



MULTIPLY

FY 2018 ANNUAL REPORT

MULTIPLYING HEALTH AND HOPE

For more than 40 years, Lifewater has been bringing clean water, improved health, and the hope of the gospel to families living in extreme poverty. Since 1977, we've served more than 2.5 million people across 45 countries.

God is growing something new in and through Lifewater. Equipped with an approach proven to serve even more people, more effectively with water, health, and hope everyday.

Mission

We are Christians committed to ending the global water and sanitation crisis, one village at a time.

Vision

Safe water for every child. A healthy home for each family. The love of Christ for all.



Clean water transforms life in Ethiopia

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Children in Ethiopia have a brighter future because of you

LETTER FROM THE CEO

Mark 4:8 – “Still other seed fell on good soil. It came up, grew and produced a crop, some multiplying thirty, some sixty, some a hundred times.”

Safe water for every child. A healthy home for each family.
The love of Christ for all.

This is the vision that has compelled us at Lifewater for more than 40 years. To go to the hard places, to serve the unserved, to reach the unreached with the hope of gospel.

Lifewater enters this 41st year of ministry with momentum to reach more people, more effectively than ever. Fiscal Year 2018 (FY 2018) has been the most successful year in Lifewater history. Here are key results from our annual goals:

FY 2018 Goal Report

Goal: Increase capacity to serve 100,000+ per year by 2019

Result: More than 117,000 served in FY 2018

Goal: Deploy drill rig to serve 100,000+ in rural Ethiopia

Result: Rig successfully deployed, first six deep wells drilled

Goal: Monitor water source sustainability with real-time data

Result: Five-year monitoring program is now in place

Goal: Invest in staff spiritual formation and leadership development

Result: Active programs for HQ and regional teams

Goal: Launch new country program in Laos

Result: Program not launched, strategic expansion in Africa

We are particularly excited about the deployment of the first-ever Lifewater-operated drill rig, now actively serving people in rural Bensa, Ethiopia, where deep wells have never been drilled before. It took effort from a small army of volunteers, donors, and staff to make this a reality, and we praise God for this miracle in our midst.

Though we have enjoyed much success this past year, there have been struggles as well. Southeast Asia has proved more difficult to serve than Africa. We successfully launched a new program in Cambodia (the Borkeo region), but our goal of beginning a new program in Laos has been delayed due to personnel constraints and political barriers. Because of this, we've shifted our focus to Africa with a goal of launching a new program in Tanzania.

Looking Ahead: FY 2019

Building on the success of the past three years, our focus in FY 2019 will be building scale with sustainability—reaching even more people with health, hope, and lasting change.

Our current strategic plan will effectively double our organizational capacity by the end of 2020. However, scale without sustainability is poor stewardship and undermines our vision of lasting change. Beginning in 2018, we will monitor and evaluate the efficacy of our programs for up to five years after completion to ensure sustainability.

In order to serve more people and to do so in a way that truly lasts, Lifewater must innovatively grow and diversify its donor base of support. Increasingly, donors in the United States are losing confidence in the institutions they support, preferring to give to specific projects and people using online tools. This is our biggest challenge in the years to come: connecting with the next generation of donors who were raised in a digital world.

In the fall of 2018, Lifewater will deploy the beta version of a revolutionary online giving platform. Using real-time data, mapping technology and more, donors will have insight into the impact of their gifts like never before. We believe this next-gen platform will help us reach an entirely new group of donors passionate about the cause.

On a recent trip to Uganda, we met a girl named Grace. Grace is eight years old. Every day after school, Grace makes a three-hour trip to a swamp with her young sister Evelyne, age 6, to collect water for her family. The water makes Grace and her family sick; in January, she contracted typhoid and had to be treated at the medical clinic in the neighboring village at significant cost to her family.

This is why we do what we do—so that Grace and thousands of children like her will have safe water, a healthy home, and know the love of Christ. Thank you for joining us in this work. None of it happens without you.

Soli deo gloria,

Justin Narducci, *President/CEO*

VISION OF A HEALTHY VILLAGE

Water. Health. Gospel Hope.

Lifewater's Healthy Village model transforms lives house by house, village by village. In fact, it is among the most intensive household level work happening in the entire developing world. We equip local people in rural villages with safe water and healthy habits, then make sure changes are sustainable with real-time data tracking.



1. PARTNER WITH A VILLAGE

You help a community kickstart their water project.

2. TEACH HEALTHY HABITS

Small changes make a big impact on family health.

3. BUILD A WELL

The village contributes up to 15% for construction.

4. MEASURE IMPACT

Local staff track success and provide support.

