



water for good®

INTEGRATED COMMUNITY DEVELOPMENT
INTERNATIONAL dba WATER FOR GOOD

Financial Statements
With Independent Auditors' Report

December 31, 2016

INTEGRATED COMMUNITY DEVELOPMENT INTERNATIONAL
dba
WATER FOR GOOD

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Integrated Community Development International dba Water for Good
Indianapolis, Indiana

We have audited the accompanying financial statements of Integrated Community Development International dba Water for Good (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year 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 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Integrated Community Development International dba Water for Good as of December 31, 2016, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Capin Crouse LLP". The signature is written in a cursive, flowing style.

Greenwood, Indiana
September 27, 2017

**INTEGRATED COMMUNITY DEVELOPMENT INTERNATIONAL
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Statement of Financial Position

December 31, 2016

ASSETS:

Cash and cash equivalents	\$ 212,211
Investments	27,443
Accounts and other receivables-net	10,284
Inventory	22,602
Note receivable-net	91,889
Property and equipment-net	<u>838,014</u>
	<u><u>\$ 1,202,443</u></u>

LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable and accrued payroll	\$ 19,596
Refundable advances	100,649
Debt	<u>408,423</u>
	<u>528,668</u>

Net assets:

Unrestricted	628,948
Temporarily restricted	<u>44,827</u>
	<u>673,775</u>

Total Liabilities and Net Assets	<u><u>\$ 1,202,443</u></u>
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See notes to financial statements

**INTEGRATED COMMUNITY DEVELOPMENT INTERNATIONAL
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Statement of Activities

Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Contributions	\$ 642,097	\$ 1,152,186	\$ 1,794,283
Program and other revenue	77,728	-	77,728
	719,825	1,152,186	1,872,011
 NET ASSETS RELEASED FROM RESTRICTIONS:			
Satisfaction of purpose restrictions	1,108,387	(1,108,387)	-
Total Support, Revenue, and Net Assets Released from Restrictions	1,828,212	43,799	1,872,011
 EXPENSES:			
Program services	1,319,435	-	1,319,435
Supporting activities:			
Management and general	272,694	-	272,694
Fund-raising	356,557	-	356,557
	1,948,686	-	1,948,686
Total Expenses	1,948,686	-	1,948,686
Change in Net Assets	(120,474)	43,799	(76,675)
Net Assets, Beginning of Year	749,422	1,028	750,450
Net Assets, End of Year	\$ 628,948	\$ 44,827	\$ 673,775

See notes to financial statements

INTEGRATED COMMUNITY DEVELOPMENT INTERNATIONAL
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Statement of Cash Flows

Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (76,675)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	159,895
Bad debt expense	451
Loss on disposal of equipment	71,666
Net realized and unrealized loss on investments	(4,530)
Change in:	
Inventory	13,431
Accounts and other receivables	(2,923)
Refundable advances	(9,402)
Accounts payable and accrued payroll	(40,054)
Net Cash Provided by Operating Activities	111,859

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of land, buildings and equipment	(32,208)
Proceeds from sale of land, buildings, and equipment	32,800
Payments received on note receivable	12,500
Net Cash Provided by Investing Activities	13,092

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayments made on debt	(109,983)
Net Cash Used by Financing Activities	(109,983)

Change in Cash and Cash Equivalents	14,968
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Cash and Cash Equivalents, Beginning of Year	197,243
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Cash and Cash Equivalents, End of Year	\$ 212,211
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NONCASH INVESTING ACTIVITIES:

Cash paid for interest (none capitalized)	\$ 27,099
Note receivable issued on sale of equipment	\$ 133,300
Discount on note receivable	\$ 28,911

See notes to financial statements

INTEGRATED COMMUNITY DEVELOPMENT INTERNATIONAL dba WATER FOR GOOD

Notes to Financial Statements

December 31, 2016

1. NATURE OF ORGANIZATION:

Integrated Community Development International dba Water for Good (WFG) is a non-denominational, non-governmental, and non-profit faith-based organization presently working in the Central African Republic and other surrounding countries. WFG provides the tools needed to equip Central Africans as they implement ideas that can change their world. WFG has seen God work in ways through Central Africans with hope to empower even more nationals. The WFG story for a village begins with launching a sustainable water business - clean water wells, sanitation facilities, and hygiene training - that generates an earned income stream to build sustainable integrated community development models encompassing agricultural programming, microenterprise development, and lifestyle modifications. All these programs are reinforced through Radio WFG, one of the most powerful stations in the country, reaching an estimated 80% of the population. Conflict continues in the country, limiting access to some areas of the country for expatriates, so training Central Africans is a key part of WFG's strategy. Support for WFG's ministry comes primarily from donor contributions.

