cash and Cash Equivalents from Operating Activities</i>		
Change in net assets	\$ 286,955	\$ 421,540
<i>Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities</i>		
Equity investment contribution	-	(101,498)
Depreciation	9,448	11,328
Investment return, net	16,054	2,694
Gain on forgiveness of Paycheck Protection Program loan	-	(90,296)
(Increase) decrease in assets:		
Contributions receivable	92,248	(11,650)
Other receivables	-	7,499
Inventories	(77,853)	(257,189)
Prepaid expenses	(6,076)	71,360
Increase (decrease) in liabilities:		
Accounts payable	(54,089)	(253,595)
Accrued compensation and related liabilities	(5,219)	6,933
Refundable contribution advances	(19,310)	442,000
Net cash from operating activities	\$ 242,158	\$ 249,126

Noncash financing and investing activities:

During the year ended December 31, 2022, the Foundation recognized operating lease liabilities of \$212,575 and related operating lease right-of-use assets upon adoption of Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases* (Topic 842).

See accompanying notes to financial statements.

Planet Water Foundation
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies:

a. Organization

Planet Water Foundation (the Foundation) is a nonprofit corporation established in 2009. Although incorporated in Nebraska, operations are primarily based in Thailand. The primary objective of the Foundation is to help alleviate the global water crisis by bringing clean water access, through the installation of community-based water filtration systems, and water-health and hygiene education programs to the world's most impoverished communities. Programs are focused on schools, children, and rural communities across the Asia-Pacific region and Latin America.

b. Related Entities and Transactions

The Foundation makes purchases from and sales to the following companies, which are considered related-party transactions.

Planet Water LLC (PWLLC) is a for profit corporation based in the United States and is a supplier of water filtration systems. PWLLC is under majority ownership by the members of the Foundation's Board of Directors. The Foundation purchased approximately \$1,378,000 and \$717,000 of these products during the years ended December 31, 2022 and 2021, respectively. The Foundation also received approximately \$66,000 and \$136,000 for the sale of inventories back to PWLLC.

Planet Water Thailand Co., Ltd. (PWT) is a for-profit company based in Thailand and is under majority ownership by members of the Foundation's Board of Directors. PWT supplies finance, development, and supply chain/logistics management services to the Foundation and provides office and warehouse space to support regional activities. PWT was paid approximately \$305,000 and \$274,000 by the Foundation for these services during the years ended December 31, 2022 and 2021, respectively. PWT is also a supplier of components used in clean water access projects and sold the Foundation components for approximately \$202,000 during the year ended December 31, 2021.

c. Summary of Significant Accounting Policies

Basis of presentation – The financial statements of the Foundation have been presented on the accrual basis of accounting. The Foundation reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Use of estimates – The preparation of 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

Planet Water Foundation
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

c. Summary of Significant Accounting Policies (continued)

Investments – Investments are stated at fair value as determined by quoted market prices in the statement of financial position. Investment income consists of interest and dividend income earned, investment fees, and gains or losses on those investments.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the future, and such changes could materially affect the amounts reported in the statements of financial position.

Fair value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

The Foundation classifies its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- **Level 1** – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities
- **Level 2** – Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly
- **Level 3** – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

All the Foundation’s investments were Level 1 investments as of December 31, 2022 and 2021.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation’s assessment of the significance of a particular input to fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The methods described above may or may not produce a fair value calculation that is indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with the other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Planet Water Foundation
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

c. Summary of Significant Accounting Policies (continued)

Contributions receivable – Receivables are recorded net of uncollectible accounts based on experience and any unusual circumstances that may affect the ability of funding organizations to meet their obligations. Contributions and other receivables were evaluated based on the above criteria and believed to be fully collectible. Therefore, no allowance for uncollectible contributions receivable is considered necessary.

Prepaid expenses – Prepaid expenses are expenses paid during the year relating to expenses incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense.

Inventories – Inventories are stated at the lower of cost or market value on the first-in, first-out method. Inventories consist of purchased materials used in the construction and maintenance of water filtration systems.

Property and equipment – It is the Foundation’s policy to capitalize property and equipment with a basis greater than \$500 and an estimated useful life of greater than one year; lesser amounts are expensed. The Foundation’s capital assets are stated at cost, if purchased. Contributed items are recorded at fair value at the date of contribution. Depreciation has been computed on the straight-line method over one to seven years.

Net assets with donor restrictions – Net assets with donor restrictions are those whose use by the Foundation has been restricted by donors to a specific time period or purpose.

Contributions – Contributions received are reflected as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor or time restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Equity investment contribution – During 2021, the Foundation received a donation of an investment equity, which was recorded at fair market value at the date of contribution.

Sales of inventory – From time to time, the Foundation sells back its inventory to related organizations, PWLLC or PWT, to support inventory shortages due to currently prevalent supply chain issues. The income is recognized in the period in which ownership transfers, typically upon receipt by purchaser.

Income tax status – The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Code as other than a private foundation. The Foundation evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of December 31, 2022 and 2021, the Foundation had no uncertain tax positions requiring accrual.

