

WATER IS BASIC
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2021 AND 2020

Water is Basic
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December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Water is Basic

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Water is Basic (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Water is Basic as of December 31, 2021 and 2020, and the changes in its net assets and its 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 (GAAS). 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 is Basic 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 is Basic's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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 is Basic'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 is Basic'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.



Salmon Sims Thomas & Associates
A Professional Limited Liability Company

November 22, 2022

Water is Basic
Statements of Financial Position
December 31, 2021 and 2020

ASSETS		2021	2020
Cash		<u>\$ 297,497</u>	<u>\$ 280,394</u>
TOTAL ASSETS		<u><u>\$ 297,497</u></u>	<u><u>\$ 280,394</u></u>

LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable		<u>\$ 45,988</u>	<u>\$ 6,188</u>
Total Liabilities		<u>45,988</u>	<u>6,188</u>
Net Assets			
Without donor restrictions		235,593	258,599
With donor restrictions		<u>15,916</u>	<u>15,607</u>
Total Net Assets		<u>251,509</u>	<u>274,206</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 297,497</u></u>	<u><u>\$ 280,394</u></u>

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

Water is Basic
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions and grants	\$ 611,380	\$ 250,199	\$ 861,579
Paycheck Protection Program loan forgiveness	39,207	-	39,207
	<u>650,587</u>	<u>250,199</u>	<u>900,786</u>
Net assets released from restriction	249,890	(249,890)	-
Total Revenues and Support	<u>900,477</u>	<u>309</u>	<u>900,786</u>
Expenses			
Program services	653,420	-	653,420
Supporting services	270,063	-	270,063
Total Expenses	<u>923,483</u>	<u>-</u>	<u>923,483</u>
Increase (Decrease) in Net Assets	(23,006)	309	(22,697)
Net Assets, December 31, 2020	<u>258,599</u>	<u>15,607</u>	<u>274,206</u>
Net Assets, December 31, 2021	<u>\$ 235,593</u>	<u>\$ 15,916</u>	<u>\$ 251,509</u>

The accompanying notes are an integral part of this financial statement.

Water is Basic
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions and grants	\$ 477,171	\$ 153,903	\$ 631,074
Paycheck Protection Program loan forgiveness	38,300	-	38,300
	<u>515,471</u>	<u>153,903</u>	<u>669,374</u>
Net assets released from restriction	169,390	(169,390)	-
Total Revenues and Support	<u>684,861</u>	<u>(15,487)</u>	<u>669,374</u>
Expenses			
Program services	372,402	-	372,402
Supporting services	249,373	-	249,373
Total Expenses	<u>621,775</u>	<u>-</u>	<u>621,775</u>
Increase (Decrease) in Net Assets	63,086	(15,487)	47,599
Net Assets, December 31, 2020	<u>195,513</u>	<u>31,094</u>	<u>226,607</u>
Net Assets, December 31, 2018	<u>\$ 258,599</u>	<u>\$ 15,607</u>	<u>\$ 274,206</u>

The accompanying notes are an integral part of this financial statement.

Water is Basic
Statement of Functional Expenses
For the Year Ended December 31, 2021

	<u>Program Services</u>			<u>Supporting Services</u>	<u>Fundraising Services</u>	<u>Total</u>
	<u>Water Projects</u>	<u>Community Services</u>	<u>Peace</u>			
Salaries and related expenses	\$ 113,992	\$ -	\$ -	\$ 42,327	\$ 98,553	\$ 254,872
Well and water projects	357,935	2,356	-	271	12,519	373,081
Community services	39,105	9,150	-	-	-	48,255
Sudan radio station	-	4,445	-	-	-	4,445
Peace South Sudan	-	-	5,125	-	-	5,125
Just act Now	-	35,000	-	-	-	35,000
Airfare and lodging	33,567	-	-	-	26,743	60,310
Advertising and promotion	5,054	-	-	-	19,982	25,036
Rent	-	-	-	4,492	442	4,934
Office expenses	8,151	-	-	6,802	29,552	44,505
Professional fees	-	-	-	12,614	-	12,614
Promotions and awareness events	39,540	-	-	-	15,766	55,306
	<u>\$ 597,344</u>	<u>\$ 50,951</u>	<u>\$ 5,125</u>	<u>\$ 66,506</u>	<u>\$ 203,557</u>	<u>\$ 923,483</u>

The accompanying notes are an integral part of this financial statement.

