

A close-up photograph of water splashing over a wooden log. The log is wet and has several pieces of fruit, including a slice of yellow fruit and a red fruit, resting on it. The background is dark and out of focus.

ONE

VILLAGE AT A TIME

FISCAL YEAR 2016 ANNUAL REPORT



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DEAR FRIENDS,

For nearly 40 years, Lifewater International has served vulnerable children and families in distress with the most basic gifts of safe water and improved sanitation.

That was the original calling that God gave our Founder, Bill Ashe, in 1962. Today, we remain driven by the same faith-filled passion and conviction that Bill started Lifewater with all those years before.

Times have changed since Lifewater first began. More people now have cellular phones in our world than have toilets. For the first time in the history of humanity more people live in cities than in rural towns. And the Christian movement is gaining momentum in the developing world, while losing steam in the western world.

At the onset of 2015, we paused and took a deep and hard look at all that was going on in the world, and began praying through a way to remain true to our calling, while also applying all that we have learned and all that is changing in the sector. In all things, our deepest desire is to serve more people, more effectively.

With approval from the Board of Directors, our national staff began enacting our Vision of a Healthy Village strategy in Ethiopia during October of 2015. And now, we are taking this strategy to scale across East Africa and Southeast Asia – one village at a time. What you will see in the pages that follow is this vision coming to life, and we couldn't be more excited about what is ahead in the future.

Every day, I remember that this work does not happen without the collective effort of the Body of Christ coming together to serve our world's most vulnerable children and families with the love and compassion of Jesus. Thank you! None of this life-changing work happens without your faithful, prayerful, and generous support.

Soli Deo Gloria,

Justin Narducci, MBA
President / CEO
Lifewater International





YEAR IN REVIEW

STRATEGIC ACCOMPLISHMENTS



1

Deploy a Real-Time Monitoring System

All village-level program activity is now tracked in real time from the rural communities where our staff walk with vulnerable children and families to improve their health and well-being. Trainings, water well installation, construction projects, school WASH clubs, and Healthy Homes are all tracked in our database and visualized to help monitor and evaluate program quality in real time. All information is reviewed by the team at headquarters for quality control and consistency. Furthermore, a sampling of this information is now also shared dynamically on Lifewater's website for every program that is using the data system.

Learn more by visiting lifewater.org/projects



2

Strengthen the Christian Witness of our Programming

We believe that the local church is best able to provide long-term discipleship to members in its community. In an effort to strengthen the impact and reach of the local churches in our regions of service, or to help churches grow in regions where it is not yet present, Lifewater entered into a multi-year partnership with CityTeam International. Currently in a test-phase in East Africa, CityTeam will be responsible for the church planting and disciple-making activities in communities served by Lifewater programs. Strategies deployed leverage the activities of local people in natural interactions to bring about a cost-effective and replicable means of respectfully and intentionally inviting people to follow Jesus.

