



**EOS INTERNATIONAL NFP & SUBSIDIARIES**

**FINANCIAL STATEMENTS**

**December 31, 2020 & 2019**

# EOS INTERNATIONAL NFP & SUBSIDIARIES

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
EOS International NFP & Subsidiaries  
St. Paul, Minnesota

We have audited the accompanying consolidated financial statements of EOS International NFP & Subsidiaries (a nonprofit organization), which comprise the statement of consolidated financial position as of December 31, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

**Management's Responsibility for the Consolidated Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated statement of financial position of EOS International NFP & Subsidiaries as of December 31, 2020, and the consolidated statements of changes in its activities and net assets, consolidated statements of functional expenses and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Prior Period Financial Statements**

The consolidated financial statements of EOS International NFP & Subsidiaries as of December 31, 2019 were audited by other auditors whose report dated July 6, 2020, expressed an unmodified opinion on those statements.



Edina, Minnesota  
August 24, 2021

**EOS INTERNATIONAL NFP & SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
December 31, 2020 and 2019

ASSETS	2020	2019
Current assets		
Cash and equivalents	\$ 271,607	\$ 96,681
Accounts receivable, net	74,649	65,657
Current portion of promise to give	50,000	-
Inventory	46,523	10,409
Prepaid expenses	1,723	2,225
Total current assets	444,502	174,972
Property and equipment	86,475	48,103
Less: accumulated depreciation	(76,304)	(36,446)
Net property and equipment	10,171	11,657
Long-term promise to give	-	48,500
Total assets	\$ 454,673	\$ 235,129
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Current portion of long-term debt	\$ 70,716	\$ -
Accounts payable and accrued expenses	30,362	25,505
Total current liabilities	101,078	25,505
Long-term debt	-	50,000
Accrued labor benefit	85,710	-
Total long-term liabilities	85,710	50,000
Net assets		
Net assets without donor restriction	204,218	102,111
Net assets with donor restriction	63,667	57,513
Total net assets	267,885	159,624
Total liabilities and net assets	\$ 454,673	\$ 235,129

See Accompanying Notes to Financial Statements

## EOS INTERNATIONAL NFP & SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and revenue						
Individual contributions	\$ 194,098	\$ -	\$ 194,098	\$ 158,570	\$ -	\$ 158,570
Event contributions	-	-	-	12,129	-	12,129
Corporate and foundation contributions	22,004	95,250	117,254	17,517	113,313	130,830
Field program revenue	349,918	-	349,918	274,179	-	274,179
In-kind contributions	74,584	-	74,584	78,009	-	78,009
Other revenue	29,379	-	29,379	1,671	-	1,671
Contribution from merger	43,850	-	43,850	19,824	-	19,824
Net assets released from restriction	89,096	(89,096)	-	153,700	(153,700)	-
Total support and revenue	<u>802,929</u>	<u>6,154</u>	<u>809,083</u>	<u>715,599</u>	<u>(40,387)</u>	<u>675,212</u>
Expenses:						
Program services	616,439	-	616,439	570,781	-	570,781
General and administrative	11,042	-	11,042	11,882	-	11,882
Fundraising	73,590	-	73,590	83,468	-	83,468
Total expenses	<u>701,071</u>	<u>-</u>	<u>701,071</u>	<u>666,131</u>	<u>-</u>	<u>666,131</u>
Foreign currency adjustment	249	-	249	(931)	-	(931)
Change in net assets	102,107	6,154	108,261	48,537	(40,387)	8,150
Net assets - beginning of year	102,111	57,513	159,624	53,574	97,900	151,474
Net assets - end of year	<u>\$ 204,218</u>	<u>\$ 63,667</u>	<u>\$ 267,885</u>	<u>\$ 102,111</u>	<u>\$ 57,513</u>	<u>\$ 159,624</u>

See Accompanying Notes to Financial Statements

**EOS INTERNATIONAL NFP & SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

For The Years Ended December 31, 2020 and 2019

	2020				2019			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
In-Country professional service	\$ 181,015	\$ -	\$ -	\$ 181,015	120,687	\$ -	\$ -	\$ 120,687
Personnel & benefits	74,840	-	60,544	135,384	82,268	-	59,790	142,058
Direct program expenses	45,537	-	-	45,537	160,980	-	-	160,980
Cost of products	162,237	-	-	162,237	57,175	-	-	57,175
Training, travel & meetings	36,945	-	518	37,463	37,809	512	787	39,108
In-kind expenses	74,084	500	-	74,584	77,259	750	-	78,009
Professional services	3,140	5,409	8,655	17,204	4,343	5,173	8,968	18,484
Facilities & office	26,313	-	3,873	30,186	14,609	-	13,744	28,353
Depreciation	2,370	-	-	2,370	4,347	-	-	4,347
Insurance	431	2,906	-	3,337	2,220	2,755	-	4,975
Business administrative	9,527	2,227	-	11,754	9,084	2,692	179	11,955
<b>Total</b>	<b>\$ 616,439</b>	<b>\$ 11,042</b>	<b>\$ 73,590</b>	<b>\$ 701,071</b>	<b>\$ 570,781</b>	<b>\$ 11,882</b>	<b>\$ 83,468</b>	<b>\$ 666,131</b>

