



water for good.

WATER FOR GOOD

Financial Statements  
With Independent Auditors' Report

December 31, 2018 and 2017

# WATER FOR GOOD, INC.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Water for Good, Inc.  
Indianapolis, Indiana

We have audited the accompanying financial statements of Water for Good, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities 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  
Water for Good, Inc.  
Indianapolis, Indiana

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Water for Good, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

Water for Good, Inc. has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. This has had a material effect on the presentation of the December 31, 2018 and 2017, financial statements. Our opinion is not modified with respect to this matter.

*Capin Crouse LLP*

Greenwood, Indiana  
May 17, 2019

# WATER FOR GOOD, INC.

## Statements of Financial Position

	December 31,	
	2018	2017
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,875,902	\$ 1,607,124
Accounts and other receivables–net	2,116	25,732
Prepaid expenses	203,506	117,473
Inventory	379,136	173,197
Note receivable–net	75,056	79,407
Investments	38,123	38,500
Property and equipment–net	776,186	623,977
	<u>\$ 3,350,025</u>	<u>\$ 2,665,410</u>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable and accrued payroll	\$ 19,372	\$ 33,939
Refundable advances	794,779	44,343
Debt	-	900
	<u>814,151</u>	<u>79,182</u>
Net assets:		
Without donor restriction	2,505,196	2,464,907
With donor restriction	30,678	121,321
	<u>2,535,874</u>	<u>2,586,228</u>
Total Liabilities and Net Assets	<u>\$ 3,350,025</u>	<u>\$ 2,665,410</u>

See notes to financial statements

# WATER FOR GOOD, INC.

## Statements of Activities

Year Ended December 31,

	2018			2017		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions and grants	\$ 2,779,189	\$ 415,673	\$ 3,194,862	\$ 3,100,518	\$ 732,245	\$ 3,832,763
Realized gain from sale of investments	-	-	-	102,108	-	102,108
Program and other revenue	12,449	39,259	51,708	87,153	-	87,153
	<u>2,791,638</u>	<u>454,932</u>	<u>3,246,570</u>	<u>3,289,779</u>	<u>732,245</u>	<u>4,022,024</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS:</b>						
Satisfaction of purpose restrictions	545,575	(545,575)	-	655,751	(655,751)	-
Total Support, Revenue, and Net Assets Released from Restrictions	<u>3,337,213</u>	<u>(90,643)</u>	<u>3,246,570</u>	<u>3,945,530</u>	<u>76,494</u>	<u>4,022,024</u>
<b>EXPENSES:</b>						
Program services	2,264,171	-	2,264,171	1,409,276	-	1,409,276
Supporting activities:						
Management and general	488,709	-	488,709	255,744	-	255,744
Fund-raising	544,044	-	544,044	444,551	-	444,551
Total Expenses	<u>3,296,924</u>	<u>-</u>	<u>3,296,924</u>	<u>2,109,571</u>	<u>-</u>	<u>2,109,571</u>
Change in Net Assets	40,289	(90,643)	(50,354)	1,835,959	76,494	1,912,453
Net Assets, Beginning of Year	2,464,907	121,321	2,586,228	628,948	44,827	673,775
Net Assets, End of Year	<u>\$ 2,505,196</u>	<u>\$ 30,678</u>	<u>\$ 2,535,874</u>	<u>\$ 2,464,907</u>	<u>\$ 121,321</u>	<u>\$ 2,586,228</u>

See notes to financial statements

# WATER FOR GOOD, INC.

## Statements of Cash Flows

	Year Ended December 31,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (50,354)	\$ 1,912,453
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	169,430	151,584
Discount on note receivable	(3,149)	(3,318)
Loss on disposal of equipment	11,667	64,713
Net unrealized (gains) losses on investments	4,447	(4,550)
Change in:		
Accounts and other receivables-net	23,616	(7,148)
Prepaid expenses	(86,033)	(117,473)
Inventory	(205,939)	(150,595)
Refundable advances	750,436	(56,306)
Accounts payable and accrued payroll	(14,567)	14,343
Net Cash Provided by Operating Activities	599,554	1,803,703
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of land, buildings and equipment	(354,841)	(2,260)
Proceeds from sale of land, buildings, and equipment	21,535	-
Purchase of investments	(4,070)	(6,929)
Sale of investments	-	422
Payments received on note receivable	7,500	7,500
Net Cash Used by Investing Activities	(329,876)	(1,267)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from debt	-	27,000
Repayments made on debt	(900)	(434,523)
Net Cash Used by Financing Activities	(900)	(407,523)
Effect of Exchange Rate on Cash and Cash Equivalents	35,000	(374)
Change in Cash and Cash Equivalents	268,778	1,394,913
Cash and Cash Equivalents, Beginning of Year	1,607,124	212,211
Cash and Cash Equivalents, End of Year	\$ 1,875,902	\$ 1,607,124
<b>NONCASH INVESTING ACTIVITIES:</b>		
Cash paid for interest	\$ -	\$ 19,268