Learn more by visiting lifewater.org/approach/local-churches



3

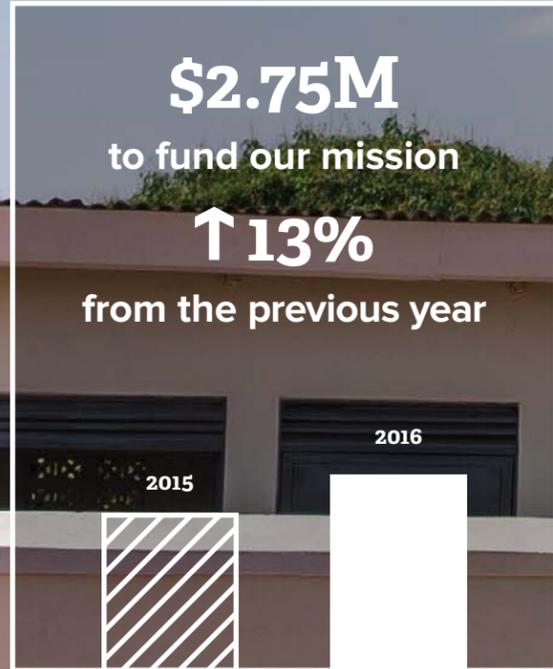
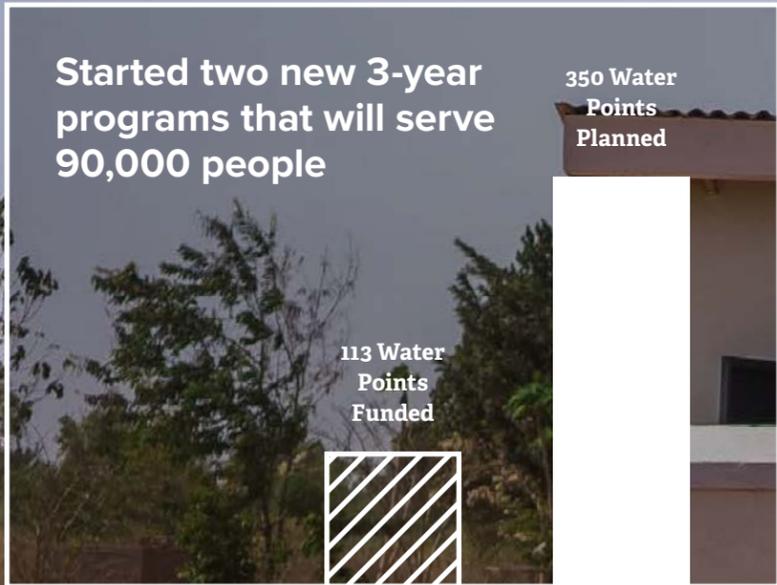
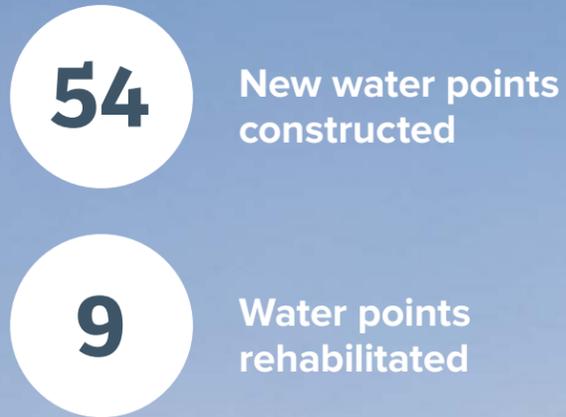
Improve Water Point Sustainability

Lifewater standardized two important enhancements to improve the long-term operability of newly constructed village water points. Foremost, we developed and deployed standards for Water Committee Savings Groups. From this point forward, each and every group is required to collect a maintenance fee from community members who will use the water point (exceptions are made for widows and orphans). This process improves community buy-in to the project and also makes repairs and ongoing operational maintenance of the water source viable. Secondly, construction activities of all water points are now tracked in a drilling or construction log that helps local and headquarter staff monitor trends in geology, water table depth, water quality, and quality of construction over time. All of this data is now tracked in the monitoring system mentioned above.

Learn more by visiting lifewater.org/approach/clean-water



FY 2016 TOTALS



Provided safe water, hygiene, and sanitation training to more than

34,160 people



Trained 18,284 individuals to share WASH messages at their home, community, and schools

Pilot programs served **2,105** people with clean water

2,884+ supporters gave to Lifewater

9 intimate, local events were hosted to meet with donors throughout the country



PROGRAM UPDATE:

ETHIOPIA

Serving remote and rural villages in the southern and central regions of Ethiopia

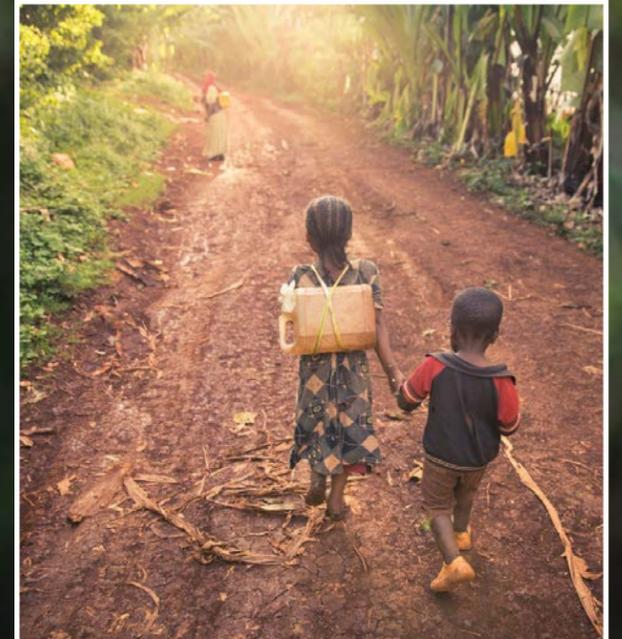
Ethiopia has become the world's example of what can happen with focused investment in sanitation. Although Ethiopia used to have one of the highest rates of open defecation, it now has one of the lowest rates in Sub-Saharan Africa. This is a result of years of reaching urban dwellers and rural villages with information about how latrine use can prevent water-borne diseases like typhoid and trachoma. Disease rates have also dropped dramatically.