5. ENGAGE THE CHURCH

We equip local churches to love their community.

6. SHARE THE RESULTS

We transparently share the impact and results with you.

MULTIPLYING | SAFE WATER

Clean water doesn't just make families healthier. It makes communities thrive. With a safe water source nearby, women and children spend less time walking often dangerous roads to fetch water and more time with their families, working, or going to school.

How it Works

1. FORM A WATER COMMITTEE

Water committees are made up of local men and women who manage the well and collect fees, ensuring the community's investment lasts for generations to come.

2. DETERMINE APPROPRIATE TECHNOLOGY

Lifewater engineering staff determine the appropriate technology to make a lasting water source. It might be a new drilled well or a renovated spring cap, depending on what's best.

3. GATHER CONTRIBUTIONS

Communities know the pride of ownership. Each village contributes 10–15% of the cost of the water source through labor, materials, or capital.

4. ENGINEER AND BUILD

The appropriate water source is built, and the water committee installs a fence to protect it from animals and intruders.

5. CELEBRATE

Clean, safe water transforms a village! Everyone gathers to celebrate, thanking God for the miracle in their community.

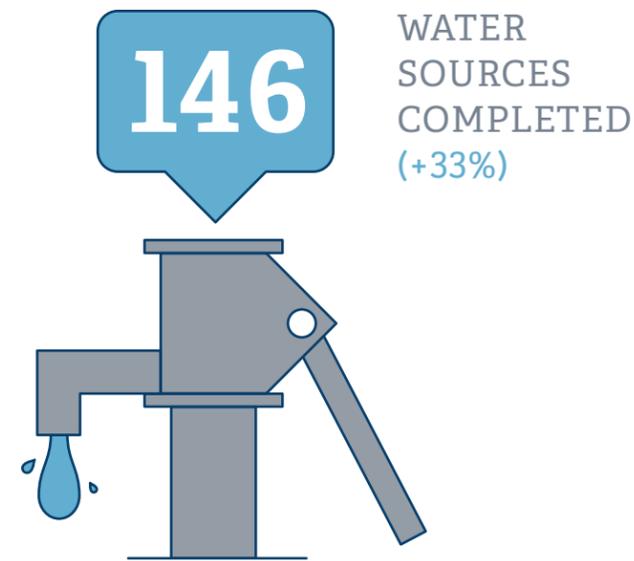
6. MONITOR SUSTAINABILITY

We follow up with the water committee each quarter to review their savings goals and to ensure the water source is still operational. Data is shared on Lifewater's website.



Children in Cambodia enjoy clean water in their village

FY 2018 Impact



SUSTAINABILITY RATE

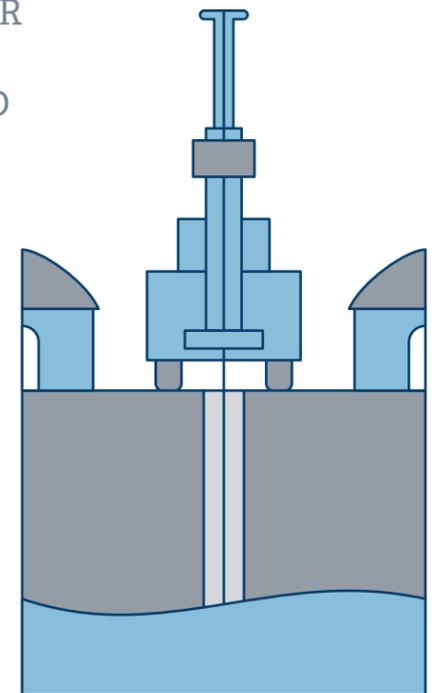


92% of the wells Lifewater has built over the past 10 years are still operational, compared to the 30–40% average failure rate of wells in sub-Saharan Africa.*

*Lifewater figures based on water points drilled in northern Uganda between 2007–2015. Overall numbers based on estimates made by the Rural Water Supply Network.

LIFEWATER DRILL RIG DEPLOYED

The first-ever Lifewater-operated drill rig has been deployed to Ethiopia and is actively drilling deep wells in the rural hills of Bensa.



New Water, New Life

No deep wells had ever been drilled in the rural, hard-to-reach hills of Bensa, Ethiopia. That changed this past year, as the new custom-built Lifewater drill rig hit water at a depth of 215 feet. The first ever-deep well in Bensa will serve 1,800 children at Gafisse Primary School who have never had access to clean water before.

“Lifewater has been sent by God and is doing good things for us here,” says Balahne, a father of two girls at Gafisse. “It’s not something that we have deserved, but a gift from Him.”