See notes to financial statements

# WATER FOR GOOD, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

1. NATURE OF ORGANIZATION:

Water for Good, Inc. (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 many ways in Central Africa and hopes to continue 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 statements 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. As of December 31, 2018 and 2017, approximately \$1,626,000 and \$1,357,000 was in excess of federally insured limits, respectively. Approximately \$805,000 and \$-0- were held in foreign accounts and currencies as of December 31, 2018 and 2017, respectively.



# WATER FOR GOOD, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

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.

Uncollectible accounts are recorded as bad debt expense and additions to the allowance for bad debts when it is determined the amounts are uncollectible. An allowance has not been recorded as of December 31, 2018 and 2017, as management has determined accounts and other receivables are fully collectable.

### 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 inventory is held at overseas locations. Inventory is valued at the lower of cost or net realizable value for December 31, 2018 and 2017.

### PROPERTY, EQUIPMENT, AND DEPRECIATION

Property and equipment expenditures in excess of \$5,000 and three years of useful life are capitalized at cost or, if donated, at fair market value on the date of donation. WFG reports donations of property and equipment as without donor restrictions 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).

# WATER FOR GOOD, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

### 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 contributions with donor restriction and subsequently released from restriction.

#### CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

*Net assets without donor restriction* 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.

*Net assets with donor restriction* 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.

#### 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 statements 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 general use unless specifically restricted by the donor or other legal restrictions. Currency gains (losses) from translation adjustments are included in other revenue on the statements of activities and approximated (\$35,000) and \$300 for the years ended December 31, 2018 and 2017, respectively.

#### CONCENTRATION OF SUPPORT RISK

During the years ended December 31, 2018 and 2017, WFG received approximately 53% of its support from four contributors and approximately 54% of its support from one contributor, respectively.

# WATER FOR GOOD, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

### EXPENSES, ALLOCATION OF EXPENSES, ADVERTISING, AND JOINT COSTS

Expenses are recorded when incurred and reported by function in the statements of activities. Accordingly, expenses have been allocated among the various program services and supporting activities benefited. For the years ended December 31, 2018 and 2017, expenses were allocated among the functional categories on the basis of specific identification and estimates of time spent and benefits derived. WFG incurred no joint costs for the years ended December 31, 2018 and 2017. Advertising expenses approximated \$800 and \$100 for the years ended December 31, 2018 and 2017, respectively.

The following table presents expenses by both their nature and function for the years ended December 31, 2018 and 2017:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2018 Total</u>	<u>2017 Total</u>
Salary and benefits	\$ 444,614	\$ 304,704	\$ 348,087	\$1,097,405	\$ 812,176
Contractors, drilling and supplies	941,905	2,845	22,929	967,679	306,897
Travel and staff development	200,040	55,092	89,473	344,605	215,039
Vehicles, equipment and maintenance	254,804	30,886	50	285,740	249,219
Depreciation	158,945	10,485	-	169,430	216,297
Miscellaneous	263,863	84,697	83,505	432,065	309,943
Total	<u>\$2,264,171</u>	<u>\$ 488,709</u>	<u>\$ 544,044</u>	<u>\$3,296,924</u>	<u>\$2,109,571</u>

# WATER FOR GOOD, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ISSUED ACCOUNTING STANDARDS

During the year ended December 31, 2018, the Organization adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires not-for-profit entities to improve their financial statement presentation and disclosure to provide more relevant information about their resources to their donors, grantors, creditors, and other users. ASU 2016-14 has qualitative and quantitative requirements for presentation and disclosure over net asset classes, investment return, expenses, liquidity and availability of resources, and cash flows. There was no effect on change in net assets for the year ended December 31, 2018, as result of this adoption.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the WFG's financial assets as of December 31, 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, within one year of the statements of financial position date.

Financial assets:

Cash and cash equivalents	\$ 1,875,902
Investments	38,123
Accounts receivable-net	2,116
Notes receivable- net	75,056
Financial Assets, at year-end	<u>1,991,197</u>

Less those not available for general expenditure within one year:

Long-term portion of notes receivable-net	(67,556)
Restrictions by donor with time or purpose restrictions	(30,678)
Board designations	(38,123)
	<u>(136,357)</u>

Financial assets available to meet cash needs for general expenditures within one year:

\$ 1,854,840

WFG is substantially supported by contributions with donor restriction and without donor restriction. Those contributions with donor restriction require resources to be used in a particular manner or in a future period. WFG must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of WFG's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, WFG has board designated net assets without donor restrictions that, while WFG does not intend to spend these for purposes other than those identified, could be made available for current operations, if necessary.

