

WATER FOR SOUTH SUDAN, INC.

FINANCIAL STATEMENTS

August 31, 2021



TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Balance Sheets	3
Statement of Activities	5
Statement of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Water for South Sudan, Inc.
Rochester, New York

We have audited the accompanying financial statements of Water for South Sudan, Inc. (a New York State nonprofit organization), which comprise the balance sheets as of August 31, 2021 and 2020 and the related statements of cash flows for the years then ended, the related statements of activities and functional expenses for the year ended August 31, 2021, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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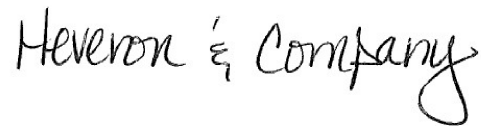
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Water for South Sudan, Inc. as of August 31, 2021 and 2020, and its cash flows for the years ended, and the changes in net assets and functional expenses for the year ended August 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Water for South Sudan, Inc.'s statements of activities and functional expenses for the year ended August 31, 2020, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 17, 2020. In our opinion, the summarized comparative information presented herein, as of and for the year ended August 31, 2020 is consistent in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Heveron & Company".

Heveron & Company
Certified Public Accountants

Rochester, New York
December 7, 2021

WATER FOR SOUTH SUDAN, INC.
BALANCE SHEETS
August 31, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 875,604	\$ 632,727
Due from Related Parties	64,253	-
Contributions Receivable	15,437	-
Inventory	1,345	121,340
Restricted Cash - Social Insurance Held	<u>18,184</u>	<u>15,349</u>
 Total Current Assets	 <u>974,823</u>	 <u>769,416</u>
<u>Property and Equipment</u>		
Buildings	259,142	259,142
Vehicles	1,411,542	1,341,763
Equipment	1,038,121	1,022,628
Less: Accumulated Depreciation	<u>(1,510,936)</u>	<u>(1,429,568)</u>
 Net Property and Equipment	 <u>1,197,869</u>	 <u>1,193,965</u>
 TOTAL ASSETS	 <u><u>\$ 2,172,692</u></u>	 <u><u>\$ 1,963,381</u></u>

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
<u>Current Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 115,471	\$ 33,796
Refundable Advances - Grant Funds	100,000	100,000
Current Portion of Loan Payable	<u>-</u>	<u>31,457</u>
Total Current Liabilities	<u>215,471</u>	<u>165,253</u>
 <u>Long Term Liabilities</u>		
Loan Payable	<u>-</u>	<u>20,018</u>
Total Liabilities	<u>215,471</u>	<u>185,271</u>
 <u>Net Assets</u>		
Without Donor Restrictions:		
Undesignated	1,868,704	1,688,815
With Donor Restrictions:		
Purpose Restrictions	<u>88,517</u>	<u>89,295</u>
Total Net Assets	<u>1,957,221</u>	<u>1,778,110</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,172,692</u>	<u>\$ 1,963,381</u>

See Independent Auditors' Report and Notes to Financial Statements.

WATER FOR SOUTH SUDAN, INC.
STATEMENT OF ACTIVITIES
For The Year Ended August 31, 2021
(With Comparative Totals for the Year Ended August 31, 2020)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>	
			<u>2021</u>	<u>2020</u>
<u>Support and Revenue</u>				
Gifts, Grants and Contributions	\$1,918,808	\$ 42,222	\$1,961,030	\$1,158,202
Forgiveness of Paycheck				
Protection Program Loans	104,905	-	104,905	-
Special Events	144,311	-	144,311	-
Less: Direct Benefits to Donors	(4,283)	-	(4,283)	-
Net Assets Released from Restriction	43,000	(43,000)	-	-
Program Service Income	6,000	-	6,000	8,000
Other Income	<u>528</u>	<u>-</u>	<u>528</u>	<u>5,167</u>
Total Support and Revenue	<u>2,213,269</u>	<u>(778)</u>	<u>2,212,491</u>	<u>1,171,369</u>
<u>Expenses</u>				
Program Services	1,584,004	-	1,584,004	1,339,388
Supporting Services:				
Management and General	343,887	-	343,887	242,936
Fundraising Expenses	<u>105,489</u>	<u>-</u>	<u>105,489</u>	<u>101,389</u>
Total Expenses	<u>2,033,380</u>	<u>-</u>	<u>2,033,380</u>	<u>1,683,713</u>
Change in Net Assets	179,889	(778)	179,111	(512,344)
Net Assets - Beginning of Year	<u>1,688,815</u>	<u>89,295</u>	<u>1,778,110</u>	<u>2,290,454</u>
Net Assets - End of Year	<u>\$1,868,704</u>	<u>\$ 88,517</u>	<u>\$1,957,221</u>	<u>\$1,778,110</u>