Planet Water Foundation
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

c. Summary of Significant Accounting Policies (continued)

Change in accounting principles – In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Foundation adopted FASB Topic 842, *Leases*, with January 1, 2022, as the date of initial adoption. The Foundation elected the transition option to apply the new guidance as of that effective date without adjusting comparative periods presented. The Foundation also elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Foundation to carry forward the historical lease classification. Adoption of the standard required the Foundation to recognize lease liabilities and right-of-use assets of \$212,575 as of January 1, 2022. The accounting for finance leases remained substantially unchanged. The adoption had no material impact on the statement of activities.

Upcoming accounting pronouncements – Accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

Subsequent events – The Foundation has evaluated subsequent events through March 22, 2023, the date on which the financial statements were available to be issued.

2. Liquidity and Availability of Financial Assets:

The following reflects the Foundation’s financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

	2022	2021
<i>Financial assets, at year end</i>		
Cash and cash equivalents	\$ 872,884	\$ 635,301
Investments	82,621	98,675
Contributions receivable	150,502	242,750
<i>Less refundable contribution advances</i>	(422,690)	(442,000)
<i>Less those restricted by donor for purpose</i>	(1,088,784)	(606,750)
Financial assets available to meet cash needs for		
general expenditures within one year	\$ (405,467)	\$ (72,024)

Planet Water Foundation
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

2. Liquidity and Availability of Financial Assets (continued):

Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As a part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation has committed lines of credit totaling \$117,700, which it could draw upon in the event of an unanticipated liquidity need.

3. Investments:

Investments reported by the Foundation are comprised as follows:

	2022	2021
<i>Cash and cash equivalents</i>	\$ 2,258	\$ 1,757
<i>Mutual and exchange-traded funds</i>		
Large cap	30,890	38,316
Mid cap	5,324	6,794
Small cap	2,360	2,908
International developed markets	8,475	11,166
International emerging markets	4,984	5,709
Commodities	1,294	-
Fixed income	22,670	27,302
Other	4,366	4,723
Total mutual and exchange-traded funds	80,363	96,918
Total investments	\$ 82,621	\$ 98,675

4. Inventories:

Inventories are comprised as follows:

	2022	2021
<i>Inventories on hand</i>		
Water filtration systems	\$ 779,760	\$ 591,350
Water bottles and cups	68,397	24,750
Total inventories on hand	848,157	616,100
<i>Inventories purchased but not yet shipped</i>		
Water filtration systems	183,200	338,054
Water bottles and cups	34,400	33,750
Total inventories purchased but not yet shipped	217,600	371,804
Inventories	\$ 1,065,757	\$ 987,904

Planet Water Foundation
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

5. Property and Equipment:

Property and equipment are comprised as follows:

	2022	2021
Leasehold improvements	\$ 6,296	\$ 6,296
Machinery and equipment	38,325	35,719
Software	1,468	4,616
Less accumulated depreciation	(31,101)	(24,801)
Property and equipment, net	\$ 14,988	\$ 21,830

6. Lines of Credit:

The Foundation has lines of credit with Wells Fargo and Chase Bank at December 31, 2022 and 2021. The open lines of credit totaled \$117,700 and \$129,700, respectively; draws on the lines of credit were approximately \$10,800 and \$34,700 at December 31, 2022 and 2021, respectively, included in accounts payable.

7. Long-term Debt:

Long-term debt consists of:

	2022	2021
Note payable to U.S. Small Business Administration at 2.75% interest. Payments are due in monthly installments of principal and interest of \$855. The note is secured by all tangible and intangible personal property of the Foundation and matures on April 20, 2050.	\$ 198,031	\$ 200,000
Less current maturities	(4,859)	(1,379)
Long-term debt	\$ 193,172	\$ 198,621

Planet Water Foundation
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

7. Long-term Debt (continued):

Future maturities of long-term debt are:

<u>December 31,</u>	<u>Amounts</u>
2023	\$ 4,859
2024	4,994
2025	5,133
2026	5,276
2027	5,423
Thereafter	172,346
	<u>\$ 198,031</u>

Interest expense was approximately \$8,000 and \$6,000 for the years ended December 31, 2022 and 2021, respectively.

8. Leases:

The determination of whether an arrangement is a lease is made at the lease's inception. Under Accounting Standards Codification (ASC) 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. To determine the present value of lease payments, management uses the risk-free rate at lease commencement, according to the Foundation's policy. Operating lease ROU assets also include any lease payments made and excludes any lease incentives.

The Foundation has an operating lease for office and warehouse space. The Foundation also has certain leases for office and warehouse space with terms less than 12 months. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

The Foundation has a lease that includes one or more options to renew, with renewal terms that can extend the lease term in additional one-year increments. Only lease options that the Foundation believes are reasonably certain to be exercised are included in the measurement of the lease assets and liabilities. ROU assets are amortized/depreciated over the term of the lease unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used.