Balahne's daughters now go to school with safe water and toilets



Finding Health and Hope

El Lot is a widow in Cambodia with four young children. Before Lifewater, her family drank water from a nearby swamp. They were often sick and unable to work and go to school. After learning about the Vision of a Healthy Village, they began storing water safely, using a ceramic filter, and washing their hands. She even built a new latrine with the help of her nine-year-old son.

“Before I engaged with Lifewater, my children would have high fever, regularly have the common cold and intestinal problems,” says El Lot. “Now my children have good health and so do I. And now, I am strong enough to do the work in the fields.”



El Lot and her children are now healthy

MULTIPLYING | HEALTHY VILLAGES

Clean water is only part of the story. To achieve the greatest health benefits, improvements in sanitation and hygiene must be made alongside access to clean water. These three disciplines, commonly referred to as “WASH,” can virtually eliminate water-borne diseases.

Lifewater’s proven approach to solving the water crisis is called the Vision of a Healthy Village. It is the culmination of 40 years of WASH experience and exhaustive research. To date, more than 117,000 people in 419 communities are actively involved in the Vision of a Healthy Village.

Making Healthy Villages

Lifewater establishes local relationships, listens, and activates resources already within a community. The result is empowered people, thriving villages and change that lasts.

1. COMMUNITY-LED TOTAL SANITATION

Lifewater staff show communities how feces is contaminating their environment, then leaders rise up to bring change to their village.

2. HYGIENE HABITS

Simple practices like washing hands, drying dishes away from animals and keeping a clean compound make a big difference.

3. TRAINING INFLUENCERS

Change comes from within the community. We identify and train trendsetters to spearhead a grassroots movement.

4. RECOGNIZING SUCCESS

Each Healthy Home is awarded with a certificate. A village is certified healthy when it reaches 90% Healthy Homes and has a safe water source.

5. TRACKING SUSTAINABILITY

All villages are monitored and evaluated for up to five years after completion to ensure sustainability.

FY 2018 Impact

117,725

TOTAL PEOPLE SERVED (+37%)

11,492

HEALTHY HOMES (+204%)

124

HEALTHY VILLAGES (+170%)

1,011

WASH INFLUENCERS
(ETHIOPIA 558), (UGANDA 338),
(CAMBODIA 115)

MULTIPLYING | GOSPEL IMPACT

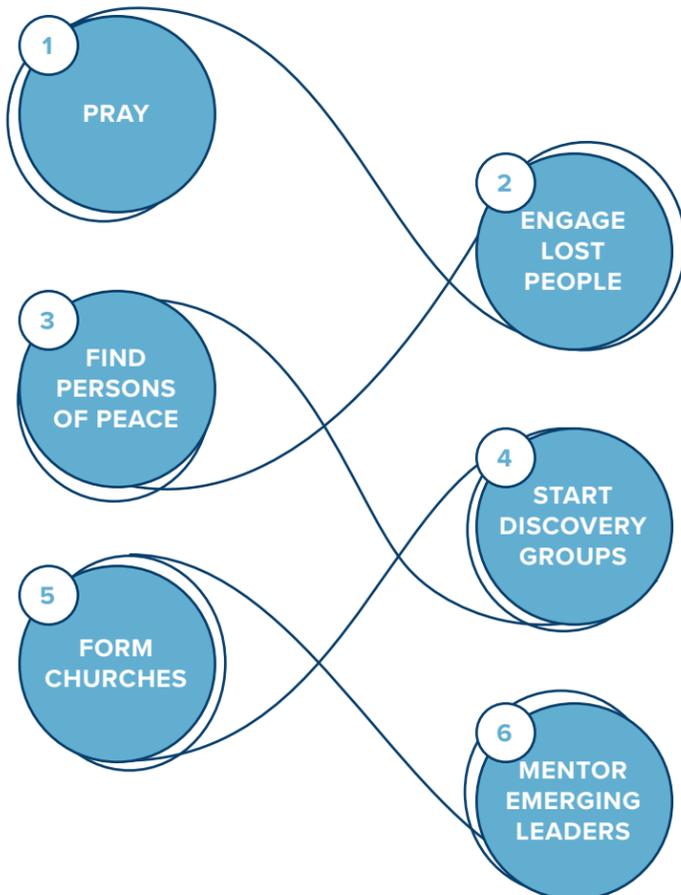
“With joy you will draw from the wells of salvation.”
 – Isaiah 12:3

Jesus responded to people as whole people; He didn't single out just spiritual or physical needs. Along with clean water and improved health, our Christian field staff share the love of Christ.