# WATER FOR GOOD, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

4. 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 are derived from the valuation given by the investment manager.

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

	December 31, 2018			
	Total	Level 1	Level 2	Level 3
Investment:	\$ 38,123	\$ -	\$ -	\$ 38,123
	December 31, 2017			
	Total	Level 1	Level 2	Level 3
Investment:	\$ 38,500	\$ -	\$ -	\$ 38,500

The following is a reconciliation of activity for assets measured at fair value based on significant unobservable inputs (Level 3):

	December 31,	
	2018	2017
Beginning balance	\$ 38,500	\$ 27,443
Additions	4,070	6,929
Investment returns	(3,973)	4,550
Investment expenses	(474)	(422)
Ending balance	\$ 38,123	\$ 38,500

# WATER FOR GOOD, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

5. ACCOUNTS AND OTHER RECEIVABLES-NET:

Accounts and other receivables-net consists of:

	December 31,	
	2018	2017
Travel and salary advances	\$ 2,116	\$ 6,859
Accounts receivable	-	18,873
	<u>2,116</u>	<u>25,732</u>
Less allowance	-	-
	<u>\$ 2,116</u>	<u>\$ 25,732</u>

6. NOTE RECEIVABLE-NET:

During 2016, WFG sold equipment for \$125,000 to another organization. The note is non-interest bearing and payments of \$3,750 are due semi-annually until the note is paid in full. The note had an outstanding balance of \$97,500 and \$105,000 at December 31, 2018 and 2017, respectively. The discount rate used on the note receivable is 4%. The discount associated with the non-interest portion of the note is \$22,444 and \$25,593 at December 31, 2018 and 2017, respectively.

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

Year Ending December 31,	
2019	\$ 7,500
2020	7,500
2021	7,500
2022	7,500
2023	7,500
Thereafter	<u>60,000</u>
	97,500
Less discount	<u>(22,444)</u>
	<u>\$ 75,056</u>

Management believes the note receivable is fully collectible. Accordingly, no reserve has been established.

# WATER FOR GOOD, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

7. PROPERTY AND EQUIPMENT-NET:

Property and equipment-net consists of:

	December 31, 2018		
	USA	CAR	Total
Land	\$ -	\$ 49,000	\$ 49,000
Buildings and improvements	24,130	220,762	244,892
Vehicles	-	1,198,812	1,198,812
Equipment	30,000	280,173	310,173
	54,130	1,748,747	1,802,877
Less accumulated depreciation	(36,336)	(990,355)	(1,026,691)
	\$ 17,794	\$ 758,392	\$ 776,186
	December 31, 2017		
	USA	CAR	Total
Land	\$ -	\$ 49,000	\$ 49,000
Buildings and improvements	24,130	220,762	244,892
Vehicles	-	1,169,489	1,169,489
Equipment	30,000	285,173	315,173
	54,130	1,724,424	1,778,554
Less accumulated depreciation	(35,527)	(1,119,050)	(1,154,577)
	\$ 18,603	\$ 605,374	\$ 623,977

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.

# WATER FOR GOOD, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

8. DEBT:

WFG obtained a secured revolving line of credit from Lake City Bank with a maximum borrowing limit of \$500,000. The line of credit carried a fixed rate of four percent. The loan was personally guaranteed by four individuals and expired November 1, 2018.

December 31,	
2018	2017
\$ -	\$ 900

9. NET ASSETS:

Net assets without donor restriction consists of:

	December 31,	
	2018	2017
Undesignated	\$ 1,690,887	\$ 1,802,430
Board designated endowment	38,123	38,500
Equity in property and equipment	776,186	623,977
	<u>\$ 2,505,196</u>	<u>\$ 2,464,907</u>

Net assets with donor restriction consists of:

	December 31,	
	2018	2017
Well drilling	\$ 28,011	\$ 117,029
Other	2,667	696
Maintenance	-	3,596
	<u>\$ 30,678</u>	<u>\$ 121,321</u>



# WATER FOR GOOD, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

10. 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 \$35,000 and \$25,000 for the years ended December 31, 2018 and 2017, respectively.

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 expenses incurred for medical benefits were approximately \$88,000 and \$71,000 for the years ended December 31, 2018 and 2017, respectively.

11. RELATED PARTY TRANSACTIONS:

WFG has an outstanding note receivable of \$8,300 at December 31, 2017, from another organization whose President is the founder of WFG. The note was in exchange for the sale of equipment. The note was paid in full during the year ended December 31, 2018.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 17, 2019 which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.