Lifewater, Inc. d.b.a. Lifewater International

Financial Statements

For the Year Ended December 31, 2019
C O N T E N T S


Financial Statements

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Independent Auditors’ Report on the Financial Statements

To the Board of Directors
Lifewater, Inc. d.b.a. Lifewater International
San Luis Obispo, California

We have audited the accompanying financial statements of the Lifewater, Inc. d.b.a. Lifewater International ("the Organization"), a non-profit organization, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year ended December 31, 2019, 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors’ 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.
Independent Auditors’ Report on the Financial Statements - Continued

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lifewater, Inc. d.b.a. Lifewater International, as of December 31, 2019, and the changes in its net assets and its cash flows for year ended December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

Caliber Audit & Attest, LLP
San Luis Obispo, California
August 12, 2020

- 2 -
ASSETS
Cash and cash equivalents $ 1,210,262
Short-term investments 2,503
Foreign exchange contracts receivable 32,604
Contributions receivable, net of allowance 592,352
Prepaid expenses and deposits 73,944
Inventory 32,944
Property and equipment, less accumulated depreciation 740,153

Total assets $ 2,684,762

LIABILITIES AND NET ASSETS
Accounts payable $ 85,484
Accrued expenses 157,347

Total liabilities 242,831

Commitments and Contingencies

Net Assets
Without donor restrictions 1,879,689
With donor restrictions:
Purpose restrictions 562,242

Total net assets 2,441,931

Total liabilities and net assets $ 2,684,762

See Notes to Financial Statements.
**Lifewater, Inc. d.b.a. Lifewater International**

**Statement of Activities and Changes in Net Assets**

*Year Ended December 31, 2019*

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Support and Revenue:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$5,240,656</td>
<td>$562,242</td>
</tr>
<tr>
<td>Special events, including contributions, net of direct expenses of $38,713</td>
<td>773,683</td>
<td>-</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>170,156</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>6,498</td>
<td>-</td>
</tr>
<tr>
<td>Total support and revenue</td>
<td>6,190,993</td>
<td>562,242</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>819,362</td>
<td>-</td>
</tr>
<tr>
<td>Total support and revenues</td>
<td>7,010,355</td>
<td>(257,120)</td>
</tr>
</tbody>
</table>

**Functional Expenses:**

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>5,289,983</td>
<td>-</td>
<td>5,289,983</td>
</tr>
<tr>
<td>Management and general</td>
<td>440,001</td>
<td>-</td>
<td>440,001</td>
</tr>
<tr>
<td>Fundraising and development</td>
<td>705,738</td>
<td>-</td>
<td>705,738</td>
</tr>
<tr>
<td>Total functional expenses</td>
<td>6,435,722</td>
<td>-</td>
<td>6,435,722</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>574,633</td>
<td>(257,120)</td>
<td>317,513</td>
</tr>
<tr>
<td>Net assets - beginning of year</td>
<td>1,305,056</td>
<td>819,362</td>
<td>2,124,418</td>
</tr>
<tr>
<td>Net assets - end of year</td>
<td>$1,879,689</td>
<td>$562,242</td>
<td>$2,441,931</td>
</tr>
</tbody>
</table>

*See Notes to Financial Statements.*
Lifewater, Inc. d.b.a. Lifewater International