WFG is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable state law, and contributions to the organization are tax deductible within the limitations prescribed by the Code. WFG has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code.

2. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

The preparation of the 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 statement of cash flows, cash and cash equivalents include checking and savings accounts and cash on hand. These accounts may, at times, exceed federally insured limits. WFG has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. Approximately \$37,000 were held in foreign accounts and currencies as of December 31, 2016.

INTEGRATED COMMUNITY DEVELOPMENT INTERNATIONAL dba WATER FOR GOOD

Notes to Financial Statements

December 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS AND OTHER RECEIVABLES

Accounts receivable arise from the billing of well drilling and other contractual services rendered. WFG's policy for determining when receivables are past due or delinquent is when payment has not been received within 30 days. Late fees and finance charges are not assessed on past due amounts. Other receivables represent travel and salary advances.

An allowance in the amount of \$19,868 has been recorded for estimated uncollectible accounts as of December 31, 2016, based on management's evaluation of collectability. Uncollectible accounts will be recorded as bad debt expense and additions to the allowance for bad debts when it is determined the amounts are uncollectible.

INVESTMENTS

Investments are held with Kosciusko County Community Foundation (KCCF) in Warsaw, Indiana. Fair value of the investments with KCCF is determined by the underlying investment strategy of KCCF. Donated investments are recorded at market value at the date of donation.

INVENTORY

Inventory consist of pump and drilling materials, car parts, and other supplies used for the mission of WFG. The pump and spare parts are held at overseas locations and are valued at lower of cost or market.

PROPERTY, EQUIPMENT, AND DEPRECIATION

Property and equipment expenditures in excess of \$5,000 are capitalized at cost or, if donated, at fair market value on the date of donation. WFG reports donations of property and equipment as unrestricted support unless explicit donor stipulation specifies how the donated assets must be used. Depreciation is reported on the straight-line method over the estimated useful lives of the assets (generally five to thirty years).

CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

Unrestricted net assets are currently available for WFG purposes under the direction of the board, designated by the board for specific use, or resources invested in land, buildings and equipment, net of related debt.

Temporarily restricted net assets are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

Management has elected to omit the reporting disclosures associated with the *Endowment* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) due to lack of significance to its financial statements.

INTEGRATED COMMUNITY DEVELOPMENT INTERNATIONAL
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Notes to Financial Statements

December 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

REFUNDABLE ADVANCES

Refundable advances consist of funds received in advance for well drilling and rehabilitation in Africa. WFG works with several donors and in some cases, WFG will enter into an agreement with a donor that involves donor imposed restrictions and stipulations that impose a condition on the gift. These conditional promises to give are recognized as a refundable advance until the conditions of the agreement have been substantially met. Once the conditions are substantially met, the funds are recognized as temporarily restricted contributions and subsequently released from restriction.

SUPPORT AND REVENUE

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or when ownership of donated assets is transferred to WFG. Unconditional promises to give are recorded in the statement of financial position when the organization is notified of the unconditional promise and allowances are made for amounts estimated as uncollectible. All contributions are considered available for unrestricted use unless specifically restricted by the donor or other legal restrictions. Currency losses from translation adjustments are included in other revenue on the statement of activities and approximated \$400 for the year ended December 31, 2016.

EXPENSES, ADVERTISING AND JOINT COSTS

Expenses are recorded when incurred. All advertising costs are expensed when incurred. Advertising costs included in the statement of activities for the year ended December 31, 2016, were approximately \$2,400. WFG incurred no joint costs for the year ended December 31, 2016.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities of WFG have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting activities.

**INTEGRATED COMMUNITY DEVELOPMENT INTERNATIONAL
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Notes to Financial Statements

December 31, 2016

3. FAIR VALUE MEASUREMENTS:

WFG has adopted the *Fair Value Measurement and Disclosure* topic of the FASB ASC. These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The valuations for the hierarchy are determined as follows:

Level 1 - Quoted prices for identical instruments traded in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets or model-based valuations where significant assumptions are observable.

Level 3 - Model-based techniques using significant assumptions that are not observable. These unobservable assumptions reflect estimates of assumptions that market participants would use.