See Independent Auditors' Report and Notes to Financial Statements.

WATER FOR SOUTH SUDAN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended August 31, 2021
(With Comparative Totals for the Year Ended August 31, 2020)

	Program Services	Supporting Services		Totals	
		Management and General	Fundraising	2021	2020
Salaries and Wages	\$ 70,882	\$ 185,239	\$ 51,810	\$ 307,931	\$ 599,129
Payroll Taxes	8,437	14,930	4,117	27,484	77,045
Social Insurance	29,659	-	-	29,659	94,392
Gratuity Payments	-	89,679	-	89,679	-
Employee Benefits	<u>3,166</u>	<u>2,545</u>	<u>-</u>	<u>5,711</u>	<u>33,139</u>
Total Personnel Expenses	112,144	292,393	55,927	460,464	803,705
Grants to Foundation	1,242,960	-	-	1,242,960	-
Depreciation	227,706	-	-	227,706	218,858
Office Supplies	-	19,825	13,550	33,375	58,434
Professional Fees	-	8,179	24,618	32,797	48,250
Occupancy	1,194	11,630	3,253	16,077	22,494
Other	-	7,253	4,341	11,594	16,364
Marketing	-	2,781	3,800	6,581	6,925
Insurance	-	1,132	-	1,132	2,794
Travel and Meals	-	694	-	694	163,106
Supplies	-	-	-	-	244,291
Repairs and Maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,492</u>
Total Expenses	<u>\$1,584,004</u>	<u>\$ 343,887</u>	<u>\$ 105,489</u>	<u>\$2,033,380</u>	<u>\$1,683,713</u>

See Independent Auditors' Report and Notes to Financial Statements.

WATER FOR SOUTH SUDAN, INC.
STATEMENTS OF CASH FLOWS
For The Years Ended August 31, 2021 and 2020

	2021	2020
<u>Cash Flow From Operating Activities</u>		
Change in Net Assets	\$ 179,111	\$ (512,344)
Noncash Expenses, Revenues, Losses and Gains:		
Depreciation	227,706	218,858
Forgiveness of Paycheck Protection Program Loans	(104,905)	-
(Increase)/Decrease In:		
Due from Related Parties	(64,253)	-
Contributions Receivable	(15,437)	-
Inventory	119,995	(67,782)
Increase/(Decrease) In:		
Accounts Payable and Accrued Expenses	81,674	(31,568)
Refundable Advances - Grant Funds	-	<u>100,000</u>
Net Cash Flow Provided/(Used) By Operating Activities	<u>423,891</u>	<u>(292,836)</u>
<u>Cash Flow From Investing Activities</u>		
Purchase of Property and Equipment	<u>(231,609)</u>	<u>(150,273)</u>
Cash Flow Provided/(Used) By Investing Activities	<u>(231,609)</u>	<u>(150,273)</u>
<u>Cash Flow From Financing Activities</u>		
Proceeds from Loan Payable	<u>53,430</u>	<u>51,475</u>
Cash Flow Provided/(Used) By Financing Activities	<u>53,430</u>	<u>51,475</u>
Net Increase/(Decrease) in Cash, Cash Equivalents, and Restricted Cash	245,712	(391,634)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>648,076</u>	<u>1,039,710</u>
Cash, Cash Equivalents, and Restricted Cash - End of Year	<u>\$ 893,788</u>	<u>\$ 648,076</u>

See Independent Auditors' Report and Notes to Financial Statements.