Lifewater has served pastoralist communities in Ethiopia, home to 14 million people, with clean water, health, and hope since 2004. In FY 2016, Lifewater launched its first field office in the West Arsi region and registered its first Healthy Home. In the next three years, this field team will serve 60,000 vulnerable children and families.



Times have changed. We are fortunate to have safe water, unlike our fathers before us.

KEBEDE, WATER COMMITTEE MEMBER Ethiopia



Accomplishments



19,321

vulnerable children and families received safe water



1,011

households constructed their own safe and dignifying latrine



60,000

people will be served through Lifewater's first regional field office that was launched in West Arsi, Ethiopia



1st

Healthy Home was registered through our real-time data system that monitors field activities

PROGRAM UPDATE:

UGANDA

Helping underserved communities in eastern and northern Uganda

Uganda is a nation where uneven investments in water, sanitation, and hygiene have left many communities, mostly urban, with the resources they need to thrive, while many remote, rural communities remain completely unreached. Lifewater has been working in Uganda for two decades, through wars and resettlement, and is now in the final push to ensure everyone has access to safe water, improved sanitation, and hygiene education.

With two 3-year projects completed at the end of 2015, Lifewater expanded water access, sanitation, and hygiene (WASH) programming into the very underserved eastern region of Kaliro. With waiting times for water averaging 2.5 hours in the dry season and only 3% of the population having a safe and dignifying latrine, this new region was strategically chosen to serve more people, more effectively.



- Completed
- Active
- Upcoming

I am happy today because I have learnt that my wife Ketty has the capacity to be a leader. The community members gave her trust to lead them in the water source management.

PATRICK EBONG (AGE 47)
Uganda



Accomplishments >



5,253

vulnerable children and families served with a clean water source



2,396

individuals trained to make WASH changes in their homes, churches, and schools



30,000

people will be served through the Kaliro field office that was successfully launched



33,223

vulnerable children and families were served through two 3-year projects that were completed

PROGRAM UPDATE:

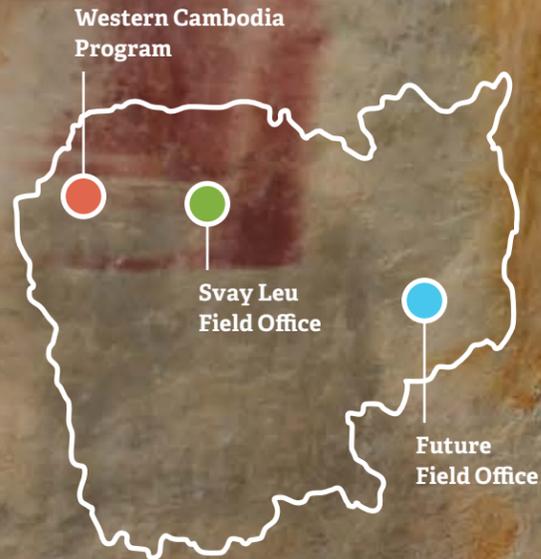
CAMBODIA

Tangibly sharing the love of Christ to rural communities in Cambodia

Cambodia faces many challenges in ensuring WASH access for all. Farmers in remote villages and many minority communities find it harder to establish and maintain safe water points and many families have not heard about how improved sanitation and hygiene can prevent disease. Lifewater has been serving in Cambodia since 2011.

In FY 2016, Lifewater continued its work serving these remote communities. Sanitation and hygiene education reached thousands of people, which helps these families keep more of their income instead of spending it on treatment for preventable water-borne diseases.

Additionally, field staff helped train households to use SODIS (solar distillation) where it was appropriate, as this can be an inexpensive way to make water safe. Lifewater supports the local church in reaching its neighbors with a tangible witness of God's love.



- Completed
- Active
- Upcoming

Before, I did not have a clear understanding about hygiene and sanitation. My family and other families in my community spent a lot of money for our health every month due to illness.