Lifewater works alongside local churches, mobilizing believers to help their neighbors learn healthy habits. When there is no local church, we partner with church planters to bring the gospel to unreached people.

Disciple-Making Process

When communities receive clean water, health, and hope, it creates an open door for the gospel. Lifewater partners with New Generations and EECMY in communities that do not have a Christian presence.



FY 2018 Impact

72

ACTIVE
CHURCH
PLANTERS



270

DISCOVERY BIBLE
STUDIES



1,159

CHURCH LEADERS
TRAINED



100%

CHRISTIAN
STAFF



Our headquarters and field offices are staffed by believers committed to living like Jesus.

Isaac's life was changed through discipleship training



Lifewater staff in Uganda build wells and share the gospel

Making Disciples

Catherine is the mother of seven children and resident to Nzirakayindi B village in Kaliro, Uganda. Catherine was raised Muslim, and says she was forbidden to show interest in the Bible. But, when her nephew, Isaac, received training from Lifewater's Discipleship Making Movements (DMM) program, he felt led to share the creation story with her.

It was then that Catherine experienced the transforming and relentless love of God, even asking Isaac if they could read through the entire Bible together. Today, both Catherine and Isaac describe their devotion to Christ as a hunger for heavenly treasures.

Isaac, who has since moved out of the village for work, recounts his involvement in Lifewater's DMM program, saying, "My biggest interest in DMM training was the fact that I could be equipped to understand the mysteries of the Bible... I skipped work to attend the training, and I have never regretted the decision."

Isaac is actively cultivating relationships and making more disciples in his new workplace. Catherine is forever changed, and can now share the Truth with her children and husband.

FY 2018 MINISTRY ACHIEVEMENTS

FY 2018 is the most successful year in Lifewater history.

In addition to giving and programs success, this past year marked the funding, development, and successful deployment of the first-ever Lifewater drill rig. Named after Lifewater founder William A. Ashe, "Bill the Drill" is now actively serving people in rural Bensa, Ethiopia, where deep wells have never been drilled before.

FY 2018 Accomplishments



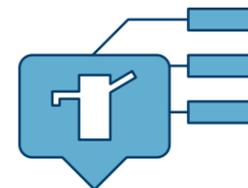
DONATIONS UP 60%

Giving totaled more than \$6.1 million, a 60% increase over FY 2017



PEOPLE SERVED UP 37%

Actively serving more than 117,000 people, up 37% over FY 2017

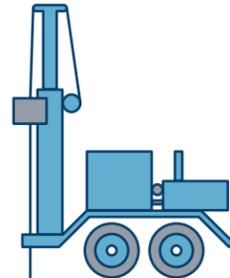


WATER SOURCE SUSTAINABILITY 100%

All water points now actively monitored with real-time data

DRILL RIG IN ETHIOPIA

First-ever Lifewater drill rig has successfully drilled six deep wells

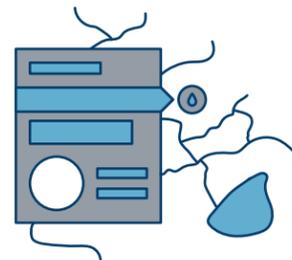


10K+ HEALTHY HOMES

Healthy Homes reached 11,492, up 204% over FY 2017

INTERACTIVE MAPS LIVE

Country program maps with live data available at lifewater.org



Lifewater's "Bill the Drill" is now providing safe water for rural communities in Ethiopia



*"It becomes more than just safe drinking water for a few people, it becomes a miracle in the community."
- William A. Ashe, Lifewater Founder*

Making Things New: Kristine's Story

Kristine Delano stumbled upon Lifewater while looking for someone to repair the broken well at her home in Maine. That's when she had a profound vision of how her family could impact the world: repair their well and help build a new well for a village in Africa.

"It changed our whole perspective...when we decided to give, it sort of put joy into having something that was broken. While we could fix our well, we could help someone get access, too," she said.

Kristine, a Managing Director at NextShares Solutions, was compelled to share her story with others, and even inspired her manager to support a village water project. "I felt I couldn't not tell people about Lifewater," Kristine said.



"When you give, the benefit is exponential."

— Brian Rogers, 4K Foundation

Intentional Giving: Brian's Story

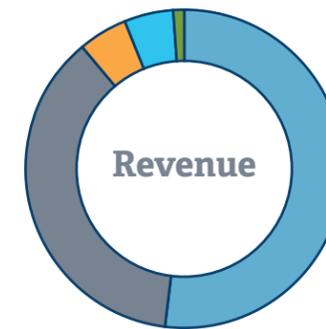
More than 15 years ago on Stewardship Sunday at the Church of the Nativity, Brian Rogers made the life-changing commitment to become an intentional giver. "Something just came over me. From that moment I continued to give, and every time I decided to give more of myself, all aspects of my life got better. It became very clear to me, when you give, it is exponential," he said.