WATER FOR SOUTH SUDAN, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2021

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Water for South Sudan, Inc. (the Organization) is a not-for-profit organization, which was organized to provide access to clean, safe drinking water to distressed communities located in East Africa. This is done by drilling wells and installing pumping equipment which are donated to the communities in which they are installed. The Organization also provides hygiene education and sanitation services to expand the impact of clean water and reduce disease. The Organization's support comes primarily from contributions.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net Assets

In accordance with accounting principles generally accepted in the United States of America, the Organization reports information regarding its financial position and activities according to the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

WATER FOR SOUTH SUDAN, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2021
(Continued)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contributions that are expected to be received in future years are recorded at their present value. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Consequently, at August 31, 2021 and 2020, contributions amounting to \$100,000 have not been recognized in the accompanying statement of activities because the conditions on which they depend have not yet been met.

Revenue and Revenue Recognition

A portion of the Organization's revenue is derived from program service income and amounts received are recognized as revenue based on when performance obligations are met, which occurs when drilling wells with other organizations. Amounts received prior to the performance of services are deferred to the applicable period.

During the year ended August 31, 2020, the Organization analyzed the provisions of ASU 2014-09, *Revenue from Contracts with Customers*, and determined that no significant changes in the way the organization recognizes revenue were necessary, however, the presentation and disclosures of revenue has been enhanced.

Income Taxes

The Internal Revenue Service has determined that the Organization is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code, and has also determined that the Organization is publicly supported. As a result, no provision for federal or state income taxes has been made.

Functional Expenses

The financial statements report certain categories of expenses that are attributed to both program and supporting functions. Accordingly, certain costs have been allocated among the program, management and general, and fundraising categories. Expense allocation on a reasonable basis that is consistently applied is required. The expenses that are allocated on the basis of time and effort include salaries and wages, benefits, and payroll taxes. Travel and meals, professional fees, office supplies, occupancy, marketing, and other are allocated based on actual usage.

WATER FOR SOUTH SUDAN, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2021
(Continued)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Marketing

Marketing costs are expensed as incurred.

Property and Equipment

Property and equipment are stated at cost. The Organization capitalizes property and equipment with a cost of over \$1,000 and an estimated life of three years or more. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, as follows.

	<u>Years</u>
Buildings	30
Equipment	3-10
Vehicles	3-7

Depreciation expense amounted to \$227,706 and \$218,858 for the years ended August 31, 2021 and 2020, respectively.

Use of Estimates in the Preparation of Financial Statements

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could vary from those estimates.

Inventory

Inventory consists of well supplies to be used in upcoming seasons and books, and are recorded at cost. Only books are included at August 31, 2021 as all other inventory was transferred to the Water for South Sudan Foundation.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2020, from which the summarized information was derived.

WATER FOR SOUTH SUDAN, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2021
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents, and Restricted Cash

For the purposes of the statements of cash flows, cash, cash equivalents and restricted cash include all cash on hand and in banks, which, at times, may exceed federally insured limits. The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Certain of these accounts are not federally insured. The Organization has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash, cash equivalents and restricted cash.

Cash, cash equivalents and restricted cash consisted of the following at August 31:

	<u>2021</u>	<u>2020</u>
Checking	\$ 78,663	\$ 127,196
Savings	796,941	459,277
Cash Held in Africa	<u>-</u>	<u>46,254</u>
Subtotal - Cash and Cash Equivalents	875,604	632,727
Restricted Cash	<u>18,184</u>	<u>15,349</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 893,788</u>	<u>\$ 648,076</u>

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. This guidance implements a single framework for recognition of all revenue earned with customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, timing, and uncertainty of revenues and cash flows arising from contracts with customers. The guidance was effective for the Organization's year ended August 31, 2020.

During the year ended August 31, 2020, the Organization adopted ASU No. 2014-09 along with the practical expedient, which allows modifications to contracts to be applied at the time of adoption. The Organization receives revenue from several sources and recognizes revenue based on when performance obligations are met.