Statement of Functional Expenses
Year Ended December 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management &amp; General</th>
<th>Fundraising &amp; Development</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel costs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>$ 2,232,543</td>
<td>$ 222,065</td>
<td>$ 344,169</td>
<td>$ 2,798,777</td>
</tr>
<tr>
<td>Retirement plan contributions</td>
<td>70,316</td>
<td>6,313</td>
<td>9,163</td>
<td>85,792</td>
</tr>
<tr>
<td>Employee benefits - other</td>
<td>204,977</td>
<td>10,252</td>
<td>4,049</td>
<td>218,798</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>178,520</td>
<td>18,163</td>
<td>28,675</td>
<td>225,358</td>
</tr>
<tr>
<td>Payroll service fees</td>
<td>-</td>
<td>3,249</td>
<td>-</td>
<td>3,249</td>
</tr>
<tr>
<td>Total personnel costs</td>
<td>$ 2,685,876</td>
<td>$ 260,042</td>
<td>$ 386,056</td>
<td>$ 3,331,974</td>
</tr>
<tr>
<td>Partnership grants</td>
<td>24,416</td>
<td>-</td>
<td>-</td>
<td>24,416</td>
</tr>
<tr>
<td>Professional and outside services</td>
<td>110,345</td>
<td>48,174</td>
<td>7,482</td>
<td>166,001</td>
</tr>
<tr>
<td>Marketing and promotion</td>
<td>-</td>
<td>3,758</td>
<td>94,878</td>
<td>98,636</td>
</tr>
<tr>
<td>Donated goods and services</td>
<td>68,072</td>
<td>27,456</td>
<td>74,628</td>
<td>170,156</td>
</tr>
<tr>
<td>Information technology</td>
<td>160,674</td>
<td>10,620</td>
<td>12,934</td>
<td>184,228</td>
</tr>
<tr>
<td>Office occupancy</td>
<td>148,309</td>
<td>10,140</td>
<td>2,633</td>
<td>161,082</td>
</tr>
<tr>
<td>Office operations</td>
<td>103,672</td>
<td>6,426</td>
<td>6,438</td>
<td>116,536</td>
</tr>
<tr>
<td>Travel and meetings expense</td>
<td>106,934</td>
<td>18,793</td>
<td>17,406</td>
<td>143,133</td>
</tr>
<tr>
<td>Program management/field travel</td>
<td>232,508</td>
<td>-</td>
<td>-</td>
<td>232,508</td>
</tr>
<tr>
<td>Water source construction</td>
<td>704,353</td>
<td>-</td>
<td>-</td>
<td>704,353</td>
</tr>
<tr>
<td>Latrine construction</td>
<td>191,555</td>
<td>-</td>
<td>-</td>
<td>191,555</td>
</tr>
<tr>
<td>WASH trainings</td>
<td>493,338</td>
<td>-</td>
<td>-</td>
<td>493,338</td>
</tr>
<tr>
<td>Monitoring and evaluation</td>
<td>23,346</td>
<td>-</td>
<td>-</td>
<td>23,346</td>
</tr>
<tr>
<td>Insurance</td>
<td>37,863</td>
<td>1,015</td>
<td>442</td>
<td>39,320</td>
</tr>
<tr>
<td>Gain/loss on foreign currency exchange</td>
<td>(25,957)</td>
<td>-</td>
<td>-</td>
<td>(25,957)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>230,233</td>
<td>13,030</td>
<td>5,665</td>
<td>248,928</td>
</tr>
<tr>
<td>Donation processing fees</td>
<td>-</td>
<td>-</td>
<td>45,373</td>
<td>45,373</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(5,554)</td>
<td>40,547</td>
<td>51,803</td>
<td>86,796</td>
</tr>
<tr>
<td>Total non-personnel costs</td>
<td>$ 2,604,107</td>
<td>$ 179,959</td>
<td>$ 319,682</td>
<td>$ 3,103,748</td>
</tr>
</tbody>
</table>

Total functional expenses

$ 5,289,983
$ 440,001
$ 705,738
$ 6,435,722

See Notes to Financial Statements.
### Lifewater, Inc. d.b.a. Lifewater International

**Statement of Cash Flows**  
**Year Ended December 31, 2019**

**Cash flows from operating activities:**
- Change in net assets $317,513

**Adjustments to reconcile the change in net assets to net cash provided by operating activities:**
- Depreciation 248,928

**Changes in operating assets and liabilities:**
- Foreign exchange contracts receivable (32,604)
- Contributions receivable, net 86,730
- Prepaid expenses and deposits (19,700)
- Inventory (7,842)
- Accounts payable 15,755
- Accrued expenses 27,295

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange contracts receivable</td>
<td>(32,604)</td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>86,730</td>
</tr>
<tr>
<td>Prepaid expenses and deposits</td>
<td>(19,700)</td>
</tr>
<tr>
<td>Inventory</td>
<td>(7,842)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>15,755</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>27,295</td>
</tr>
</tbody>
</table>

Net cash provided by operating activities 636,075

**Cash flows from investing activities:**
- Sales of short-term investments 125,177
- Purchases of property and equipment (524,670)