After he sold his business, Rogers started the 4K Foundation — a nod to his four daughters whose names all begin with K — and began supporting organizations like Lifewater. Research showed Rogers that people want to feel a connection with the organization they are giving to, and that millennials are more open to giving than past generations. He believes that if everyone who could afford to give \$250 to a cause they care about, we could literally change the world overnight.

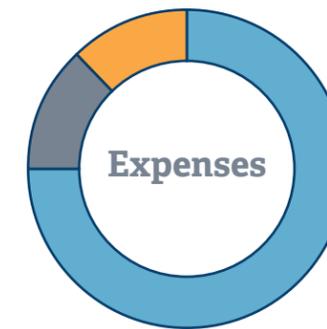


FY 2018 FINANCIALS

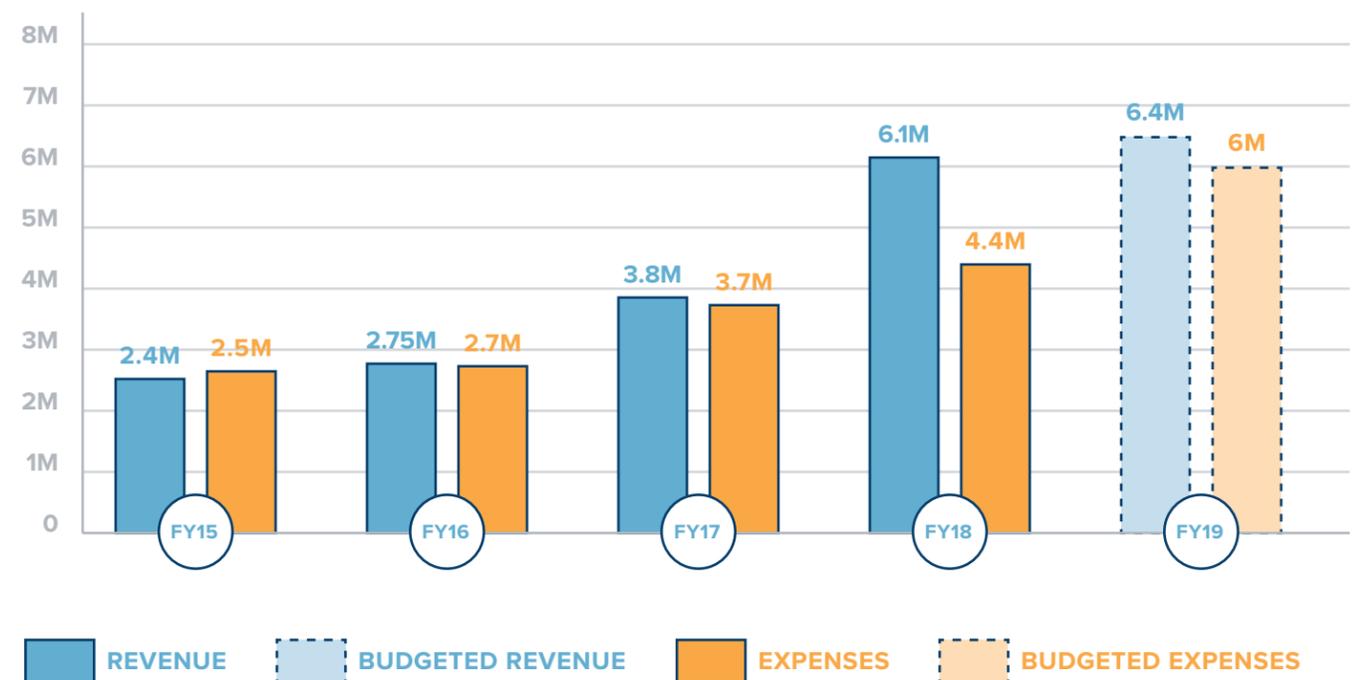
Total donations surpassed \$6.1M in FY 2018, up 60% over the previous year— our second consecutive year posting revenue growth of 35% or more. Growth trends remain strong moving into FY 2019. We are operating on a \$6M budget in 2019, up 36% over FY 2018.