WATER FOR SOUTH SUDAN, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2021
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional or unconditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted on a modified prospective basis during the year ended August 31, 2020. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of September 1, 2019.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This accounting standard provides a better presentation of cash flows to the users of its financial statements. Before the change, restricted cash and restricted cash equivalents were not included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts reported on the statement of cash flows. The Organization applied the change on a retrospective basis during the year ended August 31, 2020.

NOTE 2 - LINE OF CREDIT

The Organization has a line of credit with a maximum authorization of \$50,000. Advances against this line bear interest at a rate of 3.5% above the bank prime rate. The line of credit is secured by cash accounts. There was no amount outstanding at August 31, 2021 and 2020.

NOTE 3 - RELATED PARTY TRANSACTIONS

During the years ended August 31, 2021 and 2020, \$35,615 and \$21,324 was donated by board members, respectively.

Employees of South Sudan are able to borrow against future gratuity payments owed to them when the employee leaves the Organization. This is calculated by one month's wage multiplied by number of years employed. At August 31, 2021, amounts borrowed totaled \$64,253.

WATER FOR SOUTH SUDAN, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2021
(Continued)

NOTE 4 - LIQUIDITY AND AVAILABILITY

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities to be general expenditures.

The following financial assets will be available for general expenditures within one year of the balance sheet date:

	2021	2020
Cash and Cash Equivalents	\$ 875,604	\$ 632,727
Contributions Receivable	15,437	-
Less: Net Assets With Donor Restrictions	(88,517)	(89,295)
	\$ 802,524	\$ 543,432

Contribution income is received throughout the year and will also be used for general expenditures. In addition, there is a line of credit with a \$50,000 limit that can be drawn on, if necessary.

NOTE 5 - COMMITMENTS

The Organization is obligated under non-cancelable operating lease for the facility. Rental expense for the years ended August 31, 2021 and 2020 totaled \$14,892 and \$21,236, respectively.

Future minimum lease payment commitments are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 15,028
2023	2,526

NOTE 6 - DONATED SERVICES AND GOODS

The Organization receives donated services that, although substantial, do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. These services performed were to help with administrative and board duties throughout the year. During the years ended August 31, 2021 and 2020, approximately 20 and 15 active volunteers provided 1,480 and 1,110 hours of service, respectively.

WATER FOR SOUTH SUDAN, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2021
(Continued)

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at August 31:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Capital Reserve Fund	\$ 88,517	\$ 46,295
Water Tower and Well Project	-	28,000
Well Naming Rights	-	15,000
	<u>\$ 88,517</u>	<u>\$ 89,295</u>

NOTE 8 - PAYCHECK PROTECTION PROGRAM LOANS

During the year ending August 31, 2020, the Organization applied for and was approved a \$51,475 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was to accrue interest at 1%, but payments were not required to begin for six months after the funding of the loan. This was initially recorded as a note payable and subsequently recorded as forgiveness of debt when the loan obligation was legally released. The Organization recognized \$51,475 of loan forgiveness income for the year ended August 31, 2021.

The Organization applied for and was approved a second loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration, amounting to \$53,430. The loan was to accrue interest at 1%, but payments were not required to begin for ten months after the end of an eight- or twenty four-week loan forgiveness covered period. This was initially recorded as a note payable and subsequently recorded as forgiveness of debt when the loan obligation was legally released. The Organization recognized \$53,430 of loan forgiveness income for the year ended August 31, 2021.

NOTE 9 - GRANTS TO FOUNDATION

The Organization has a similar mission to Water for South Sudan Foundation (the Foundation) in South Sudan.

The Organization made grants to the Foundation for drilling, rehab, and hygiene projects as well as purchasing supplies for these projects. These grants totaled \$1,242,960 for the year ended August 31, 2021.

WATER FOR SOUTH SUDAN, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2021
(Continued)

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 7, 2021, which is the date the statements were available for issuance.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties continue to have a negative impact on program service income. There continues to be considerable uncertainty around the duration. Therefore, the related financial impact and duration cannot be reasonably estimated at this time.