See Accompanying Notes to Financial Statements

**EOS INTERNATIONAL NFP & SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For The Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets:	\$ 108,261	\$ 8,150
Adjustment to reconcile the change in net assets to net cash flows from operating activities:		
Depreciation	2,370	4,347
Change in assets and liabilities		
Accounts receivable	(8,992)	(33,225)
Inventory	(36,114)	3,595
Prepaid expenses	502	3,282
Promise to give	(1,500)	(1,500)
Accounts payable and accrued expenses	90,567	7,155
Net cash flows from operating activities	155,094	(8,196)
 Cash flows from investing activities:		
Purchase of property and equipment	(884)	-
Net cash flows from investing activities	(884)	-
 Cash flows from financing activities:		
Proceeds from long-term debt	40,716	-
Payments on long-term debt	(20,000)	-
Net cash flows from financing activities	20,716	-
 Net change in cash and equivalents	174,926	(8,196)
 Cash and equivalents - beginning of year	96,681	104,877
 Cash and equivalents - end of year	\$ 271,607	\$ 96,681

See Accompanying Notes to Financial Statements

**EOS INTERNATIONAL NFP & SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** EOS International NFP (the Organization) is a nonprofit organization founded in 2008. The Organization empowers rural families in Central America with access to safe drinking water and opportunities to generate income through simple technology solutions and education.

**Principles of consolidation** The financial statements include the Organization's wholly owned subsidiaries, EOS International – Nicaragua and EOS International - Honduras, all inter-organization activity has been eliminated.

**Basis of accounting** The accompanying consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States of America and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

**Tax status** The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes.

The Organization accounts for uncertainty in income taxes recognized in the consolidated financial statements annually assessing its exposure for uncertain tax positions. If required, the Organization would accrue income taxes plus a related interest and penalty as a liability. For the years presented the Organization has recorded no liability for uncertain tax positions. Tax years ending after December 31, 2017 remain open and subject to examination for both federal and state returns.

**Basis of presentation** Support is classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- Net assets without donor restriction represent the portion of net assets that are not subject to donor restrictions.
- Net assets with donor restriction arise from contributions that are restricted by donors for specific purposes or time periods.

See Accompanying Notes to Financial Statements



**EOS INTERNATIONAL NFP & SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)

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

**Cash and equivalents** For purposes of the consolidated financial statements, the Organization considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

**Contributions receivable** Contributions receivable represent unconditional promises to give and are due within one year.

**Promises to give** Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Accounts receivable** Accounts receivable represent monies owed from the implementation of the Organization's technology in Nicaragua and Honduras. Bad debt expense at December 31, 2020 and 2019 was \$3,566 and \$805, respectively.

**Inventory** Inventory consists of products purchased for resale in the implementation of the Organization's technology.

**Property & Equipment** Property & Equipment is recorded at the lower of cost or estimated fair value. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Expenditures for equipment over \$3,000 with determinable lives are capitalized and depreciated. Maintenance and repairs are expensed as incurred; major improvements and betterments are capitalized and depreciated over the estimated useful lives.

**Contributed materials** Contributed materials are recorded as contributions, when received, at their estimated fair value where such value can be objectively and accurately determined.

**EOS INTERNATIONAL NFP & SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)

**Contributed services** Contributed services are recorded as contributions, at their fair value, when the service creates or enhances a nonfinancial asset or the service requires specialized skills provided by an individual possessing those skills, and would need to be purchased if not provided by donation. A substantial number of volunteers donate significant amounts of their time to the Organization's program and supporting services. The value of this contributed time is not reflected in these statements since it does not meet the requirements of generally accepted accounting principles for recognition in the consolidated financial statements.

**Contributions** Contributions are recorded at their net realizable values when the donor makes an unconditional promise to give to the Organization. Donor-restricted contributions are reported as increases net assets with donor restriction. When a restriction expires, net assets are with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activity as satisfaction of donor restrictions.

**Adoption of new accounting standards** In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU provides a single principles-based revenue recognition model with a five-step analysis of transactions to determine when or how revenue is recognized. The core principle is that an Organization should recognize revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization has analyzed the ASU and determined that no changes are necessary to conform with the new standard.

**Functional expenses** Allocations are generally made as follows:

- Salaries by time spent on principal activities of each employee
- Employee benefits and payroll taxes according to the percentage used to allocate salaries
- All other expenses are allocated based on management estimates

**EOS INTERNATIONAL NFP & SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

2. DONATED SERVICES

The Organization received and recorded donated professional services in the amount of \$74,584 and \$78,009 for the years ended December 31, 2020 and 2019, respectively.