51% INDIVIDUALS, BEQUESTS
38% FOUNDATION GRANTS
5% CHURCH
5% CORPORATE
1% OTHER



76% PROGRAMS
12% ADMINISTRATIVE
12% FUNDRAISING



STATEMENT OF FINANCIAL POSITION

| ASSETS | FY 2018 | FY 2017 | FY 2016 |
|---|--------------------|--------------------|--------------------|
| CASH AND CASH EQUIVALENTS | \$1,181,573 | \$511,569 | \$344,861 |
| PLEDGE RECEIVABLES, NET OF ALLOWANCE AND DISCOUNT | \$1,493,014 | \$514,484 | \$553,453 |
| PREPAID EXPENSES AND DEPOSITS | \$53,921 | \$57,441 | \$40,080 |
| INVENTORY | \$41,441 | \$20,930 | \$15,544 |
| PROPERTY AND EQUIPMENT, LESS ACCUMULATED DEPRECIATION | \$199,776 | \$66,437 | \$76,030 |
| TOTAL ASSETS | \$2,969,725 | \$1,170,861 | \$1,029,968 |

| LIABILITIES AND NET ASSETS | FY 2018 | FY 2017 | FY 2016 |
|---|--------------------|--------------------|--------------------|
| ACCOUNTS PAYABLE | \$33,200 | \$155,926 | \$32,411 |
| ACCRUED EXPENSES | \$268,393 | \$97,688 | \$69,745 |
| TOTAL LIABILITIES | \$301,593 | \$253,614 | \$102,156 |
| NET ASSETS | | | |
| UNRESTRICTED | \$1,749,677 | \$397,959 | \$256,916 |
| TEMPORARILY RESTRICTED | \$918,455 | \$519,288 | \$670,896 |
| TOTAL NET ASSETS | \$2,668,132 | \$917,247 | \$927,812 |
| TOTAL LIABILITIES AND NET ASSETS | \$2,969,725 | \$1,170,861 | \$1,029,968 |

STATEMENT OF FINANCIAL ACTIVITIES

| SUPPORT AND REVENUE | FY 2018 | FY 2017 | FY 2016 |
|----------------------------------|--------------------|--------------------|--------------------|
| CONTRIBUTIONS | \$5,053,537 | \$3,491,179 | \$2,572,712 |
| SPECIAL EVENTS | \$1,018,745 | \$283,264 | \$151,219 |
| IN-KIND CONTRIBUTIONS | \$29,775 | \$28,978 | \$74,700 |
| PROGRAM FEES | \$14,050 | \$23,940 | \$28,827 |
| OTHER INCOME | \$1,986 | \$7,212 | \$1,014 |
| TOTAL SUPPORT AND REVENUE | \$6,118,093 | \$3,834,573 | \$2,828,472 |

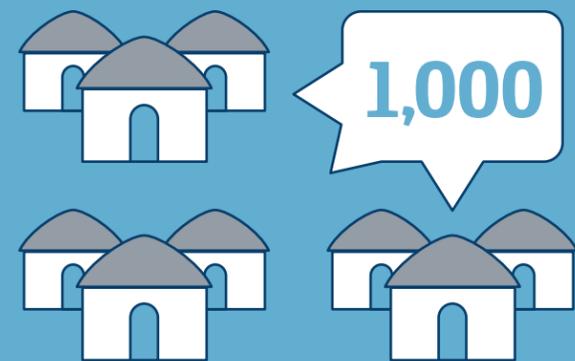
| FUNCTIONAL EXPENSES | FY 2018 | FY 2017 | FY 2016 |
|----------------------------------|--------------------|--------------------|------------------|
| PROGRAM SERVICES | \$3,293,081 | \$2,683,071 | \$2,026,381 |
| <i>SUPPORTING SERVICES</i> | | | |
| GENERAL AND ADMINISTRATIVE | \$531,751 | \$635,700 | \$384,178 |
| FUNDRAISING | \$542,376 | \$371,316 | \$324,913 |
| TOTAL FUNCTIONAL EXPENSES | \$4,367,208 | \$3,690,087 | \$709,091 |
| CHANGE IN NET ASSETS | \$1,750,885 | \$144,486 | \$93,000 |
| NET ASSETS – BEGINNING OF YEAR | \$917,247 | \$772,761 | \$679,761 |
| NET ASSETS – END OF YEAR | \$2,668,132 | \$917,247 | \$722,761 |

LOOKING AHEAD

Equipped with a proven, scalable model (the Vision of a Healthy Village), we are moving forward in faith to bring safe water and health to more people, more effectively. Our current strategic plan will effectively double our organizational capacity by the end of 2020.