Net cash used in investing activities (399,493)

**Net increase in cash and cash equivalents** 236,582

**Cash and cash equivalents, beginning of year** 973,680

**Cash and cash equivalents, end of year** $1,210,262

*See Notes to Financial Statements.*
Note 1. Operations and Summary of Significant Accounting Policies

Nature of operations:
Lifewater, Inc. d.b.a. Lifewater International (the Organization or Lifewater), a California non-profit organization, is a Christian community development organization dedicated to effectively serving vulnerable children and families by partnering with underserved communities to overcome water poverty. With experience in more than 40 countries since 1977, Lifewater serves all people by providing them with contextually appropriate water access, sanitation, and hygiene (WASH) interventions.

Lifewater is funded primarily by individual and organizational donors.

Basis of accounting:
The financial statements are presented on an accrual basis, which recognizes income when performance obligations are met, and expenses when incurred.

Financial statement presentation and net assets:
To ensure the observance of limitations and restrictions placed on the use of resources, the accounts of the Organization are maintained in accordance with the principles of fund accounting. The Organization has presented its financial statements in accordance with generally accepted accounting principles for not-for profit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions or with donor restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Net assets, revenues, gains, and losses are classified based on 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 restrictions.

**Net Assets With Donor Restrictions:** Net assets subject to donor-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 can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.
Notes to Financial Statements

The Organization reports contributions restricted by donors 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, depending 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.

Support and revenue:

All support and revenue is considered to be available for use without donor restriction unless specifically restricted by the donor or the terms of a grant. Revenue from public support including contributions from individuals, foundations, and business entities is recognized at the time an unconditional promise to give or transfer of assets is made. Revenues from program fees are recognized over the terms of the program and the period of service provided, if any.

Donated services and assets:

The Organization records the value of donated goods and services when there is an objective basis available to measure their fair market value. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with these skills, and would otherwise be purchased by the Organization.

During the year ended December 31, 2019, the Organization recorded $170,156 of donated goods and services.

Use of estimates:

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Fair value measurements:

*The Fair Value Measurements* topic of the FASB ASC, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
Level 2 – Inputs to the valuation methodology include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive
    markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable
    market data by correlation or by other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the
fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based
on the lowest level of any input that is significant to the fair value measurement. Valuation
techniques used need to maximize the use of observable inputs and minimize the use of
unobservable inputs.

The donated services and assets recorded by the Organization have been recorded at fair
values, based on management’s estimate of fair value on a non-recurring basis from
comparisons of similar assets or services or from the value as provided by the donor. This is
considered Level 2 of the fair value hierarchy.

The preceding method described may produce a fair value calculation that may not be
indicative of net realizable value or reflective of future fair values. Furthermore, although
the Organization believes its valuation methods are appropriate and consistent with other
market participants, the use of different methodologies or assumptions to determine the fair
value of certain donated services, assets and use of facilities could result in a different fair
value measurement at the reporting date.

**Cash and cash equivalents:**

The Organization considers cash equivalents to be highly liquid instruments purchased with
an original maturity of three months or less.

The Organization maintains its cash balances in financial institutions in the United States
and abroad. The balances at the institutions in the United States are generally insured by the
Federal Deposit Insurance Corporation (FDIC) up to $250,000. In February 2019, the
Organization began using an Insured Cash Sweep (ICS) account with its primary operating
bank account that ensures that any balances greater than $250,000 are also insured by the
FDIC. Balances in foreign banks are held in large reputable banks in the local country and
are maintained at a minimum balance to mitigate the risk of bank failure.

**Contributions receivable:**

Contributions receivables are recognized at fair market value as revenues in the period in
which there is sufficient evidence in the form of verifiable documentation that an
unconditional gift was received. Conditional gifts are recognized when the conditions on
which they depend are substantially met. Unconditional promises to give that are expected
to be collected within one year are recorded at their net realizable value. Unconditional
promises to give that are expected to be collected over periods in excess of one year are recorded at the present value of estimated cash flows beyond one year. Amortization of the discount is included in contribution revenue, if applicable. The allowance for uncollectible amounts is estimated based upon historical collection rates and specific identification of uncollectible amounts, if necessary.

