water for good®

WATER FOR GOOD, INC.

Financial Statements
With Independent Auditors' Report

December 31, 2023 and 2022

CAPINCROUSE LLP

WATER FOR GOOD, INC.

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6

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, 2023 and 2022, 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, 2023 and 2022, 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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
September 18, 2024

WATER FOR GOOD, INC.

Statements of Financial Position

	December 31, 2023	December 31, 2022
ASSETS:		
Cash and cash equivalents	$ 2,383,923	$ 2,431,043
Employee retention credit receivable	102,305	102,305
Prepaid expenses and other assets	143,699	47,611
Inventory	283,568	311,058
Note receivable–net	50,916	55,822
Investments held for long-term purposes	62,372	56,968
Property and equipment–net	1,506,109	869,569
Total Assets	$ 4,532,892	$ 3,874,376
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	$ 85,727	$ 70,308
Accrued liabilities	18,161	43,494
Refundable advances	348,096	492,003
Total liabilities	451,984	605,805
Net assets:		
Without donor restrictions	4,080,908	3,268,571
With donor restrictions	-	-
Total net assets	4,080,908	3,268,571
Total Liabilities and Net Assets	$ 4,532,892	$ 3,874,376

See notes to financial statements

WATER FOR GOOD, INC.

Statements of Activities

	Year Ended December 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	$ 4,845,824	$ 563,239	$ 5,409,063	$ 4,646,158	$ 558,408	$ 5,204,566
Grant income	3,090,662	-	3,090,662	102,305	1,801,899	1,904,204
Loss on disposal of property and equipment	(7,047)	-	(7,047)	(3,045)	-	(3,045)
Gain (loss) on investments	5,404	-	5,404	(10,299)	-	(10,299)
Program and other revenue	24495	-	24,495	26,158	-	26,158
	7,959,338	563,239	8,522,577	4,761,277	2,360,307	7,121,584
NET ASSETS RELEASED FROM RESTRICTIONS:						
Satisfaction of purpose restrictions	563,239	(563,239)	-	2,362,557	(2,362,557)	-
Total Support, Revenue, and Net Assets Released from Restrictions	8,522,577	-	8,522,577	7,123,834	(2,250)	7,121,584
EXPENSES:						
Program services	5,864,067	-	5,864,067	4,446,198	-	4,446,198
Supporting activities:						
Management and general	578,165	-	578,165	1,050,998	-	1,050,998
Fundraising	1,268,008	-	1,268,008	886,259	-	886,259
Total Expenses	7,710,240	-	7,710,240	6,383,455	-	6,383,455
Change in Net Assets	812,337	-	812,337	740,379	(2,250)	738,129
Net Assets, Beginning of Year	3,268,571	-	3,268,571	2,528,192	2,250	2,530,442
Net Assets, End of Year	$ 4,080,908	$ -	$ 4,080,908	$ 3,268,571	$ -	$ 3,268,571

See notes to financial statements

WATER FOR GOOD, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 812,337	$ 738,129
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	216,997	208,893
Discount on note receivable	(2,594)	(2,402)
Loss on disposal of equipment	7,047	3,045
Net unrealized (gain) loss on investments	(5,404)	10,299
Change in:		
Employee retention credit receivable	-	1,998
Prepaid expenses and other assets	(96,088)	37,293
Inventory	27,490	201,473
Accounts payable	15,419	44,345
Accrued liabilities	(25,333)	43,494
Refundable advances	(143,907)	(56,120)
Net Cash Provided by Operating Activities	805,964	1,230,447
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(860,584)	(260,739)
Proceeds from sale of property and equipment	-	82,906
Payments received on note receivable	7,500	7,500
Net Cash Used by Investing Activities	(853,084)	(170,333)
Change in Cash and Cash Equivalents	(47,120)	1,060,114
Cash and Cash Equivalents, Beginning of Year	2,431,043	1,370,929
Cash and Cash Equivalents, End of Year	$ 2,383,923	$ 2,431,043
Cash paid for interest	$ -	$ 1,573

See notes to financial statements

WATER FOR GOOD, INC.