NY CHROURN (AGE 28)
Cambodian Mother



Accomplishments >



3,177

vulnerable children and families received safe water



1,058

individuals trained to share WASH messages at their home, community, and schools



441

households practicing SODIS



200

households successfully constructed their own household latrine through Lifewater's latrine loan pilot program

FY 2016 FINANCIALS

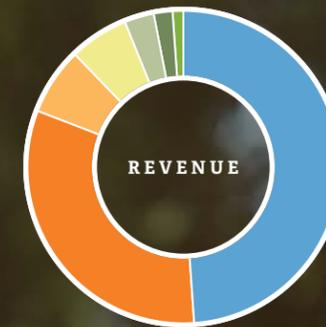
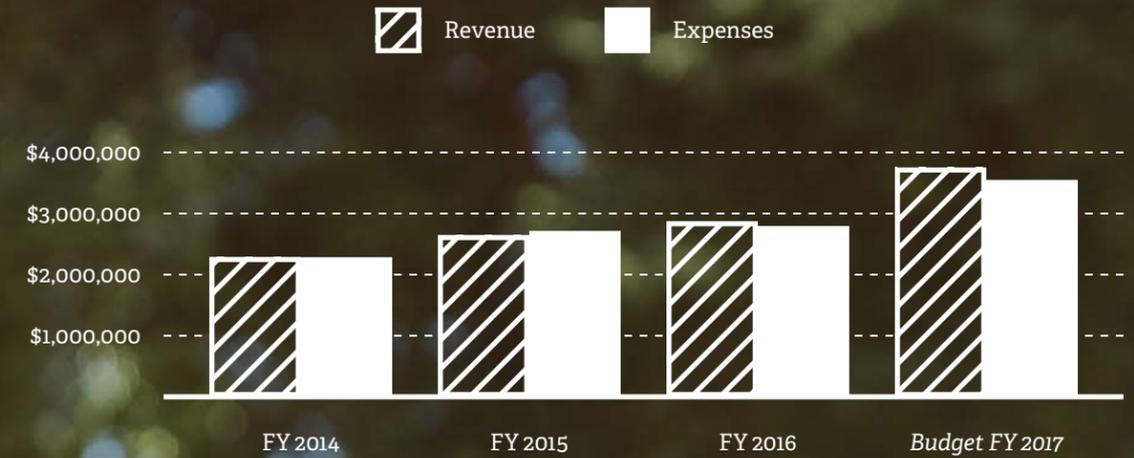
The overall financial picture for Lifewater is healthy moving into the future

On the income side, Lifewater experienced strong and diversified growth for FY 2016. Total revenue reached \$2.75M, up 13% compared to the previous fiscal year. If the one-time adjustment for the long-term receivable is removed from FY 2015 revenue, organic income growth was 24% in FY 2016. Furthermore, Lifewater was able to replace revenue lost by two large institutional donors during the same period in FY 2015. Overall revenue growth was very strong and continues to look optimistic for the future.

Total expenses were lower than budgeted, particularly on the international side where local partnerships came to a close mid-fiscal year and new Lifewater field offices slowly ramped up during the course of the year. Combined, these factors pushed the cost per beneficiary up as the total beneficiary count decreased during programmatic transitions. This occurrence is a one-time anomaly related to the shift from partnership to direct implementation in the regions where Lifewater serves.

Lifewater's balance sheet remains strong. Days of operating capital were 85 on current operating capital balance of \$617K. Lifewater does not have any current or long-term debt other than transactional payables and accrued payroll/vacation balances.

FINANCIAL SUMMARY



STATEMENT OF ACTIVITIES (YEAR ENDED MARCH 31, 2016)

SUPPORT & REVENUE

	FY 2016	FY 2015
Contributions	\$2,572,712	\$2,173,963
Special events	\$151,219	\$112,269
In-kind contributions	\$74,700	\$171,054
Government grants	–	\$46,480
Program fees	\$28,827	\$51,321
Merchandise sales	–	\$15,916
Other income	\$1,014	\$41,080
Net assets released from restrictions	–	–
Total Support & Revenue	\$2,828,472	\$2,612,083

EXPENSES

Program services	\$2,026,381	\$1,924,240
Supporting services		
General & administrative	\$384,178	\$446,777
Fundraising	\$324,913	\$306,381
Total supporting services	\$709,091	\$753,158
Total Expenses	\$2,735,472	\$2,677,398
Change in net assets	\$93,000	(\$65,315)
Net assets at beginning of year	\$834,812	\$900,127
Net Assets at end of year	\$927,812	\$834,812

STATEMENT OF FINANCIAL POSITION (YEAR ENDED MARCH 31, 2016)

