

WATER OF LIFE

GREER, SOUTH CAROLINA

REVIEWED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

WATER OF LIFE

GREER, SOUTH CAROLINA

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Water of Life
Greer, South Carolina

We have reviewed the accompanying financial statements of Water of Life (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Bradshaw, Gordon & Clinkscales, LLC

February 20, 2019

WATER OF LIFE

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS

Cash, unrestricted	\$ 166,771
Cash, restricted	<u>1,191</u>

TOTAL ASSETS (ALL CURRENT)	<u><u>\$ 167,962</u></u>
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LIABILITIES AND NET ASSETS

ACCRUED PAYROLL EXPENSE	<u>\$ 4,373</u>
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TOTAL LIABILITIES (ALL CURRENT)	<u>4,373</u>
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NET ASSETS:

Unrestricted	162,398
Temporarily restricted	<u>1,191</u>

Total Net Assets	<u>163,589</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 167,962</u></u>
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The accompanying notes are an integral part
of these financial statements.

WATER OF LIFE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE:			
General contributions	\$ 1,557,225	\$ 83,923	\$ 1,641,148
Rental income	5,038	-	5,038
Other income	4,599	-	4,599
	<u>1,566,862</u>	<u>83,923</u>	<u>1,650,785</u>
Total Revenue			
Net assets released from restrictions	<u>147,732</u>	<u>(147,732)</u>	<u>-</u>
Total Revenue and Reclassifications	<u>1,714,594</u>	<u>(63,809)</u>	<u>1,650,785</u>
FUNCTIONAL EXPENSES:			
Direct program expenses	1,518,220	-	1,518,220
General and administrative expenses	86,666	-	86,666
Fundraising	218,197	-	218,197
	<u>1,823,083</u>	<u>-</u>	<u>1,823,083</u>
Total Functional Expenses			
CHANGES IN NET ASSETS	(108,489)	(63,809)	(172,298)
NET ASSETS, Beginning of year	<u>270,887</u>	<u>65,000</u>	<u>335,887</u>
NET ASSETS, End of year	<u>\$ 162,398</u>	<u>\$ 1,191</u>	<u>\$ 163,589</u>

The accompanying notes are an integral part
of these financial statements.

WATER OF LIFE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Direct Program Expenses</u>	<u>General and Administrative Expenses</u>	<u>Fundraising</u>	<u>Total Functional Expenses</u>
Contracted services	\$ 1,425,761	\$ -	\$ -	\$ 1,425,761
Event expenses	-	-	5,010	5,010
Facilities and equipment	14,325	6,330	-	20,655
Mission trips	28,095	-	-	28,095
Operations	-	22,811	18,984	41,795
Other expense	-	6,857	1,180	8,037
Personnel	50,039	49,445	189,761	289,245
Travel and meeting	-	1,223	3,262	4,485
	<u>\$ 1,518,220</u>	<u>\$ 86,666</u>	<u>\$ 218,197</u>	<u>\$ 1,823,083</u>

The accompanying notes are an integral part
of these financial statements.

WATER OF LIFE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (172,298)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Net changes in operating assets and liabilities:	
Accrued payroll expense	<u>2,508</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>(169,790)</u>
DECREASE IN CASH	(169,790)
CASH, Beginning of year	<u>337,752</u>
CASH, End of year	<u><u>\$ 167,962</u></u>

The accompanying notes are an integral part of these financial statements.

WATER OF LIFE

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Nature of Organization: Water of Life (the Organization) is a not-for-profit organization dedicated to providing access to clean water to those in need while offering the message of the Gospel of Jesus Christ. A non-profit organization based in Greer, South Carolina, Water of Life partners with local pastors and drill crews around the world to drill for water in remote villages that have no access to clean water. While in these villages, the teams also help rescue and care for children from slavery. Teams sponsored by Water of Life meet the physical needs of people by providing clean water and meet the spiritual needs by sharing the Gospel message. Water of Life also supports the efforts of its international partners in sharing the Gospel with unreached people.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting: The financial statements of Water of Life have been prepared using the accrual basis of accounting. The accrual basis recognizes revenues when earned and expenses when incurred.

Financial Statement Presentation and Revenue Recognition: The accompanying financial statements are presented in accordance with the provisions of topic 958, *Not-for-Profit Entities*, of the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC).

Those provisions establish standards for external financial reporting by nonprofit organizations and require net assets and revenues, expenses, gains and losses to be classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets – Net assets that are neither temporarily restricted nor permanently restricted by donor-imposed restrictions.
- Temporarily restricted net assets – Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization has \$1,191 of temporarily restricted net assets as of December 31, 2018.
- Permanently restricted net assets – Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization does not have any permanently restricted net assets as of December 31, 2018.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by donor stipulation or by law.

Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the condition on which they depend is substantially met. The Organization does not have any promises to give at December 31, 2018.

Cash: For purposes of reporting cash flows, cash is defined as checking and savings accounts held in an area bank. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage up to \$250,000 for the Organization's bank accounts. The balances of the Organization's bank accounts may from time to time exceed FDIC insurance limits; however, the Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash balances.

Contributed Services: During 2018, volunteers and community businesses donated services to the Organization for various activities. These services did not meet the criteria for financial statement recognition and are, therefore, not included on the Statement of Activities.

Functional Allocation of Expenses: The costs of providing the Organization's various programs and support services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and support services.

Use of Estimates: The preparation of the accompanying 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 amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Income Taxes: The Organization is a not-for-profit entity under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes pursuant to Section 501(a) of the Internal Revenue Code.

NOTE 3 – RELATED PARTY TRANSACTIONS

During 2018, Water of Life received contributions from related individuals totaling \$44,516.

NOTE 3 – RELATED PARTY TRANSACTIONS (CONTINUED)

The Organization subleases a portion of its office space on a month-to-month basis with no formal terms to an entity owned by a family member of the President of the Organization. Once the Organization moved into the new office, these payments also included utilities. Total payments received from this entity were \$5,038 for the year ended December 31, 2018, and is included in rental income in the accompanying Statement of Activities.

NOTE 4 – OPERATING LEASE

Starting in July 2017, the Company leases its office space from an unrelated party. The lease terminates on May 31, 2020. Rent payments under this lease are \$1,200 per month. For the year ended December 31, 2018, total rent expense under this lease is \$14,400, and is included in facilities and equipment expense on the accompanying Statement of Functional Expenses. Future minimum lease payments under this lease are as follows:

<u>Year ending December 31,</u>	
2019	\$ 14,400
2020	<u>6,000</u>
	<u>\$ 20,400</u>

The Organization subleases a portion of its office space on a month-to-month basis to a related party. For the year ended December 31, 2018, total rental income received from this entity was \$5,038, which is included as rental income in the accompanying Statement of Activities.

NOTE 5 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets available for future use at December 31, 2018 are as follows:

Drill rig	\$ 100
Rescue Kids	<u>1,091</u>
	<u>\$ 1,191</u>

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 20, 2019, which is the date the accompanying financial statements were available to be issued.