Planet Water Foundation
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

8. Leases (continued):

The Foundation has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

The Foundation's lease agreement includes variable payments based on use, which are not determinable at the lease commencement and are not included in the measurement of the lease asset and liabilities.

The Foundation's lease agreements do not contain any material residual value guarantees or restrictive covenants.

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended December 31, 2022:

	2022
Operating:	
Operating leases, included in rent expense	\$ 72,000
Short-term leases, included in rent expense	11,682
Net lease cost	\$ 83,682

The following summarizes the weighted average remaining lease term (in years) and discount rate as of December 31, 2022:

	2022
Weighted Average Remaining Lease Term (in years)	
Operating leases	2.0
Weighted Average Discount Rate	
Operating leases	1.04%

The minimum future lease payments from lease liabilities is as follows:

Years Ending December 31,	Operating
2023	\$ 72,000
2024	72,000
Total lease payments	144,000
Less: portion representing interest	(1,551)
Present value of lease liabilities	\$ 142,449

Planet Water Foundation
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

9. Paycheck Protection Program Note Payable:

In April 2020, the Foundation entered into a loan for \$90,296 as part of the Small Business Administration Paycheck Protection Program (PPP), part of the federal government's response to the COVID-19 pandemic. The Foundation applied for PPP loan forgiveness, which was approved in full in September 2021.

10. Net Assets with Donor Restrictions:

Net assets with donor restrictions at December 31, 2022 and 2021, consist of contributions restricted for specific water filtration and education projects. Net assets are released from donor restrictions as the projects are completed.

11. Conditional Contributions:

At December 31, 2022, the Foundation had received notification of outstanding bequest intentions and certain conditional promises to give of approximately \$307,600. These intentions and conditional promises are not recognized as assets and, if received, will generally be restricted for specific purposes stipulated by the donors, primarily endowments for faculty support, scholarships, or general operating support for a particular department or division of the Foundation.

At December 31, 2022 and 2021, the Foundation had remaining available contributions for sponsored projects of approximately \$423,000 and \$442,000, respectively. These award balances are recorded as refundable contribution advances in the statement of financial position and will be recognized as contributions as the projects progress and conditions are met, generally as projects are deployed.

12. Functional Expenses:

The Foundation provides various programs and other activities to clients across the Asia-Pacific region and Latin America. Accordingly, certain costs have been allocated among the programs and supporting services benefited as follows:

Planet Water Foundation
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

12. Functional Expenses (continued):

2022					
	Program	Management and General	Fundraising	Total Expenses	
Salaries and wages	\$ 213,265	\$ 17,563	\$ 11,039	\$ 241,867	
Employee benefits	25,886	2,960	1,445	30,291	
Supplies	1,479,957	-	-	1,479,957	
Purchased services	617,152	104,186	113,160	834,498	
Shipping	199,308	-	-	199,308	
Rent	9,810	73,872	-	83,682	
Travel	193,367	-	693	194,060	
Marketing	32,634	-	3,860	36,494	
Depreciation	4,919	4,529	-	9,448	
Utilities	2,804	2,985	-	5,789	
Other	201,178	66,601	31,497	299,276	
Total expenses	\$ 2,980,280	\$ 272,696	\$ 161,694	\$ 3,414,670	

2021					
	Program	Management and General	Fundraising	Total Expenses	
Salaries and wages	\$ 243,696	\$ 16,444	\$ 10,336	\$ 270,476	
Employee benefits	30,345	7,923	1,391	39,659	
Supplies	718,291	-	-	718,291	
Purchased services	469,828	96,254	103,349	669,431	
Shipping	116,516	-	-	116,516	
Rent	20,327	67,835	-	88,162	
Travel	71,701	-	1,048	72,749	
Marketing	8,636	4,667	29,998	43,301	
Depreciation	6,397	4,931	-	11,328	
Utilities	5,276	772	-	6,048	
Other	135,795	27,886	30,769	194,450	
Total expenses	\$ 1,826,808	\$ 226,712	\$ 176,891	\$ 2,230,411	

The financial statements report certain categories of expenses that are attributable to program, fundraising, or management and general. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits, purchased services, and other expenses, which are allocated on the basis of estimates of time and effort.

Planet Water Foundation
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

13. Concentration of Risks:

Contributors – Approximately 43 percent and 35 percent of contributions were received from one donor during the years ended December 31, 2022 and 2021, respectively. In 2022, another 16 percent was received from a separate donor.

Credit risk – The Foundation maintains its cash balance with a local bank. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times during the year and at year end, the Foundation did have deposits in excess of FDIC coverage. The Foundation has not experienced any losses in cash balances and management does not believe it is exposed to any significant credit risk.

Operations outside of home country – Net assets outside of the United States consist of approximately \$695,000 and \$544,000 of inventory located in Southeast Asia and approximately \$153,000 and \$72,000 of inventory in Mexico as of December 31, 2022 and 2021, respectively. The remaining approximately \$218,000 and \$372,000 of inventory is being shipped from Thailand to various countries outside the United States.