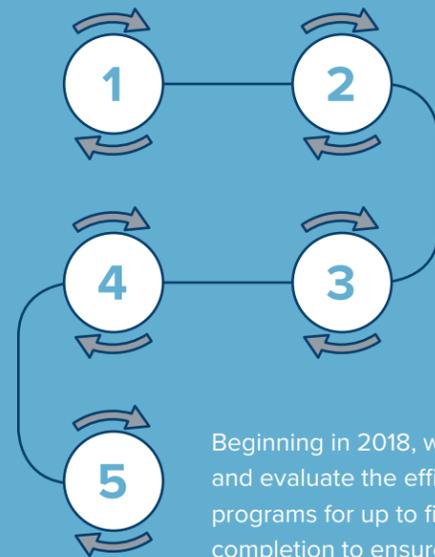
Accomplishing this growth while maintaining excellence in both our programs and stewardship will require a commitment to scale with sustainability.

VILLAGE SPONSORSHIP FOCUS



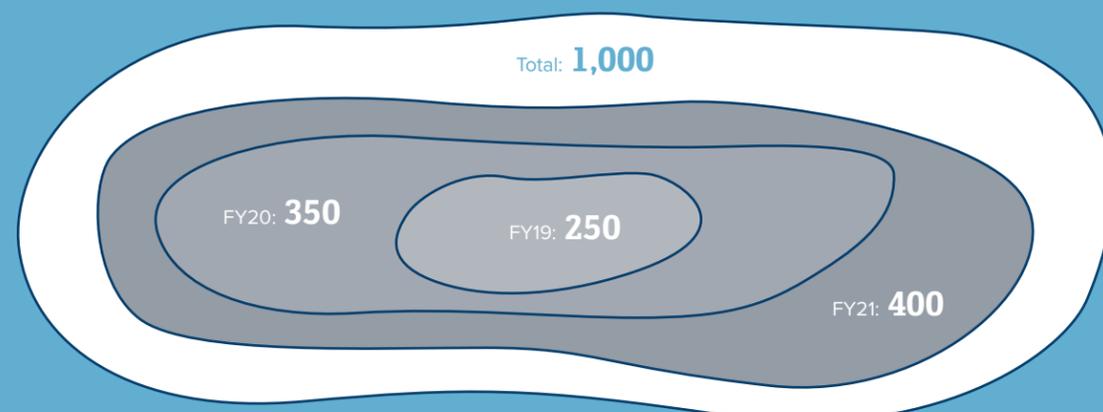
FY 2019 is the first year for 1,000 Villages, an ambitious, multi-year campaign to bring clean water and hope to 1,000 rural communities and shift focus from building wells to transforming villages.

IMPROVE WATER PROJECT SUSTAINABILITY



Beginning in 2018, we will monitor and evaluate the efficacy of our programs for up to five years after completion to ensure sustainability.

SCALE TO SERVE 1,000 VILLAGES

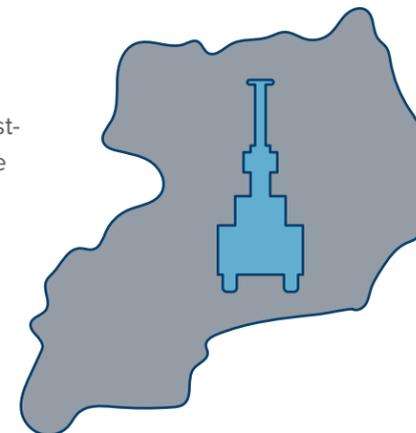


Clean water is life changing for girls in Uganda

Increase Capacity to Serve 150,000 People Per Year

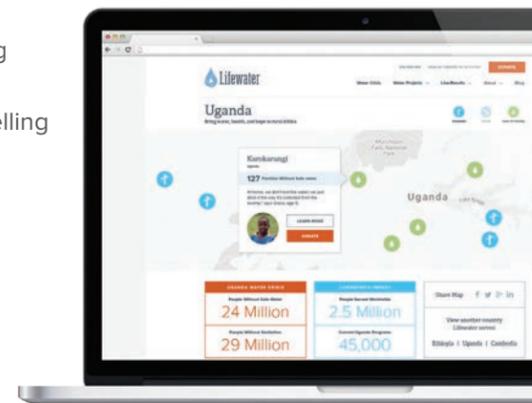
DEPLOY SECOND DRILL RIG IN UGANDA

Increase drilling efficiency to cost-effectively serve remote villages.