ASSETS

	FY 2016	FY 2015
Cash & cash equivalents	\$344,860	\$306,211
Grants & contributions receivable	\$250,086	\$138,701
Bequests receivable	\$300,777	\$352,540
Other receivables	\$2,590	\$5,465
Prepaid expenses & deposits	\$40,081	\$26,546
Inventory	\$15,544	\$23,418
Furniture & Equipment, less accumulated depreciation of \$41,003 in 2015 and \$23,659 in 2014	\$76,030	\$82,337
Total Assets	\$1,029,968	\$935,218

LIABILITIES & NET ASSETS

Accounts payable	\$32,411	\$26,686
Accrued expenses	\$69,745	\$73,720
Total Liabilities	\$102,156	\$100,406

NET ASSETS

Unrestricted	\$256,916	\$301,791
Temporarily restricted	\$670,896	\$533,021
Total Net Assets	\$927,812	\$834,812
Total Liabilities & Net Assets	\$1,029,968	\$935,218

LOOKING AHEAD



FY 2017 STRATEGIC OBJECTIVES

130 Village Water Projects Planned

The FY 2017 Lifewater Operating Budget of \$3.5M (up 27% from FY 2016) allocates 50% more resources to in-country field costs when compared to the FY 2016 actual cost incurred. These field expenses will cover the operating expenses for six large-scale field programs that are designed to install 130 water points during the year. That is the equivalent of one new or rehabilitated water point every three days.

It is important to note that there are many factors that go into the completion of these village water projects that is out of the control of Lifewater. Weather must make dirt roads passable. Rural supply chain of materials must be reliable. Funding must be available. Most importantly, however, Lifewater field staff will not commence a village water project until the community has done their part to contribute to the project.

You can sponsor an entire village water project by visiting lifewater.org/donate/water-project

Reach 30,000 More People

Each Lifewater field office is located in the remote region where program activities take place. On average, field offices can serve 10,000 people/year. For the upcoming year, Lifewater plans to launch a new program and field office in each of our three (3) primary program countries: Cambodia, Ethiopia, and Uganda.

These new locations will be fully staffed by national personnel and will be equipped with program and field operating manuals, financial policies and procedures, assets needed to accomplish the work, and will receive a full onboarding to Lifewater's Vision of a Healthy Village strategy. All field offices will utilize Lifewater's real-time monitoring systems and will be under the direct management of a Country Director.

You can follow the progress of these field offices as they go about their daily work by viewing all programs at lifewater.org/projects



Develop National Servant Leaders

Each Lifewater field office is staffed with local Christian personnel that are from the region of service. Because the regions we serve are exceedingly rural, the leadership/management capacity of these local staff is often quite low. At Lifewater, we want to intentionally provide an environment where all staff feel continually challenged to make a significant and lasting contribution to both the organization and also to the vulnerable children and families that we serve.

This year, Lifewater Country Directors will formally enter into a regionally accredited Master's of Organizational Leadership Program that is provided by the highly trusted and reputable leadership development organization Development Associates International (DAI). With an emphasis on Servant Leadership, DAI and Lifewater will also work arm-and-arm to provide formal and informal educational opportunities to develop the leadership capacity of all local staff. Our long-term goal is to develop the capacity of national staff to serve with humility and effectiveness.

To learn more about the activities of Development Associates International, please visit their site at daintl.org