**Inventory:**

Inventory mainly consists of promotional supplies and equipment parts. Inventory is carried at the lower of cost or net realizable value, determined using average cost.

**Property and equipment:**

Purchased property and equipment are recorded at cost and donated assets are valued at their estimated fair value on the date donated. Assets are depreciated over estimated useful lives on a straight line basis, once placed into service. Expenditures that significantly increase asset values or extend useful lives are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gains or losses are included on the statement of activities. Repairs and maintenance and small equipment purchases are expensed as incurred.

Assets in the international field countries are expensed as the cost is incurred if they are purchased duty free, since the Organization has no ultimate legal control of the assets since the assets are imported duty-free and/or are subject to project agreements for their utilization. Assets in the international field countries are capitalized if taxes are paid and the Organization has legal authority of the assets. Estimated useful lives are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>5</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>3 – 10</td>
</tr>
<tr>
<td>Field vehicles</td>
<td>5</td>
</tr>
<tr>
<td>Software and website</td>
<td>3 – 5</td>
</tr>
<tr>
<td>Fundraising platform</td>
<td>3</td>
</tr>
</tbody>
</table>

**Capitalized software:**

The Organization capitalizes software purchased from third parties as part of property and equipment. Internally developed software costs for internal-use are capitalized during the application development stage.

**Income tax status:**

The Organization’s activities are generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Franchise Tax Code. Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expense. The Organization is not a private foundation. Management is not aware of any transactions that would impact the Organization’s tax-exempt status.
For the year ended December 31, 2019, management of the Organization is not aware of any material uncertain tax positions to be accounted for in the financial statements under the principles of the Income Taxes topic of the FASB (ASC). The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes.

**Functional expense allocations:**

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

**Advertising:**

The Organization expenses advertising costs as incurred. Marketing and promotion expense for the year ended December 31, 2019 was $98,636.

**Foreign currency:**

The functional currency of the foreign operations is the US dollar. Transaction gains or losses from foreign exchange transactions are included in net income. Although the effect is not determinable, changes in the exchange rate subsequent to year-end could have an effect on unsettled foreign currency transactions.

**Recent accounting pronouncements:**

The FASB issued ASU 2016-02, Leases (Topic 842). This new standard amends a number of aspects of lease accounting, including requiring lessees to recognize operating leases with a term greater than one year on their balance sheet as a right-of-use asset and corresponding lease liability, measured at the present value of the lease payments. The new standard is effective for private companies for fiscal years beginning after December 15, 2021, which means it will be effective for the Organization for the year beginning January 1, 2022. Early adoption is permitted. The new standard is required to be adopted using a modified retrospective approach. Management will be evaluating the potential impact of the new guidance and is currently uncertain what impact the pronouncement will have on the financial statements, if any.
Lifewater, Inc. d.b.a. Lifewater International

Notes to Financial Statements

Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

- Cash and cash equivalents: $1,210,262
- Short-term investments: 2,503
- Contributions receivable: 562,547
- Other receivables: 54,756

Total: $1,830,068

The Organization’s liquidity management plan is designed to cover operating expenses and cash flow needs.

Note 3. Contributions Receivable

Contributions receivable as of December 31, 2019 are as follows:

- Contributions receivable - current: $562,547
- Other receivables - current: 54,756

Total contributions receivable: 617,303
Less allowance for litigation receivable: (24,951)
Total contributions receivable, net: $592,352

Contributions receivable as of December 31, 2019, are collectible as follows:

- Within one year: $617,303
- One to five years: 617,303
Less allowance for litigation receivable: (24,951)
Total: $592,352
Note 4. Property and Equipment

Major classes of property and equipment and accumulated depreciation are as follows at December 31, 2019:

<table>
<thead>
<tr>
<th>Property and Equipment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>$37,359</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>163,673</td>
</tr>
<tr>
<td>Field vehicles</td>
<td>171,636</td>
</tr>
<tr>
<td>Software and website</td>
<td>62,266</td>
</tr>
<tr>
<td>Fundraising platform</td>
<td>614,377</td>
</tr>
<tr>
<td></td>
<td>1,049,311</td>
</tr>
</tbody>
</table>

Less accumulated depreciation (309,158)

Total property and equipment $740,153

Depreciation expense for the year ended December 31, 2019 was $248,928.

