

CLEAN THE WORLD FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019



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**CLEAN THE WORLD FOUNDATION, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Clean the World Foundation, Inc.
Orlando, Florida

We have audited the accompanying financial statements of Clean the World Foundation, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 audits 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.

Board of Directors
Clean the World Foundation, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clean the World Foundation, Inc. as of December 31, 2020 and 2019, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Orlando, Florida
August 4, 2021

**CLEAN THE WORLD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	2020	2019
ASSETS		
Cash	\$ 455,352	\$ 7,828
Contributions Receivable, net	209,083	115,298
Undistributed Hygiene Products	1,091,824	4,265,329
Property and Equipment, Net	69,820	84,838
Other Assets	27,000	27,000
	\$ 1,853,079	\$ 4,500,293
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 324,817	\$ 504,103
Due to Clean the World Global, LLC	101,924	3,841
Paycheck Protection Program Loan	85,577	-
	512,318	507,944
NET ASSETS		
Without Donor Restrictions	963,543	3,821,596
With Donor Restrictions	377,218	170,753
Total Net Assets	1,340,761	3,992,349
	\$ 1,853,079	\$ 4,500,293

See accompanying Notes to Financial Statements.

CLEAN THE WORLD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 1,570,695	\$ 377,218	\$ 1,947,913
Hygiene Kit Distribution Fees	459,889	-	459,889
Distribution Administration Fees	206,756	-	206,756
Other Income	7,649	-	7,649
Net Assets Released from Restriction	170,753	(170,753)	-
Total Revenue and Support	2,415,742	206,465	2,622,207
EXPENSES			
Program Services Expense:			
Recycling and Distribution	1,373,832	-	1,373,832
Awareness and Education	298,205	-	298,205
Total Program Expense	1,672,037	-	1,672,037
Supporting Services Expense:			
Management and General	124,366	-	124,366
Fundraising and Development	303,887	-	303,887
Total Supporting Services Expense	428,253	-	428,253
Total Expenses and Losses	2,100,290	-	2,100,290
CHANGE IN NET ASSETS - OPERATING EXCLUDING DONATED HYGIENE PRODUCTS	315,452	206,465	521,917
DONATED HYGIENE PRODUCTS			
Donated Hygiene Products Received	3,858,742	-	3,858,742
Donated Hygiene Products Distributed	(7,032,247)	-	(7,032,247)
Change in Net Assets-Donated Hygiene Products	(3,173,505)	-	(3,173,505)
CHANGE IN NET ASSETS	(2,858,053)	206,465	(2,651,588)
Net Assets - Beginning of Year	3,821,596	170,753	3,992,349
NET ASSETS - END OF YEAR	\$ 963,543	\$ 377,218	\$ 1,340,761

See accompanying Notes to Financial Statements.

CLEAN THE WORLD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 1,848,932	\$ 170,753	\$ 2,019,685
Hygiene Kit Distribution Fees	269,729	-	269,729
Distribution Administration Fees	150,634	-	150,634
Other Income	31,891	-	31,891
Total Revenue and Support	2,301,186	170,753	2,471,939
EXPENSES AND LOSSES			
Program Services Expense:			
Recycling and Distribution	2,022,538	-	2,022,538
Awareness and Education	293,537	-	293,537
Total Program Expense	2,316,075	-	2,316,075
Supporting Services Expense:			
Management and General	220,227	-	220,227
Fundraising and Development	233,659	-	233,659
Total Supporting Services Expense	453,886	-	453,886
Total Expenses and Losses	2,769,961	-	2,769,961
CHANGE IN NET ASSETS - OPERATING EXCLUDING DONATED HYGIENE PRODUCTS	(468,775)	170,753	(298,022)
DONATED HYGIENE PRODUCTS			
Donated Hygiene Products Received	6,644,590	-	6,644,590
Donated Hygiene Products Distributed	(4,142,037)	-	(4,142,037)
Change in Net Assets-Donated Hygiene Products	2,502,553	-	2,502,553
CHANGE IN NET ASSETS	2,033,778	170,753	2,204,531
Net Assets - Beginning of Year	1,787,818	-	1,787,818
NET ASSETS - END OF YEAR	\$ 3,821,596	\$ 170,753	\$ 3,992,349

See accompanying Notes to Financial Statements.