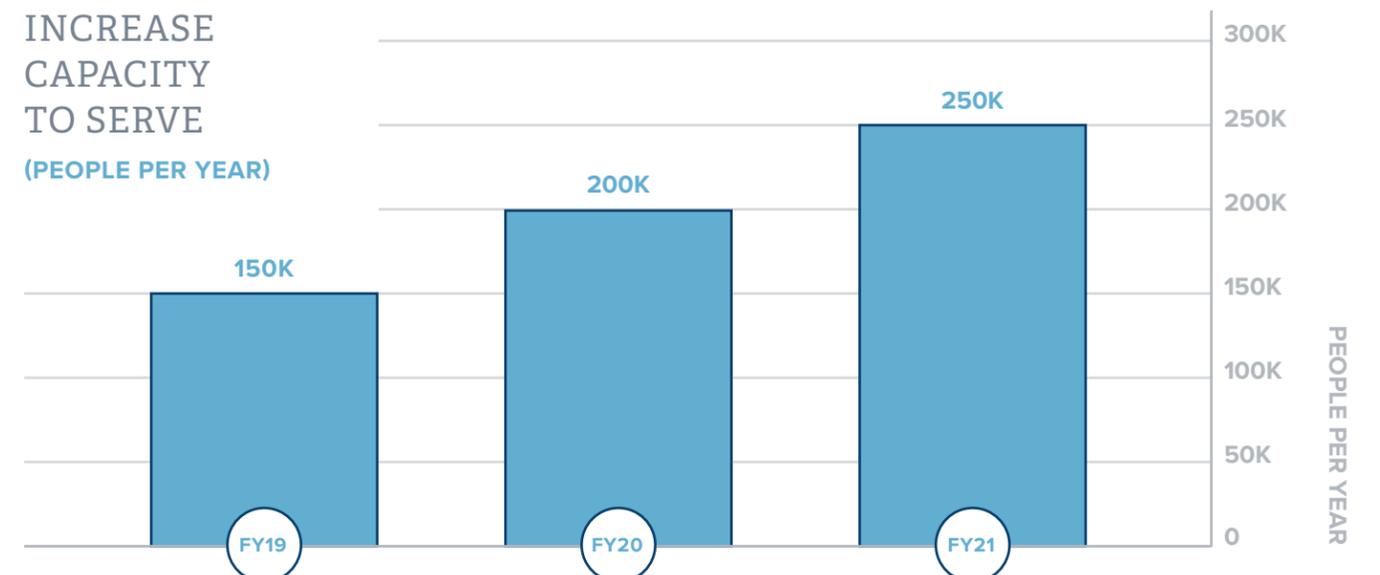


GROW AND DIVERSIFY DONOR BASE

We will deploy a new online giving platform that combines compelling stories, data, and mapping to give donors insight into the impact of their gifts like never before.



INCREASE CAPACITY TO SERVE (PEOPLE PER YEAR)



A MESSAGE FROM OUR BOARD CHAIRMAN



As an engineer, I work every day to provide safe and sustainable water to the 695,000 people of southwestern San Bernardino County, just east of Los Angeles. Providing water in a semi-arid climate is a complex endeavor, and requires millions of dollars in funding for large-scale infrastructure projects. These are very important projects that will serve our citizens for many years.

A world away, in places like rural Ethiopia, there are other very important water projects happening in hard-to-reach villages and schools. Each project transforms a community with new life and hope—it's a joy and honor to be a part of every one of them.

On behalf of the Board of Directors, we are delighted to celebrate a number of milestone achievements from this past fiscal year:

- **100+ HEALTHY VILLAGES:**
These communities have achieved 90% Healthy Home status. Praise God!
- **10,000+ HEALTHY HOMES:**
Families are using safe water, washing hands, using a latrine and keeping things clean.
- **100,000+ PEOPLE SERVED:**
Lives have been forever changed with safe water, sanitation, and hygiene.
- **1,000 PEOPLE IN DISCOVERY BIBLE STUDIES:**
People are hearing the hope of the gospel for the first time.

We are exceedingly proud of the staff that make this work happen on a day-to-day basis in the far and forgotten corners of our world. And we are so grateful for the nearly 4,000 everyday people like you who make all of this possible. Without the grace and favor of our Lord and your faithful and generous support, this simply doesn't happen.

Douglas Headrick, Chairman, is a registered Professional Civil Engineer and currently serving as General Manager of the San Bernardino Valley Municipal Water District. He has been a Lifewater volunteer since 2003.

FY 2018 Board of Directors

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Gete's daughter is growing up in a healthy village



This life-changing work couldn't be done without the faithful partnership of people like you. Thank you!

"With joy you will draw from the wells of salvation." – Isaiah 12:3



Lifewater.org

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