Water is Basic
Statement of Functional Expenses
For the Year Ended December 31, 2020

	<u>Program Services</u>			<u>Supporting</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Water Projects</u>	<u>Community Services</u>	<u>Peace</u>	<u>Services</u>	<u>Services</u>	
Salaries and related expenses	\$ 108,403	\$ -	\$ -	\$ 47,317	\$ 97,124	\$ 252,844
Well and water projects	175,376	-	-	-	4,026	179,402
Community services	34,993	8,919	-	-	-	43,912
Sudan radio station	-	800	-	-	-	800
Peace South Sudan	-	-	5,625	-	-	5,625
Just act Now	-	30,725	-	-	475	31,200
Airfare and lodging	888	-	1,803	5,738	11,977	20,406
Advertising and promotion	-	-	234	-	15,266	15,500
Rent	-	-	-	-	397	397
Office expenses	4,636	-	-	4,472	27,871	36,979
Professional fees	-	-	-	29,512	-	29,512
Promotions and awareness events	-	-	-	-	5,198	5,198
	<u>\$ 324,296</u>	<u>\$ 40,444</u>	<u>\$ 7,662</u>	<u>\$ 87,039</u>	<u>\$ 162,334</u>	<u>\$ 621,775</u>

The accompanying notes are an integral part of this financial statement.

Water is Basic
Statement of Cash Flows
For the Years Ended December 31, 2021 and 2020

Cash Flows From Operating Activities	<u>2021</u>	<u>2020</u>
Increase (Decrease) In Net Assets	\$ (22,697)	\$ 47,599
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Forgiven amount of Paycheck Protection Program loan	(39,207)	(38,300)
(Increase) Decrease in Assets:		
Contributions receivable	-	4,600
Increase (Decrease) in Liabilities:		
Accounts payable	39,800	(26,842)
Net Cash Used by Operating Activities	<u>(22,104)</u>	<u>(12,943)</u>
 Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program loan	<u>39,207</u>	<u>38,300</u>
 Net Increase in Cash	17,103	25,357
 Cash, beginning of year	<u>280,394</u>	<u>255,037</u>
 Cash, end of year	<u>\$ 297,497</u>	<u>\$ 280,394</u>

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

Water is Basic
Notes to Financial Statements
December 31, 2021 and 2020

Note 1: Organization and Summary of Significant Accounting Policies

The summary of significant accounting policies of Water is Basic (Organization) is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Organization

The Organization was established in 2006 and became a 501(c)(3) in May 2012. The goal of the Organization is to provide clean drinking water for individuals and families living in poverty around the world, with a primary emphasis in Africa. The Organization primarily raises money to fund water well drilling in South Sudan, and has partnered with a separate, independent African organization to perform the well construction. The Organization is primarily funded by individual, church, and foundation contributions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all investments with original maturity dates of ninety days or less to be cash equivalents. In addition, all donated stock, which is converted to cash within thirty days of receipt, is considered to be a cash equivalent. As of December 31, 2021 and 2020, the Organization had no cash equivalents. The Organization places cash, which at times may exceed federally-insured limits, with high-credit quality financial institutions. The Organization has not experienced any losses on such assets.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in recording the functional allocation of expenses and depreciable lives of fixed assets. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could vary from estimates.

Financial Statement Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets, with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Net Assets, without donor restrictions - Net assets not subject to donor-imposed stipulations.

Water is Basic
Notes to Financial Statements
December 31, 2021 and 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)
Financial Statement Presentation (Continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (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 of assets other than cash are recorded at their estimated fair value on the date of donation.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits are allocated on the basis of estimates of time and effort. All other natural expense categories using the key concept of direct conduct or direct supervision are 100% charged to the benefiting program or support service.

Property and Equipment

Property and equipment are stated at cost when purchased or fair value at the date the equipment is donated, less accumulated depreciation. Major expenditures and expenditures which substantially increase useful lives are capitalized. Maintenance and repairs, which do not improve or extend the lives of the respective assets, are included in the statements of activities and changes in net assets. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation are removed, and any gain or loss is included in the statements of activities and changes in net assets.

Depreciation of furniture, equipment, and computers is calculated on the straight line/mid-month convention over the estimated useful lives of the respective assets. Estimated useful lives as of December 31, 2021 and 2020 were as follows:

Office equipment	5 years
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Contribution Receivables and Promise to Give

Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires or is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give that are due more than one year beyond the statement of financial position date are discounted to a net present value using an estimated discount factor for risk-free borrowing.

Water is Basic
Notes to Financial Statements
December 31, 2021 and 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)
Contribution Receivables and Promise to Give (Continued)

Contributions receivable are considered past due when payments are not made under the terms of the contribution agreement. There were no past due contributions receivable at December 31, 2021 and 2020 and no provision was made for uncollectible receivables as of these dates. Contributions receivable are considered uncollectible and written off as uncollectible when the donor withdraws the contribution commitment or fails to provide a reasonable revised schedule of contributions.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in Section 501(c)(3) of the IRC. The Organization has been classified as an organization that is not a private foundation under IRC Section 509(a)(2), and as such, contributions to the Organization qualify for deductions as charitable contributions. However, income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511.

