



water for good.®

WATER FOR GOOD, INC.

Financial Statements
With Independent Auditors' Report

December 31, 2021 and 2020

WATER FOR GOOD, INC.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Water for Good, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Water for Good, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Water for Good, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Water for Good, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLP

Indianapolis, Indiana
July 27, 2022

WATER FOR GOOD, INC.

Statements of Financial Position

	December 31,	
	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 1,370,929	\$ 1,736,788
Travel and salary advances	38,741	4,672
Contributions receivable	-	50,000
Employee retention credit receivable	104,303	-
Prepaid expenses	46,163	418,862
Inventory	512,531	398,652
Note receivable—net	60,920	65,820
Investments held for long-term purposes	67,267	49,827
Property and equipment—net	903,674	527,343
Total Assets	\$ 3,104,528	\$ 3,251,964
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued payroll	\$ 25,963	\$ 243,016
Refundable advances	548,123	460,652
Total liabilities	574,086	703,668
Net assets:		
Without donor restriction	2,528,192	2,467,261
With donor restriction	2,250	81,035
Total net assets	2,530,442	2,548,296
Total Liabilities and Net Assets	\$ 3,104,528	\$ 3,251,964

See notes to financial statements

WATER FOR GOOD, INC.

Statements of Activities

	Year Ended December 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 2,981,146	\$ 1,082,522	\$ 4,063,668	\$ 3,126,398	\$ 480,769	\$ 3,607,167
Grant income	314,580	1,526,564	1,841,144	513,642	1,668,072	2,181,714
Gift-in-kind	21,771	-	21,771	-	-	-
Program and other revenue	54,467	-	54,467	75,077	-	75,077
	<u>3,371,964</u>	<u>2,609,086</u>	<u>5,981,050</u>	<u>3,715,117</u>	<u>2,148,841</u>	<u>5,863,958</u>
NET ASSETS RELEASED FROM RESTRICTIONS:						
Satisfaction of purpose restrictions	<u>2,687,871</u>	<u>(2,687,871)</u>	<u>-</u>	<u>2,131,056</u>	<u>(2,131,056)</u>	<u>-</u>
Total Support, Revenue, and Net Assets Released from Restrictions	<u>6,059,835</u>	<u>(78,785)</u>	<u>5,981,050</u>	<u>5,846,173</u>	<u>17,785</u>	<u>5,863,958</u>
EXPENSES:						
Program services	4,661,464	-	4,661,464	3,640,257	-	3,640,257
Supporting activities:						
Management and general	485,617	-	485,617	578,816	-	578,816
Fundraising	851,823	-	851,823	826,008	-	826,008
Total Expenses	<u>5,998,904</u>	<u>-</u>	<u>5,998,904</u>	<u>5,045,081</u>	<u>-</u>	<u>5,045,081</u>
Change in Net Assets	60,931	(78,785)	(17,854)	801,092	17,785	818,877
Net Assets, Beginning of Year	<u>2,467,261</u>	<u>81,035</u>	<u>2,548,296</u>	<u>1,666,169</u>	<u>63,250</u>	<u>1,729,419</u>
Net Assets, End of Year	<u>\$ 2,528,192</u>	<u>\$ 2,250</u>	<u>\$ 2,530,442</u>	<u>\$ 2,467,261</u>	<u>\$ 81,035</u>	<u>\$ 2,548,296</u>

See notes to financial statements

WATER FOR GOOD, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (17,854)	\$ 818,877
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	213,151	219,851
Discount on note receivable	(2,600)	(2,790)
Gain on forgiveness of paycheck protection program loan	(196,737)	(257,896)
Loss on disposal of equipment	-	16,716
Net unrealized gains on investments	(6,868)	(7,232)
Change in:		
Employee retention credit receivable	(104,303)	-
Travel and salary advances	(34,069)	36,820
Contributions receivable	50,000	(50,000)
Prepaid expenses	372,699	(178,704)
Inventory	(113,879)	(157,103)
Accounts payable and accrued payroll	(217,053)	(31,326)
Refundable advances	87,471	(364,015)
Net Cash Provided by Operating Activities	29,958	43,198
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(589,482)	(109,130)
Purchase of investments	(10,572)	(110)
Sale of investments	-	404,552
Payments received on note receivable	7,500	7,500
Net Cash Provided (Used) by Investing Activities	(592,554)	302,812
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from paycheck protection program loan	196,737	266,800
Payments on paycheck protection program loan	-	(8,904)
Net Cash Provided by Financing Activities	196,737	257,896
Change in Cash and Cash Equivalents	(365,859)	603,906
Cash and Cash Equivalents, Beginning of Year	1,736,788	1,132,882
Cash and Cash Equivalents, End of Year	\$ 1,370,929	\$ 1,736,788
SUPPLEMENTAL DISCLOSURE:		
Cash received from paycheck protection program loan	\$ 196,737	\$ 257,896
Cash paid for interest	\$ 1,082	\$ 52

See notes to financial statements

WATER FOR GOOD, INC.