**CLEAN THE WORLD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services			Supporting Services			Total
	Recycling and Distribution	Awareness and Education	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	
Advertising and Promotion	\$ 12,000	\$ 24,000	\$ 36,000	\$ -	\$ -	\$ -	\$ 36,000
Contracted Services	-	77,585	77,585	-	-	-	77,585
Depreciation	1,054	13,964	15,018	-	-	-	15,018
Drop by Drop Program Grants	-	128,804	128,804	-	-	-	128,804
Equipment	2,114	-	2,114	-	-	-	2,114
Facilities	81,028	24,000	105,028	12,000	16,450	28,450	133,478
Filing Fees	-	-	-	325	-	325	325
Bank Fees and Other Fees	-	-	-	24,927	-	24,927	24,927
Logistics	733,779	-	733,779	-	-	-	733,779
Materials	255,843	-	255,843	1,694	1,362	3,056	258,899
Personnel	98,091	25,444	123,535	-	286,075	286,075	409,610
Printing	-	487	487	-	-	-	487
Professional Fees	-	-	-	73,751	-	73,751	73,751
Remanufacturing Fess	189,923	-	189,923	-	-	-	189,923
Soap Museum	-	1,800	1,800	-	-	-	1,800
Transportation	-	2,121	2,121	11,669	-	11,669	13,790
Total Expenses, Excluding Donated Hygiene Products Distributed	\$ 1,373,832	\$ 298,205	\$ 1,672,037	\$ 124,366	\$ 303,887	\$ 428,253	\$ 2,100,290
Donated Hygiene Products Distributed	\$ 7,032,247	\$ -	\$ 7,032,247	\$ -	\$ -	\$ -	\$ 7,032,247
Total Expenses	\$ 8,406,079	\$ 298,205	\$ 8,704,284	\$ 124,366	\$ 303,887	\$ 428,253	\$ 9,132,537

See accompanying Notes to Financial Statements.

**CLEAN THE WORLD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Program Services			Supporting Services			Total
	Recycling and Distribution	Awareness and Education	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	
Advertising and Promotion	\$ 12,000	\$ 24,496	\$ 36,496	\$ -	\$ -	\$ -	\$ 36,496
Charitable Contributions	-	3,792	3,792	-	-	-	3,792
Contracted Services	-	63,338	63,338	-	-	-	63,338
Depreciation	2,177	13,964	16,141	-	-	-	16,141
Equipment	3,699	-	3,699	-	-	-	3,699
Facilities	79,568	24,000	103,568	12,000	-	12,000	115,568
Filing Fees	-	-	-	4,501	-	4,501	4,501
Fundraising	-	-	-	-	27,725	27,725	27,725
Bank Fees and Other Fees	-	-	-	19,617	-	19,617	19,617
Logistics	1,360,535	-	1,360,535	-	-	-	1,360,535
Materials	243,259	-	243,259	10,020	850	10,870	254,129
Personnel	143,564	104,183	247,747	-	205,084	205,084	452,831
Postage	-	-	-	2,022	-	2,022	2,022
Printing	-	6,806	6,806	-	-	-	6,806
Professional Fees	-	-	-	116,744	-	116,744	116,744
Remanufacturing Fess	177,736	-	177,736	-	-	-	177,736
Soap Museum	-	1,900	1,900	-	-	-	1,900
Transportation	-	51,058	51,058	55,323	-	55,323	106,381
Total Expenses, Excluding Donated Hygiene Products Distributed	<u>\$ 2,022,538</u>	<u>\$ 293,537</u>	<u>\$ 2,316,075</u>	<u>\$ 220,227</u>	<u>\$ 233,659</u>	<u>\$ 453,886</u>	<u>\$ 2,769,961</u>
Donated Hygiene Products Distributed	<u>\$ 4,142,037</u>	<u>\$ -</u>	<u>\$ 4,142,037</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,142,037</u>
Total Expenses	<u>\$ 6,164,575</u>	<u>\$ 293,537</u>	<u>\$ 6,458,112</u>	<u>\$ 220,227</u>	<u>\$ 233,659</u>	<u>\$ 453,886</u>	<u>\$ 6,911,998</u>

See accompanying Notes to Financial Statements.

**CLEAN THE WORLD FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (2,651,588)	\$ 2,204,531
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	15,018	16,141
Donated Hygiene Products Revenue	(3,858,742)	(6,644,590)
Donated Hygiene Products Expense	7,032,247	4,142,037
Changes in Assets and Liabilities:		
Contributions Receivable, Net	(93,785)	(113,396)
Accounts Payable and Accrued Expenses	(179,286)	198,352
Due to Clean the World Global, LLC	98,083	199,764
Net Cash Provided by Operating Activities	361,947	2,839
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	85,577	-
Net Cash Provided by Financing Activities	85,577	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	447,524	2,839
Cash and Cash Equivalents - Beginning of Year	7,828	4,989
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 455,352	\$ 7,828

See accompanying Notes to Financial Statements.