The table below presents the level within the fair value hierarchy at which investments are measured:

	December 31, 2016			
	Total	Level 1	Level 2	Level 3
Investments:	\$ 27,443	\$ -	\$ -	\$ 27,443

4. ACCOUNTS AND OTHER RECEIVABLES:

Accounts and other receivables consists of:

Accounts receivable	\$ (7,415)
Travel and salary advances	8,656
	1,241
Less allowance	(19,868)
	\$ (18,627)

INTEGRATED COMMUNITY DEVELOPMENT INTERNATIONAL
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Notes to Financial Statements

December 31, 2016

5. NOTE RECEIVABLE

During 2016, WFG sold equipment for \$8,300 to another organization. The note is interest free and is due by September 30, 2017. The note had an outstanding balance of \$8,300 at December 31, 2016.

During 2016, WFG sold equipment for \$125,000 to another organization. The note is non-interest bearing and payments of \$7,500 are due semi-annually until the note is paid in full. The note had an outstanding balance of \$112,500 at December 31, 2016. The discount rate used on the note receivable is 4%. The discount associated with the non-interest portion of the note is \$28,911 at December 31, 2016.

The note receivable matures as follows during the years ended December 31:

<u>Year ending December 31,</u>	
2017	\$ 23,300
2018	15,000
2019	15,000
2020	15,000
2021	15,000
Thereafter	<u>37,500</u>
	120,800
Less discount	<u>(28,911)</u>
	<u><u>\$ 91,889</u></u>

Management believes the notes receivable are fully collectible. Accordingly, no reserve has been established.

**INTEGRATED COMMUNITY DEVELOPMENT INTERNATIONAL
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Notes to Financial Statements

December 31, 2016

6. PROPERTY AND EQUIPMENT:

Property and equipment-net consists of:

	USA	CAR	Total
Land	\$ -	\$ 49,000	\$ 49,000
Buildings and improvements	24,130	226,341	250,471
Vehicles	-	1,468,236	1,468,236
Equipment	30,000	426,711	456,711
	54,130	2,170,288	2,224,418
Less accumulated depreciation	(34,718)	(1,351,686)	(1,386,404)
	\$ 19,412	\$ 818,602	\$ 838,014

Management has reviewed the assets in the Central African Republic (CAR), and in its opinion, has determined that they are under the control and ownership of WFG. While such items are recognized as assets of WFG, it should be noted that the political situation in CAR is subject to rapid change. Therefore, the reader should be aware that while WFG believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the value of the assets in other countries. In addition, it should be understood that the carrying value of the assets in CAR may not be representative of the amount that would be realized should the assets be sold. Many of the assets that were designed to carry out the programs of WFG might have limited resale potential.

7. DEBT:

WFG has a secured revolving line of credit from Grace Brethren Investment Foundation (GBIF) with a maximum borrowing limit of \$100,000. The line of credit carries a fixed interest rate of six percent and is due upon demand. During the year ended December 31, 2016, the line of credit was converted to a note payable. During February 2017, the note payable was paid in full.

\$ 21,017

WFG obtained a secured revolving line of credit from Lake City Bank with a maximum borrowing limit of \$500,000. The line of credit carries a fixed rate of four percent. The loan is personally guaranteed by four individuals. This line of credit is due on demand.

387,406

\$ 408,423

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Notes to Financial Statements

December 31, 2016

8. NET ASSETS:

Unrestricted net assets consists of:

Undesignated	\$ (236,509)
Board designated endowment	27,443
Equity in property and equipment	<u>838,014</u>
	<u><u>\$ 628,948</u></u>

Temporarily restricted net assets consists of:

Maintenance	\$ 44,758
Other	<u>69</u>
	<u><u>\$ 44,827</u></u>

9. BENEFIT PLANS:

WFG matches employee contributions up to 6% of an employee's regular pay to a 401(k) retirement plan. WFG contributions to the 401(k) plan were approximately \$13,000 for the year ended December 31, 2016.

WFG has elected a fully insured employee medical benefit program. Employee premium contributions are collected through pre-tax payroll deductions in the period in which the premium is due. Total expense incurred for medical benefits were approximately \$47,000 for the year ended December 31, 2016.

10. RELATED PARTY TRANSACTIONS:

During the year ended December 31, 2016, WFG entered into an agreement with another organization, whose President is the founder of WFG, to sell equipment. The equipment was sold for \$23,835. At December 31, 2016, \$8,300 was outstanding as a note receivable.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 25, 2017, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.