Notes to Financial Statements

December 31, 2023 and 2022

1. NATURE OF ORGANIZATION:

Water for Good, Inc. (WFG) is a non-denominational, non-governmental, and non-profit faith-based organization. Established in 2004, Water for Good's mission is to provide clean, lasting water for every man, woman, and child in one of the world's most forgotten country, the Central African Republic. In pursuit of this goal, they develop sustainable systems-based solutions to increase and maintain water access in the Central African Republic. WFG aims to address the systemic and urgent water issues by 1) increasing new water access, 2) providing professional maintenance services, 3) supporting private sector initiatives, 4) sharing relevant health messages and the Christian faith motivation to 100,000 daily listeners via their radio station, and 5) strengthening private-public water sector partnerships. Together, these program pillars create the foundation for WFG's mission in Central African Republic.

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. As of December 31, 2023 and 2022, approximately $1,738,000 and $1,965,000 held in U.S. bank accounts was in excess of federally insured limits, respectively. In addition, approximately $211,000 and $208,000 were held in foreign accounts and currencies as of December 31, 2023 and 2022, respectively.

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.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and others assets consist of a deposit for a property purchase, right-of-use asset and prepayments for software and travel that were purchased during the year but relate to activity for the year ended December 31, 2024. The property purchase relates to real property in the CAR that would serve as WFG's CAR headquarters. Under the signed letter of intent (LOI), the initial agreed upon price is $1,825,000. WFG made a $100,000 refundable deposit, subject to certain refund provisions, as it continues its due diligence during its option period.

INVENTORY

Inventory consists of construction materials 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, 2023 and 2022.

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 grant projects. 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 cash advances on a grant 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 grant income.

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 $53,000 and $51,000 for the years ended December 31, 2023 and 2022, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CONCENTRATION OF SUPPORT RISK

During the year ended December 31, 2023, WFG received approximately 34% of its contributions from two donors and approximately 84% of its grant income from two funders. During the year ended December 31, 2022, WFG received approximately 32% of its contributions from two donors and approximately 89% of its grant income from two funders.

EMPLOYEE RETENTION CREDIT RECEIVABLE

WFG has recognized a receivable and grant revenue in 2022 related to the Employee Retention Credit (ERC) in the accompanying statements of financial position and statements of activities, respectively. A total of $102,305 has been applied for as of December 31, 2022. 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. WFG has not received the funds for the ERC as of December 31, 2023.

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, 2023 and 2022, 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, 2023 and 2022. Advertising expenses approximated $2,900 and $1,500 for the years ended December 31, 2023 and 2022, respectively.

The following table presents expenses by both their nature and function for the year ended December 31, 2023:

	Program	Management and General	Fundraising	Total
Salary and benefits	$ 2,250,264	$ 318,486	$ 873,850	$ 3,442,600
Contractors, drilling and supplies	2,236,073	-	-	2,236,073
Travel and staff development	533,787	13,870	107,835	655,492
Professional service fees	69,756	214,452	171,754	455,962
Depreciation and amortization	208,765	3,201	5,031	216,997
Overseas shipping and customs	150,212	-	-	150,212
Vehicles, equipment and maintenance	100,237	5,242	8,240	113,719
Miscellaneous	314,973	22,914	101,298	439,185
Total	$ 5,864,067	$ 578,165	$ 1,268,008	$ 7,710,240

The following table presents expenses by both their nature and function for the year ended December 31, 2022:

	Program	Management and General	Fundraising	Total
Salary and benefits	$ 1,514,473	$ 498,755	$ 664,300	$ 2,677,528
Contractors, drilling and supplies	1,740,428	48,823	34,143	1,823,394
Travel and staff development	261,961	173,213	76,855	512,029
Professional service fees	36,773	220,054	79,140	335,967
Overseas shipping and customs	218,513	5,779	2,378	226,670
Depreciation and amortization	187,617	21,276	-	208,893
Vehicles, equipment and maintenance	46,148	23,835	-	69,983
Miscellaneous	440,285	59,263	29,443	528,991
Total	$ 4,446,198	$ 1,050,998	$ 886,259	$ 6,383,455

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, 2023	December 31, 2022
Financial assets:		
Cash and cash equivalents	$ 2,383,923	$ 2,431,043
Investments held for long-term purposes	62,372	56,968
Employee retention credit receivable	102,305	102,305
Notes receivable- net	50,916	55,822
Financial assets, at year end	2,599,516	2,646,138
Less those not available for general expenditure within one year:		
Long-term portion of notes receivable-net	(43,416)	(48,322)
Board designations:		
Operating reserve	(600,000)	(600,000)
Endowment	(62,372)	(56,968)
	(705,788)	(705,290)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,893,728	$ 1,940,848

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.

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, 2023			
	Total	Level 1	Level 2	Level 3
Investments	$ 62,372	$ -	$ -	$ 62,372

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Investments	$ 56,968	$ -	$ -	$ 56,968

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

	December 31,	
	2023	2022
Beginning balance	$ 56,968	$ 67,267
Additions	-	-
Unrealized gain (loss) on investment	5,404	(10,299)
Investment expenses	-	-
Ending balance	$ 62,372	$ 56,968

5. NOTE RECEIVABLE-NET:

During 2016, WFG sold equipment for $125,000 to another organization and issued a non-interest bearing note with payments of $3,750 due semi-annually until the note is paid in full. The note had an outstanding balance of $60,000 and $67,500 at December 31, 2023 and 2022, respectively. The discount rate used on the note receivable is 4%. The discount associated with the non-interest portion of the note is $9,084 and $11,678 at December 31, 2023 and 2022, respectively.

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

Year Ending December 31,	
2024	$ 7,500
2025	7,500
2026	7,500
2027	7,500
2028	7,500
Thereafter	22,500
	60,000
Less discount	(9,084)
	$ 50,916

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

6. PROPERTY AND EQUIPMENT-NET:

Property and equipment-net consists of:

	December 31, 2023		
	USA	CAR	Total
Land	$ -	$ 49,000	$ 49,000
Buildings and improvements	10,089	227,870	237,959
Vehicles	-	2,720,338	2,720,338
Equipment	62,256	294,292	356,548
	72,345	3,291,500	3,363,845
Less accumulated depreciation	(67,311)	(1,790,425)	(1,857,736)
	$ 5,034	$ 1,501,075	$ 1,506,109

	December 31, 2022		
	USA	CAR	Total
Land	$ -	$ 49,000	$ 49,000
Buildings and improvements	10,089	227,870	237,959
Vehicles	-	1,942,776	1,942,776
Equipment	62,256	323,418	385,674
	72,345	2,543,064	2,615,409
Less accumulated depreciation	(50,814)	(1,695,026)	(1,745,840)
	$ 21,531	$ 848,038	$ 869,569

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.

7. NET ASSETS:

Net assets without donor restrictions consists of:

	December 31, 2023	December 31, 2022
Undesignated	$ 3,418,536	$ 2,611,603
Board designated operating reserve	600,000	600,000
Board designated endowment	62,372	56,968
	$ 4,080,908	$ 3,268,571

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 $70,000 and $59,000 for the years ended December 31, 2023 and 2022, 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 $154,000 and $143,000 for the years ended December 31, 2023 and 2022, respectively.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 18, 2024, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

On December 29, 2023, WFG entered into an agreement to integrate its operations with Lifewater International effective January 1, 2024. The two corporate entities will be maintained, but WFG will become the parent organization of Lifewater International and the leadership of the two corporations will be combined. WFG and Lifewater International will establish joint HQ offices in Bentonville, Arkansas and Addis Ababa, Ethiopia.