

Deep Springs International

Financial Statements

Year ended December 31, 2009





Independent Auditor's Report

To the Board of Directors
Deep Springs International
Grove City, Pennsylvania

We have audited the accompanying statement of financial position of Deep Springs International (a nonprofit organization) as of December 31, 2009, and the related statement of activities and statement of cash flows for the year then ended. The financial statements are the responsibility of Deep Springs International's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Deep Springs International as of December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP

Meadville, Pennsylvania
August 20, 2010

Deep Springs International
Statement of Financial Position
December 31, 2009

ASSETS

Current Assets

Cash and cash equivalents

\$ 30,083

LIABILITIES AND NET ASSETS

Liabilities

Accrued payroll liabilities

\$ 7,033

Current Liabilities

7,033

Net Assets

Unrestricted

23,050

\$ 30,083

See accompanying notes.

Deep Springs International
Statement of Activities
Year ended December 31, 2009

Revenue and Other Support	
Contributions	\$ 44,763
Program services	24,912
Other income	360
	<u>70,035</u>
Expenses	
Compensation	31,982
Program services and supplies	21,280
Operating supplies and expenses	5,509
Business expenses and fees	1,208
Travel and meetings	1,075
Advertising	376
Insurance	1,000
Other	889
	<u>63,319</u>
Change in Net Assets	6,716
Net Assets, Beginning of Year	<u>16,334</u>
Net Assets, End of Year	<u><u>\$ 23,050</u></u>

See accompanying notes.

Deep Springs International
Statement of Cash Flows
Year ended December 31, 2009

Cash Flows from Operating Activities	
Change in net assets	\$ 6,716
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in inventory	308
Increase in accrued payroll liabilities	<u>4,821</u>
Net cash provided by operating activities	<u>11,845</u>
 Cash Flows from Investing Activities	
Disposal of fixed assets	<u>1,246</u>
 Increase in Cash and Cash Equivalents	13,091
 Cash and Cash Equivalents, Beginning of Year	<u>16,992</u>
 Cash and Cash Equivalents, End of Year	<u><u>\$ 30,083</u></u>

See accompanying notes.

Deep Springs International
Notes to the Financial Statements
December 31, 2009

Note A – Nature of Activities and Significant Accounting Policies

Organization and Nature of Activities

Deep Springs International's (DSI) mission is to improve life in developing nations by identifying and encouraging the use of affordable water purification systems, teaching the importance of proper household water treatment practices, and creating new business opportunities for individuals via the teaching of entrepreneurship principles. With local partners, DSI provides the mentoring, financing, and business relationships needed by new entrepreneurs. The mission is currently being fulfilled in Haiti.

DSI is a not-for-profit corporation under Pennsylvania law.

Basis of Financial Statements

The financial statements of DSI have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

Basis of Presentation

Financial statement presentation follows Accounting Standards Codification (ASC) No. 958 "Not-for-profit Entities," (formerly, Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*). Under ASC No. 958, a not-for-profit entity 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.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturity dates of less than three months. DSI maintains all cash and cash equivalents at a major bank in the United States with insured account balances under FDIC. Cash totaling less than \$1,000 is maintained in Haitian bank accounts.

Note A – Nature of Activities and Significant Accounting Policies (Continued)

Contributions

DSI also follows Accounting Standards Codification (ASC) No. 958 "Revenue Recognition-Contributions Received" (formerly, Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting of Contributions Received and Contributions Made*). Under ASC No. 958 whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction is met in the same period.

Income Taxes

DSI is a nonprofit organization exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in DSI's financial statements.

Use of Estimates

The preparation of 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 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.

Fair Value of Financial Instruments

The carrying amount of cash approximates its fair market value due to the short term maturity of this instrument.

Subsequent Events

Management has evaluated subsequent events through August 20, 2010, the date on which the financial statements were available to be issued.

Note B – Major Donors

In 2009, the Organization received contributions from approximately 50 donors. Approximately 25% of the contributions came from one donor.

Note C – Expenses on a Functional Basis

Expenses presented on a functional basis for the years ended December 31, 2009 are as follows:

	<u>2009</u>
Program services	\$ 47,744
Management and general	8,322
Fundraising	<u>7,253</u>
	<u>\$ 63,319</u>

Note D – Income Taxes

The Organization adopted ASC No. 740 as it relates to uncertain tax positions for the year ended December 31, 2009 and has evaluated its tax positions taken for all open years. Currently, 2007, 2008, and 2009 tax years are open and subject to examination by the Internal Revenue Service and Pennsylvania Bureau of Charitable Organizations. However, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions.

Based on the evaluation of the Organization's tax positions, management believes all positions taken would be upheld under examination. Therefore, no asset or liability for the effects of uncertain tax positions has been recorded in the financial statements for the year ended December 31, 2009.