CLEAN THE WORLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Clean the World Foundation, Inc. (the Foundation) collects hygiene products such as discarded soaps, shampoos, conditioners, lotions, and gels from hospitality partners and manufacturers, and recycles and distributes the products domestically and internationally for humanitarian aid both directly and through partnering nonprofit organizations. This process takes place primarily at two U.S. recycling operations centers in Orlando, Florida and Las Vegas, Nevada. Support for providing these services is obtained from both public and private sector contributions as well as administrative fees paid by partnering nonprofit organizations and fees collected for hygiene kits. The base of operations is located in Orlando, Florida.

The Foundation is also dedicated to working towards universal access to water, sanitation, and hygiene (WASH), by focusing on outcome-based programs to improve the quality of life for vulnerable populations around the world. Programs emphasize a local needs-based approach, focusing on education, local ownership and accountability, and community engagement, along with rigorous monitoring and evaluation to gauge progress. The goal is to have the programmatic impact sustained locally, without dependence on ongoing aid. The Foundation is one of just a few dozen organizations named to the United Nations Global WASH Cluster playing an active leadership role in global WASH issues.

Mission Transition Support, LLC (MTS) is a wholly owned subsidiary of Clean the World Foundation, Inc, and is the sole member of Global Soap Project, Inc. Global Soap Project, Inc. is a nonprofit organization with a mission similar to the Foundation. MTS's board of directors includes officers and executives of the Foundation, thus placing it under common control. MTS did not have any revenues, expenses, assets, liabilities, nor net assets as of or for the years ended December 31, 2020 and 2019. Global Soap Project Inc, dissolved on August 26, 2019 with no substantial assets.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash

The Foundation maintains cash with various major financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC). From time to time, balances may exceed amounts insured by the FDIC. Such amounts potentially subject the Foundation to concentrations of credit risk. Management does not believe that the risk of loss for balances in excess of the FDIC coverage limits is significant because of their assessment of the credit worthiness and financial viability of such financial institutions.

CLEAN THE WORLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contributions Receivable

Contributions receivable consist of unconditional promises to give, which are recognized within net assets at their fair value when the unconditional promises are received.

Management expects all unconditional contributions receivable be collected within one year. The Foundation determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. As of December 31, 2020 and 2019, the allowance was \$18,486 and \$18,486, respectively.

Undistributed Hygiene Products

Undistributed hygiene products are recorded at the estimated fair value of such products at the date they are collected from hospitality partners.

Property and Equipment

The Foundation records property and equipment additions over \$2,500 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 7 years. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**CLEAN THE WORLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue Recognition

Contributions

The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

In-Kind Contributions

In-kind contributions of hygiene products received from hospitality partners and manufacturers are recorded as support and an increase in undistributed hygiene products at the estimated fair value of those items. In addition, in-kind contribution of property and equipment are recorded as support and increases of property and equipment.

Volunteers contribute significant amounts of time to the Foundation's program services and administration. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Hygiene Kit Distribution Fees

Hygiene kit distribution fees are received from Clean the World Global, LLC f/k/a Clean the World Ventures, Inc. (Global) for soap, bottles, toothbrushes, and other supplies provided to Global for hygiene kit building events. Fees are collected and revenue is recognized at the time of each hygiene kit building event.

Distribution Administration Fees

Distribution administration fees are received from partnering organizations for supplying the logistics of distribution and delivery for hygiene products provided by the Foundation. Fees are billed and revenue is recognized at the time of distribution each shipment of hygiene products.

Advertising Costs

The Foundation advertises its mission primarily through maintaining an internet presence and print media distributed to potential partner hospitality businesses. Advertising costs are expensed as incurred and was approximately \$36,000 and \$36,500 during the years ended December 31, 2020 and 2019, respectively.

**CLEAN THE WORLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Functional Allocation of Expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs are allocated among the programs and supporting services benefited based on the estimated time or space allocated to those functions. When possible, expenses that are specifically identified with a program or supporting service are assigned to that function.

Income Taxes

The Foundation is organized as Florida nonprofit corporation and is recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as organizations described in Internal Revenue Code (IRC) Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Foundation determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

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 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, and those differences could be material.

CLEAN THE WORLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Change in Accounting Principle

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Foundation has adopted ASU02014-09 during 2019 using the modified retrospective method, which did not result in an adjustment to net assets because the adoption of ASU 2014-09 did not have a material impact.

Additionally, in June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Foundation's financial statements reflect the application of ASU-2018-08 beginning January 1, 2019 using the prospective approach. The adoption of this accounting standard does not require prior period results to be restated.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated subsequent events through August 4, 2021, the date the financial statements were available to be issued.

CLEAN THE WORLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2020 and 2019:

	2020	2019
Office Equipment	\$ 15,991	\$ 15,991
Furniture and Fixtures	97,749	97,749
Subtotal	113,740	113,740
Less: Accumulated Depreciation and Amortization	(43,920)	(28,902)
Total Property and Equipment	\$ 69,820	\$ 84,838

Depreciation expense totaled \$15,018 and \$16,141 for the years ended December 31, 2020 and 2019, respectively.