Note 5. Accrued Expenses

Accrued expenses consist of the following at December 31, 2019:

<table>
<thead>
<tr>
<th>Accrued Expenses</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued payroll</td>
<td>$73,826</td>
</tr>
<tr>
<td>Accrued employee benefits</td>
<td>4,476</td>
</tr>
<tr>
<td>Accrued paid leave</td>
<td>40,692</td>
</tr>
<tr>
<td>Accrued payroll taxes</td>
<td>11,756</td>
</tr>
<tr>
<td>Accrued expenses - other</td>
<td>34</td>
</tr>
<tr>
<td>Credit cards payable</td>
<td>26,563</td>
</tr>
<tr>
<td>Total accrued expenses</td>
<td>$157,347</td>
</tr>
</tbody>
</table>

Note 6. Commitments and Contingencies

Operating Leases:

The Organization enters into lease agreements in the countries of operation. The lease payment terms vary and enforceability also varies by country and region. As the payments for leases in foreign countries are not material to the overall financial statements, the payments are recorded on a cash basis, in general, and no future payout schedule is provided even though there is possible future commitment.

The Organization had a lease for the corporate headquarters office building location which commenced on June 10, 2014. The monthly base rent was $6,000. This lease expired on August 31, 2019.

The Organization entered into a new lease agreement for the corporate headquarters office building location which commenced on September 1, 2019 and expires on August 31, 2022. There are two three year options to extend this lease. The monthly base rent is $8,700.
which will increase each year based on a fixed amount. The future minimum lease payments under this lease is as follows:

<table>
<thead>
<tr>
<th>Years Ending</th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$105,343</td>
</tr>
<tr>
<td>2021</td>
<td>108,169</td>
</tr>
<tr>
<td>2022</td>
<td>73,367</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$286,879</strong></td>
</tr>
</tbody>
</table>

In February 2020, the Organization entered into a new lease for another office in Bentonville, Arkansas. The lease commenced on March 20, 2020 and expires on March 20, 2023. The monthly base rent is $2,600.

**Note 7. Net Assets with Donor Restrictions**

As of December 31, 2019, net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purpose:
- Drill rig for Ethiopia programs: $289,804
- Tanzania programs: 111,040
- Donor relations growth & expansion: 156,736
- Healthy churches program launch: 4,662

**Total:** $562,242

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2019:

Contributions receivable - time restricted: $38,805

Satisfaction of purpose restrictions:
- Ethiopia programs: 120,202
- Uganda programs: 177,121
- Tanzania programs: 16,144
- Capacity building: 13,294
- Healthy schools: 47,550
- Software and website development: 406,246

**Total:** $819,362
Note 8. Related Parties

For the year ended December 31, 2019, the Organization held funds in accounts at a bank where the Audit Committee Chair is an executive. For the year ended December 31, 2019, the Organization receives donations from board of director members, who are considered related parties.

Note 9. Retirement Plan

The Organization maintains a Simple IRA plan for its eligible employees in the United States. Employer contributions are made equal to employee’s salary reduction contributions up to a limit of 3% of the employee’s compensation for the calendar year. The Organization also makes retirement contributions as required by the governments of the countries in the respective field offices. Employer retirement plan contributions totaled $85,792 for the year ended December 31, 2019.

Note 10. Subsequent Events

In February 2020, the Organization obtained a revolving line of credit allowing for borrowings up to $250,000. The interest rate on the line of credit is set at an initial rate of 4.75%. The line of credit expires February 2021.

Subsequent to year-end, the COVID-19 coronavirus outbreak in the United States and related shelter in place directives have resulted in operational challenges and travel restrictions. The extent of the impact has not been determined; however, management will be closely monitoring the results and will take actions necessary to, as much as possible, mitigate the impact on the Organization’s operations. In addition, the Organization received a $392,750 loan under the Paycheck Protection Program of the CARES Act to manage cash flows and meet expenditures as they come due.

The date to which events occurring after December 31, 2019 have been evaluated for possible adjustment to the financial statements or disclosure is August 12, 2020, which is the date on which the financial statements were available to be issued.