To meet our national staff, visit lifewater.org/about/staff

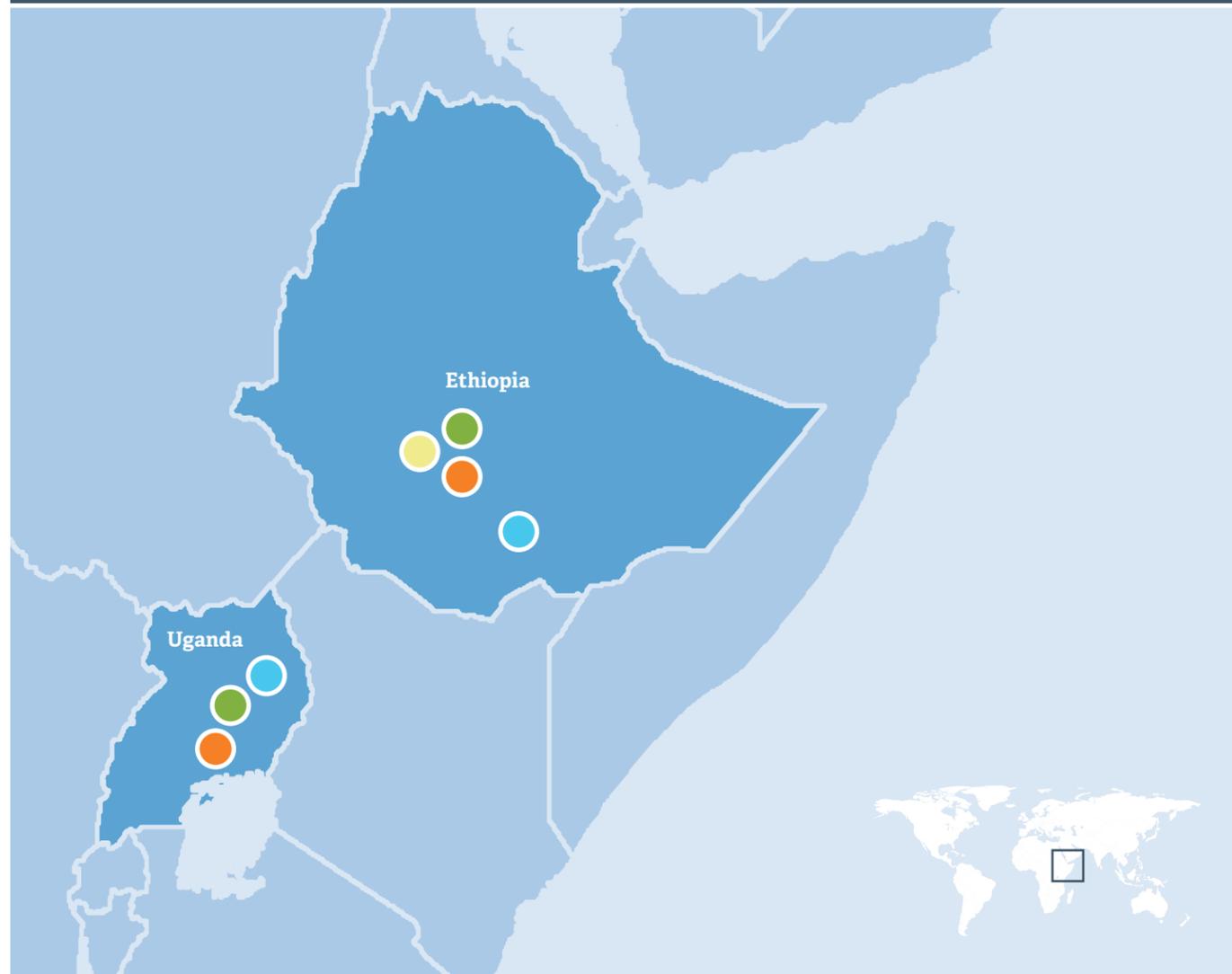
FIELD OFFICES

Serving More People, More Effectively

Lifewater is scaling up its Vision of a Healthy Village strategy to reach hundreds of thousands of people each year. We won't stop until every child has safe water, and this requires us to work in remote places, using field staff to visit every household and working with schools, local government, and local churches. We plan to open new field offices each year to be close to the communities and ensure the transformation is real and that it lasts.

All planned field office locations are subject to change based on the dynamic conditions in the countries of service.

- Current
- 2016 Planned
- 2017 Planned
- 2018 Planned



EAST AFRICA



SOUTHEAST ASIA

SENIOR STAFF

Justin Narducci, MBA
President/CEO

Pamela Crane-Hoover, PhD
Vice President, Global Programs

Christine Zurbach
Vice President, Philanthropy

Carol Nowlin
Regional Director, Southeast Asia

Zerihun Hailu
Country Director, Ethiopia

Alex Mbaguta
Country Director, Uganda

Sopheak Im
Country Director, Cambodia

To meet our national staff, visit
lifewater.org/about/staff



BOARD OF DIRECTORS

The following individuals served on Lifewater's Board of Directors during FY 2016

Justin Ahrens
Principal + Creative Director, Rule29

Gene Ashe, Chairman
Owner, MDM Inc.

William Ashe, Emeritus Member
Founder, Lifewater

Jeff Bjorck, PhD, Secretary
Professor of Psychology, Fuller Seminary

Greg Hamer, MS, PG
Hydrogeologist and Geologist, Amec E&E

Harold Harrington
Legal Finance Manager, Stryker

Douglas Headrick, MS, MBA, Treasurer
General Manager, San Bernardino Valley
Municipal Water District

Justin Narducci, MBA
President/CEO, Lifewater

Seth Olsen, Vice-Chairman
Professional Football Player,
Fellowship of Christian Athletes

Lisa Wen, MBA
Philanthropist



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