

DEEP SPRINGS INTERNATIONAL, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010





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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Deep Springs International, Inc.
Meadville, Pennsylvania

We have audited the accompanying statement of financial position of Deep Springs International, Inc. (a nonprofit organization) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. The financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, 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.

We were unable to obtain sufficient audit evidence to support the amount of inventory stated at \$54,675 in the accompanying statement of financial position as of December 31, 2010.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves about the existence and valuation of the Organization's inventory, the financial statements referred to above present fairly, in all material respects, the financial position of Deep Springs International, Inc. as of December 31, 2010, and the changes in its net assets 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
December 21, 2011

www.mpbcpa.com

DEEP SPRINGS INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	278,472
Cash and cash equivalents - restricted		40,598
Accounts receivable		84,952
Inventory		54,675
Prepaid expenses		<u>5,363</u>

TOTAL CURRENT ASSETS 464,060

FIXED ASSETS

Furniture and equipment		23,693
Accumulated depreciation		<u>(2,886)</u>
		<u>20,807</u>

\$ 484,867

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	10,870
Accrued expenses		11,339
Deferred revenue		<u>22,463</u>

TOTAL CURRENT LIABILITIES 44,672

NET ASSETS

Unrestricted		399,597
Temporarily restricted		<u>40,598</u>

TOTAL NET ASSETS 440,195

\$ 484,867

See accompanying notes.

DEEP SPRINGS INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions	\$ 529,371	\$ 74,100	\$ 603,471
Grants	92,144	-	92,144
Sales	318,300	-	318,300
Program services	22,095	-	22,095
Other income	302	-	302
Net assets released from restrictions	38,585	(38,585)	-
	<u>1,000,797</u>	<u>35,515</u>	<u>1,036,312</u>
EXPENSES			
Compensation	158,761	-	158,761
Employee benefits	608	-	608
Cost of Sales	254,476	-	254,476
Program services and supplies	56,881	-	56,881
Operating supplies and expenses	25,257	-	25,257
Freight and fees	26,545	-	26,545
Travel and meetings	50,539	-	50,539
Advertising	24,990	-	24,990
Insurance	8,269	-	8,269
Depreciation expense	2,886	-	2,886
Other	98	-	98
	<u>609,310</u>	<u>-</u>	<u>609,310</u>
CHANGE IN NET ASSETS	391,487	35,515	427,002
NET ASSETS, BEGINNING OF YEAR - AS ORIGINALLY STATED	23,050	-	23,050
PRIOR PERIOD ADJUSTMENTS (NOTE G)	<u>(14,940)</u>	<u>5,083</u>	<u>(9,857)</u>
NET ASSETS, BEGINNING OF YEAR - AS RESTATED	<u>8,110</u>	<u>5,083</u>	<u>13,193</u>
NET ASSETS, END OF YEAR	<u><u>\$ 399,597</u></u>	<u><u>\$ 40,598</u></u>	<u><u>\$ 440,195</u></u>

See accompanying notes.

DEEP SPRINGS INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 427,002
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,886
Non-cash contributions of fixed assets and inventory	(53,615)
Increase in accounts receivable	(84,952)
Increase in inventory	(10,752)
Increase in prepaid expenses	(5,363)
Increase in accounts payable	10,870
Increase in accrued expenses	4,306
Increase in deferred revenue	<u>11,051</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	301,433
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	<u>(12,446)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(12,446)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	288,987
CASH AND CASH EQUIVALENTS, BEGINNING	<u>30,083</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 319,070</u></u>
NON-CASH INVESTING ACTIVITIES	
Non-cash contribution of fixed assets	<u><u>\$ 10,000</u></u>
Non-cash contribution of inventory	<u><u>\$ 43,615</u></u>

See accompanying notes.