Accounting for Uncertainty in Income Taxes

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 740-10, *Accounting for Income Taxes*, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statements of activities and changes in net assets or accrued in the statements of financial position. Federal and state tax returns of the Organization are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The new standard requires lessees to recognize a right-of-use (ROU) asset and a related lease liability for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities and changes in net assets. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statements of financial position. The new standard is effective for private entities for annual periods beginning after December 15, 2021. The Organization is currently assessing the impact on its financial position but expects that the guidance will not result in significant changes to the results of operations.

Water is Basic
Notes to Financial Statements
December 31, 2021 and 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)
Recent Accounting Pronouncements (Continued)

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit (NPO) Entities for Contributed Nonfinancial Assets*, as an update to ASC 958. The ASU requires an NPO present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash and other financial assets, and disclose a disaggregation of the amount of contributed nonfinancial assets by category, and qualitative information about monetizing or utilizing contributed nonfinancial assets, a description of the valuation techniques used to arrive at a fair value measure, and any donor-imposed restrictions associated with the contributed nonfinancial assets. The new standard is effective for all NPO entities for annual periods beginning after June 15, 2021 and should be applied on a retrospective basis. Early adoption is permitted. The Organization will adopt this update for the year ending December 31, 2022.

Date of Management's Review

Subsequent events have been evaluated for potential recognition or disclosure through November 22, 2022, which is the date the financial statements were available to be issued.

Note 2: Property and Equipment

At December 31, 2021 and 2020, property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Office equipment	\$ 2,842	\$ 2,842
Less accumulated depreciation	<u>(2,842)</u>	<u>(2,842)</u>
	<u>\$ -</u>	<u>\$ -</u>

Note 3: Related Party Transactions

Several members of the Board of Directors make significant contributions to the Organization. Three members contributed approximately \$88,000 during each of the years ended December 31, 2021 and 2020.

Water is Basic
Notes to Financial Statements
December 31, 2021 and 2020

Note 4: Net Assets

Net Assets without Donor Restrictions

Net assets without donor restrictions consist of certain internally designated amounts and general undesignated amounts available for all Organization operations. The components of net assets without donor restrictions at December 31, 2021 and 2020 were as follows:

	2021	2020
Designated		
<i>Water Projects</i>		
Equipment	\$ 24,552	\$ 43,373
Undesignated	211,041	215,226
	\$ 235,593	\$ 258,599

Net Assets with Donor Restrictions

Net assets with donor restrictions for specific program and support activities at December 31, 2021 and 2020 were approximately as follows:

	2021	2020
<i>Water Projects</i>		
Rain Catchment, Kibumba	\$ 928	\$ 9,282
Film	11,380	-
<i>Community Services</i>		
Sudan radio	1,608	4,043
Just Act Now	500	-
Other	1,500	-
<i>Peace</i>	-	2,282
	\$ 15,916	\$ 15,607

Water is Basic
Notes to Financial Statements
December 31, 2021 and 2020

Note 4: Net Assets (Continued)

Net Assets with Donor Restrictions (Continued)

Net assets that were released from restrictions during the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
<i>Water Projects</i>		
Consulting	\$ -	\$ 16,399
Film	17,825	27,500
Water filters	-	1,665
Rain catchment, Kibumba	47,574	32,300
Women's Well Repair Initiative	110,449	47,797
I Dream of Water	30,815	-
<i>Community Services</i>		
Just Act Now	35,000	29,441
Sudan radio	4,445	800
Other	1,500	3,500
<i>Peace</i>	<u>2,282</u>	<u>9,988</u>
	<u>\$ 249,890</u>	<u>\$ 169,390</u>

Note 5: Paycheck Protection Program Loan

The Organization received funding of \$38,300 in April 2020 under the Paycheck Protection Program (PPP) as part of the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) to provide payroll assistance. The Organization received full forgiveness of the loan in December 2020 from the Small Business Administration (SBA) and recognized the full amount as revenue in the year ended December 31, 2020.

In January 2021, the Organization received a second round of PPP loan funding of \$39,207. The Organization received full forgiveness of the loan in June 2021 from the SBA recognized the full amount as revenue in the year ended December 31, 2021.

Note 6: Liquidity

As part of the Organization'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. The policy is that monthly revenues are to cover monthly expenses. Monthly revenues and expenditures are deposited in and deducted from the operating accounts.

In addition, the Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

Water is Basic
Notes to Financial Statements
December 31, 2021 and 2020

Note 6: Liquidity (Continued)

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

	<u>2021</u>	<u>2020</u>
Financial assets available at year end	\$ 297,497	\$ 280,394
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
Subject to appropriation and satisfaction of donor restrictions	(15,916)	(15,607)
Designated:		
Amounts set aside for projects	<u>(24,552)</u>	<u>(43,373)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 257,029</u>	<u>\$ 221,414</u>