NOTE 3 PAYCHECK PROTECTION PROGRAM LOAN

The Foundation applied for and was approved an \$85,577 loan on May 15, 2020 under the Paycheck Protection Program (PPP Loan) created as part of the relief efforts related to COVID-19 pandemic and administered by the Small Business Administration. The PPP Loan bears interest at a fixed rate of 1% per annum, has a term of five years, is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or if the Foundation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The Foundation applied for and was granted forgiveness of the full amount on July 13, 2021.

Subsequent to year-end, on May 14, 2021 the Foundation applied for and was approved for a second PPP Loan for \$81,815. The PPP Loan also bears interest at a fixed rate of 1% per annum, has a term of five years, is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or if the Foundation failed to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

CLEAN THE WORLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes.

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
Drop by Drop Program	\$ 131,196	\$ 90,000
Fresh Start (MHU) Program	58,628	80,753
Location Specific Programs	187,394	-
Total Net Assets with Donor Restrictions	<u>\$ 377,218</u>	<u>\$ 170,753</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Satisfaction of Purpose Restrictions:		
Drop by Drop Program	\$ 90,000	\$ -
Fresh Start (MHU) Program	80,753	-
Total Net Assets Released from Donor Restrictions	<u>\$ 170,753</u>	<u>\$ -</u>

NOTE 5 IN-KIND CONTRIBUTIONS OF HYGIENE PRODUCTS

The Foundation received in-kind contributions of recyclable hygiene products from partner hospitality organizations and manufacturers during the years ended December 31, 2020 and 2019 totaling \$3,858,742 and \$6,644,590, respectively.

The Foundation had undistributed hygiene products at December 31:

2020	Pounds	Estimated Price Per Pound	Total
Soap	107,032	3.09	\$ 330,729
Bottled Liquid Hygeine Products	432,440	1.76	<u>761,095</u>
Balance at December 31, 2020			<u>\$ 1,091,824</u>
2019			
Soap	869,311	3.09	\$ 2,686,172
Bottled Liquid Hygeine Products	897,248	1.76	<u>1,579,157</u>
Balance at December 31, 2019			<u>\$ 4,265,329</u>

CLEAN THE WORLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 6 DUE TO CLEAN THE WORLD GLOBAL, LLC

The Foundation has a contract with Global which expires December 31, 2026, under which Global provides legal, human resources, accounting, information technology, marketing, and hygiene product remanufacturing services, as well as access to offices and warehousing facilities. Global bills the Foundation on a monthly basis based on the labor requirements to fulfill the mission of the Foundation. Fees charged to the Foundation for these services totaled approximately \$394,000 and \$382,000 for the years ended December 31, 2020 and 2019, respectively. Global also occasionally pays certain vendors on behalf of the Foundation, for which it is reimbursed. The Foundation had an outstanding payable balance to Global totaling \$101,924 and \$3,841 at December 31, 2020 and 2019, respectively. The Chairman of the board of directors of the Foundation is the majority owner of Global.

Revenue from Global including contributions and hygiene kit distribution fees was approximately \$974,000 and \$1,075,000 for the years ended December 31, 2020 and 2019, respectively. Total revenue received from Global represents 15% and 12% of total revenue received during years ended December 31, 2020 and 2019, respectively.

During the year ended December 31, 2019, the Foundation received a reduction in the outstanding payable to Global of \$200,000 for a total reduction in 2018 and 2019 of \$250,000 in exchange for the sale of a soap line from the Foundation to Global.

NOTE 7 RISK AND UNCERTAINTIES

During the year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, declines in travel leading to decline in in-kind contributions from the Foundation's hospitality partners and manufacturers, declines in contributions, distribution fees received, and other revenues. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

CLEAN THE WORLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 8 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020	2019
Cash and Cash Equivalents	\$ 455,352	\$ 7,828
Contributions Receivable, net	209,083	115,298
Less: Net Assets with Restrictions	(377,218)	(170,753)
Total	\$ 287,217	\$ (47,627)

The Foundation regularly monitors the availability of resources required to meet its operating needs, while striving to maximize its available funds. The Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

For years ended December 31, 2020 and 2019 the Foundation proactively pursued improving available operating funds. Concerted efforts were made, through collaboration with Global and donors, to address its operations. Management revised its strategy for identifying, obtaining, and retaining donors through the hiring of a director of development with responsibilities solely related to this objective. Management raised the admin fee on soap distributions to NGO organizations to improve cash flows and found an opportunity of sales of branded materials in response to the COVID-19 pandemic. The results of these strategies were an increase in financial assets available for general expenditures from December 31, 2019 to December 31, 2020 of \$334,844 from (\$47,627) to \$287,217.