Notes to Financial Statements

December 31, 2021 and 2020

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 grant revenue and 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, 2021 and 2020, approximately \$1,135,000 and \$1,487,000 was in excess of federally insured limits, respectively. Approximately \$237,000 and \$656,000 were held in foreign accounts and currencies as of December 31, 2021 and 2020, respectively.

WATER FOR GOOD, INC.

Notes to Financial Statements

December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS HELD FOR LONG-TERM PURPOSES

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.

PREPAID EXPENSES

Prepaid expenses consist of small parts and prepayments for travel and utilities that were purchased during the year but relate to activity in subsequent years.

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, 2021 and 2020.

PROPERTY, EQUIPMENT, AND DEPRECIATION

Property and equipment, net, 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 forty years).

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 restrictions and subsequently released from restriction.

WATER FOR GOOD, INC.

Notes to Financial Statements

December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

Net assets without donor restrictions are currently available for WFG purposes under the direction of the board, designated by the board for specific use, or resources invested in property and equipment, net of related debt.

Net assets with donor restrictions 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 the 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 losses from translation adjustments are included in other revenue on the statements of activities and approximated \$61,000 and \$2,000 for the years ended December 31, 2021 and 2020, respectively.

GIFT-IN-KIND

Donated goods (tools and materials), including gifts-in-kind that are used in WFG's operations, are recorded at their estimated fair market value on the date of the gift.

WATER FOR GOOD, INC.

Notes to Financial Statements

December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CONCENTRATION OF SUPPORT RISK

During the year ended December 31, 2021, WFG received approximately 31% of its contributions from one donor and approximately 59% of its grant income from one funder. During the year ended December 31, 2020, WFG received approximately 45% of its contributions from one donor and approximately 84% of its grant income from four funders.

PAYCHECK PROTECTION PROGRAM LOAN

During the year ended December 31, 2020, WFG received a Paycheck Protection Program loan (PPPL) in the amount of \$266,800. \$257,896 of this loan was used to cover payroll and other covered costs in the fiscal year ended 2020. As a result, \$257,896 of this loan was recognized as grant income in the year ending December 31, 2020. The remaining portion of the loan, \$8,904, was repaid during November 2020.

During the year ended December 31, 2021, WFG received a second round of PPPL in the amount of \$196,737. The full amount of this loan was used to cover payroll and other covered costs in the fiscal year ended 2021. As a result, \$196,737 of this loan was recognized as grant income in the year ending December 31, 2021. Funds received for which WFG has met barriers for revenue recognition have been treated as grant income with donor restrictions and then reclassified as satisfaction of purpose restrictions on the statements of activities. The second round of PPPL was forgiven in November 2021.

EMPLOYEE RETENTION CREDIT RECEIVABLE

WFG has recognized a receivable and related grant revenue related to the Employee Retention Credit (ERC) in the accompanying statements of financial position and statements of activities, respectively. A total of \$104,303 has been applied for as of December 31, 2021. Laws and regulations concerning government programs, including the ERC, established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act are complex and subject to varying interpretation. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge WFG's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon WFG.

WATER FOR GOOD, INC.

Notes to Financial Statements

December 31, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020. Advertising expenses approximated \$2,500 and \$2,200 for the years ended December 31, 2021 and 2020, respectively.

The following table presents expenses by both their nature and function for the year ended December 31, 2021:

	Program	Management and General	Fundraising	Total
Salary and benefits	\$ 1,546,404	\$ 318,719	\$ 638,665	\$ 2,503,788
Contractors, drilling and supplies	1,768,095	10,399	19,490	1,797,984
Travel and staff development	352,379	31,805	70,770	454,954
Oversea shipping and customs	325,515	-	-	325,515
Depreciation	208,211	4,940	-	213,151
Professional service fees	56,184	44,961	58,224	159,369
Vehicles, equipment and maintenance	64,379	23,871	-	88,250
Miscellaneous	340,297	50,922	64,674	455,893
Total	\$ 4,661,464	\$ 485,617	\$ 851,823	\$ 5,998,904

The following table presents expenses by both their nature and function for the year ended December 31, 2020:

	Program	Management and General	Fundraising	Total
Salary and benefits	\$ 986,681	\$ 416,161	\$ 700,534	\$ 2,103,376
Contractors, drilling and supplies	1,564,443	12,649	8,155	1,585,247
Travel and staff development	377,291	14,247	43,192	434,730
Depreciation	219,851	-	-	219,851
Professional service fees	50,709	58,394	29,375	138,478
Oversea shipping and customs	135,957	-	-	135,957
Vehicles, equipment and maintenance	40,674	24,250	2,030	66,954
Miscellaneous	264,651	53,115	42,722	360,488
Total	\$ 3,640,257	\$ 578,816	\$ 826,008	\$ 5,045,081

WATER FOR GOOD, INC.

Notes to Financial Statements

December 31, 2021 and 2020

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects WFG's financial assets 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.