3. RELATED PARTY TRANSACTIONS

The Organization reimbursed its Nicaraguan and Honduras Subsidiaries for expenses incurred in the production and implementation of its technology in the amount of \$84,500 and \$95,000 for the year ended December 31, 2020 and 2019, respectively.

4. PROMISES TO GIVE

Promises to give at December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Gross promises to give	\$ 50,000	\$ 50,000
Unamortized discount	-	(1,500)
Net promises to give	<u>\$ 50,000</u>	<u>\$ 48,500</u>

Amounts due in:

One to three years	<u>\$ 50,000</u>	<u>\$ 48,500</u>
Total promises to give	<u>\$ 50,000</u>	<u>\$ 48,500</u>

Promises to give are reflected as the present value of estimated future cash flows using a discount rate of 3% at December 31, 2020 and 2019.

**EOS INTERNATIONAL NFP & SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

5. LONG-TERM DEBT

	2020	2019
Loan payable to an individual requiring annual interest only payments at 6.5%. The note is unsecured and due May 1, 2021.	\$ 50,000	\$ 50,000
Recoverable grant with no interest, payable in monthly installments of \$4,143 and due in May 2021.	20,716	-
Total	70,716	50,000
Current portion of long-term debt	(70,716)	-
Total long-term debt	\$ -	\$ 50,000

The aggregate annual maturities of long-term debt are as follows for the year ending December 31:

2021	\$ 70,716
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6. NET ASSETS

Net assets with donor restrictions are for the following purposes at December 31:

	2020	2019
Promise to give	\$ 50,000	\$ 48,500
Water projects	13,667	9,013
	\$ 63,667	\$ 57,513

Net assets released from donor restriction as of December 31 were as follows:

	2020	2019
Satisfaction of donor restrictions	\$ 89,096	153,700
Water projects		

**EOS INTERNATIONAL NFP & SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

7. ACQUISITION

In 2020, EOS completed the acquisition of the Honduran-based nonprofit, Agua y Desarrollo Comunitario (ADEC). EOS has been collaborating with ADEC for several years prior the acquisition to share strategies and best practices to implement water quality solutions to rural communities in Central America. Merging these two organizations is an example of how partnerships can lead to more efficient operations and greater impact, building on more than 20 years of combined experiences in water implementation expertise throughout Central America. The Organization created a new International NGO legal entity in Honduras which then acquired the net assets consisting of cash, inventory and fixed assets which was accounted for as a contribution from merger, no consideration was paid by the Organization.

In 2019, the Organization acquired all the assets of the International Rural Water Association (IRWA). IRWA was a US-based nonprofit organization that provided funding and technical assistance to its Honduran nonprofit counterpart Agua y Desarrollo Comunitario (ADEC) which implements water treatment solutions through an innovative circuit rider program consisting of monthly visits to communities. Both EOS and IRWA carry years of experience working in water quality and have been collaborating for years leading up to this merger. Merging these two organizations is an example of how partnerships can lead to more efficient operations and greater impact, building on more than 20 years of combined experiences in water implementation expertise throughout Central America. The acquisition was approved by the state of Oklahoma and Illinois. The Organization acquired \$19,824 in net assets consisting of the remaining cash balance which was accounted for as a contribution from merger, no consideration was paid by the Organization.

8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of donor-imposed restriction within one year of the statement of financial position date.

	2020	2019
Financial assets, at year end	\$ 271,607	\$ 96,681
Less those unavailable for general expenditures with in one year due to donor imposed restrictions	(13,667)	(9,013)
Financial assets available, at year end	\$ 257,940	\$ 87,668

**EOS INTERNATIONAL NFP & SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

Management of the Organization reviews cash balances and cash use on a daily and weekly basis. Additionally, its Board of Directors and Finance Committee review the cash balance, and specifically, the months of cash on hand, monthly. The Organization uses a benchmark of three months of operating expenditures. At December 31, 2020 and 2019, the Organization had 4 and 2 months of financial assets available for future general operating expenditures, respectively.

9. CONTINGENCY

In early March 2020, the COVID-19 virus was declared a global pandemic, and it unfortunately continues to spread rapidly. Business continuity, including supply chains and consumer demand across a range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. While the Organization expects this matter to negatively impact its operating results, the financial impact and duration cannot be reasonably estimated at this time. No adjustments have been made to these financial statements as a result of this uncertainty.

10. SUBSEQUENT EVENT

In April 2021, the Organization received a PPP loan in the amount of \$26,900. The Organization expects the entire amount to be forgiven.

Management evaluates events occurring subsequent to the date of the balance sheet in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. Subsequent events have been evaluated through August 24, 2021 which is the date the consolidated financial statements were available to be issued.