	December 31,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 1,370,929	\$ 1,736,788
Investments held for long-term purposes	67,267	49,827
Employee retention credit receivable	104,303	-
Notes receivable- net	60,920	65,820
Financial assets, at year end	<u>1,603,419</u>	<u>1,852,435</u>
Less those not available for general expenditure within one year:		
Long-term portion of notes receivable-net	(53,420)	(58,320)
Restrictions by donor with time or purpose restrictions	(2,250)	(81,035)
Board designations:		
Operating reserve	(500,000)	(400,000)
Endowment	(67,267)	(49,827)
	<u>(622,937)</u>	<u>(589,182)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 980,482</u>	<u>\$ 1,263,253</u>

WFG is substantially supported by contributions with donor restrictions and without donor restrictions. Those contributions with donor restrictions 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, 2021 and 2020

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, 2021			
	Total	Level 1	Level 2	Level 3
Investments	\$ 67,267	\$ -	\$ -	\$ 67,267
	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Investments	\$ 49,827	\$ -	\$ -	\$ 49,827

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

	December 31,	
	2021	2020
Beginning balance	\$ 49,827	\$ 47,037
Additions	11,356	110
Investment returns	6,868	7,232
Sale of investments	-	(4,012)
Investment expenses	(784)	(540)
Ending balance	\$ 67,267	\$ 49,827

WATER FOR GOOD, INC.

Notes to Financial Statements

December 31, 2021 and 2020

5. 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 \$75,000 and \$82,500 at December 31, 2021 and 2020, respectively. The discount rate used on the note receivable is 4%. The discount associated with the non-interest portion of the note is \$14,080 and \$16,680 at December 31, 2021 and 2020, respectively.

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

<u>Year Ending December 31,</u>	
2022	\$ 7,500
2023	7,500
2024	7,500
2025	7,500
2026	7,500
Thereafter	<u>37,500</u>
	75,000
Less discount	<u>(14,080)</u>
	<u><u>\$ 60,920</u></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, 2021 and 2020

6. PROPERTY AND EQUIPMENT-NET:

Property and equipment-net consists of:

	December 31, 2021		
	USA	CAR	Total
Land	\$ -	\$ 49,000	\$ 49,000
Buildings and improvements	10,089	227,870	237,959
Vehicles	-	1,922,706	1,922,706
Equipment	62,256	292,673	354,929
	72,345	2,492,249	2,564,594
Less accumulated depreciation	(35,012)	(1,625,908)	(1,660,920)
	\$ 37,333	\$ 866,341	\$ 903,674
	December 31, 2020		
	USA	CAR	Total
Land	\$ -	\$ 49,000	\$ 49,000
Buildings and improvements	10,089	227,870	237,959
Vehicles	-	1,369,579	1,369,579
Equipment	38,400	280,173	318,573
	48,489	1,926,622	1,975,111
Less accumulated depreciation	(30,541)	(1,417,227)	(1,447,768)
	\$ 17,948	\$ 509,395	\$ 527,343

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 the 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 the 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, 2021 and 2020

7. NET ASSETS:

Net assets without donor restrictions consists of:

	December 31,	
	2021	2020
Undesignated	\$ 1,960,925	\$ 2,024,523
Board designated operating reserve	500,000	400,000
Board designated endowment	67,267	49,827
	<u>\$ 2,528,192</u>	<u>\$ 2,474,350</u>

Net assets with donor restrictions consists of:

	December 31,	
	2021	2020
Restricted by time and purpose:		
Vitol Uptime	\$ -	\$ 50,000
Restricted by purpose:		
Vitol Uptime	-	28,265
Well drilling	-	520
Maintenance	2,250	2,250
	<u>\$ 2,250</u>	<u>\$ 81,035</u>

WATER FOR GOOD, INC.

Notes to Financial Statements

December 31, 2021 and 2020

8. BENEFIT PLANS:

WFG matches employee contributions up to 5% of an employee's regular pay to a 401(k) retirement plan. WFG contributions to the 401(k) plan were approximately \$52,000 and \$57,000 for the years ended December 31, 2021 and 2020, 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 \$128,000 and \$141,000 for the years ended December 31, 2021 and 2020, respectively.

9. COMMITMENTS AND CONTINGENCIES:

On December 9, 2019, WFG entered into an agreement with Nexus Impact Center, Inc., to lease office space. The agreement is for three years, and expires in December 2022. Lease expense for the years ended December 31, 2021 and 2020, was approximately \$14,000 and \$13,000, respectively.

The lease agreement is payable as follows:

<u>Year Ending December 31,</u> 2022	<u>\$ 14,668</u>
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10. RISKS AND UNCERTAINTIES:

Beginning in March 2020, the COVID-19 (coronavirus) outbreak in the United States and around the world has caused disruption through mandated and voluntary closings and/or transitions to remote work for numerous businesses, including WFG. While the disruptions are currently expected to be temporary, there is considerable uncertainty around the duration of these disruptions. Donors have been extremely generous, and WFG has been building cash reserves while at the same time continuing program operations in the CAR. However, at some point, the outbreak could have a negative effect on contributions and its operations. Therefore, the extent to which the COVID-19 outbreak may financially impact WFG's operations or its financial results cannot be reasonably estimated at this time.

11. RELATED PARTY TRANSACTIONS:

Water for Good's board members contributed approximately \$49,000 and \$40,000 during the years ended December 31, 2021 and 2020, respectively.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through July 27, 2022, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.