

Neverthirst, Inc.

Financial Statements

Years Ended December 31, 2017 and 2016

Table of Contents

Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows.....	7
Notes to Financial Statements	8



Independent Auditors' Report

Board of Directors
Neverthirst, Inc.
Birmingham, Alabama

We have audited the accompanying financial statements of Neverthirst, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, 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 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 audits 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 Organization'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 Organization'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neverthirst, Inc. as of December 31, 2017 and 2016, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

**Birmingham, Alabama
April 25, 2018**

Neverthirst, Inc.
Statements of Financial Position
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash	\$ 374,659	\$ 466,075
Accounts receivable	113,339	2,866
Prepaid expenses	2,375	-
Total current assets	<u>490,373</u>	468,941
Property and equipment, net	<u>24,951</u>	25,377
Total assets	<u><u>\$ 515,324</u></u>	<u><u>\$ 494,318</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 16,806	\$ 17,251
Total current liabilities	<u>16,806</u>	17,251
Net assets:		
Unrestricted net assets	-	-
Temporarily restricted assets	<u>498,518</u>	477,067
	<u>498,518</u>	477,067
Total liabilities and net assets	<u><u>\$ 515,324</u></u>	<u><u>\$ 494,318</u></u>

Neverthirst, Inc.
Statements of Activities
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and general operations income:			
Direct public support	\$ 9,808	\$ 2,349,829	\$ 2,359,637
Interest	442	-	442
	<u>10,250</u>	<u>2,349,829</u>	<u>2,360,079</u>
Net assets released from restrictions	<u>2,328,378</u>	<u>(2,328,378)</u>	<u>-</u>
Total support and general operations income	<u>2,338,628</u>	<u>21,451</u>	<u>2,360,079</u>
Expenses:			
Program services	1,959,747	-	1,959,747
Management and general	143,956	-	143,956
Fundraising and public relations	234,925	-	234,925
	<u>2,338,628</u>	<u>-</u>	<u>2,338,628</u>
Total expenses	<u>2,338,628</u>	<u>-</u>	<u>2,338,628</u>
Increase in net assets	-	21,451	21,451
Net assets at the beginning of year	<u>-</u>	<u>477,067</u>	<u>477,067</u>
Net assets at end of year	<u>\$ -</u>	<u>\$ 498,518</u>	<u>\$ 498,518</u>

Neverthirst, Inc.
Statements of Activities (continued)
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and general operations income:			
Direct public support	\$ 16,019	\$ 1,987,972	\$ 2,003,991
Interest	14	-	14
Other income	-	-	-
	<u>16,033</u>	<u>1,987,972</u>	<u>2,004,005</u>
Net assets released from restrictions	<u>2,178,245</u>	<u>(2,178,245)</u>	<u>-</u>
Total support and general operations income	<u>2,194,278</u>	<u>(190,273)</u>	<u>2,004,005</u>
Expenses:			
Program services	1,811,486	-	1,811,486
Management and general	132,114	-	132,114
Fundraising and public relations	250,678	-	250,678
	<u>2,194,278</u>	<u>-</u>	<u>2,194,278</u>
Total expenses	<u>2,194,278</u>	<u>-</u>	<u>2,194,278</u>
Decrease in net assets	-	(190,273)	(190,273)
Net assets at the beginning of year	<u>-</u>	<u>667,340</u>	<u>667,340</u>
Net assets at end of year	<u>\$ -</u>	<u>\$ 477,067</u>	<u>\$ 477,067</u>

See accompanying notes.

Neverthirst, Inc.
Statements of Functional Expenses
For the Year Ended December 31, 2017

	Program Services	Supporting Services		Total
		Management and General	Fundraising and Public Relations	
Conference expense	\$ 1,066	\$ -	\$ -	\$ 1,066
Computer expense	694	232	232	1,158
Depreciation	1,866	932	1,866	4,664
Fundraising expenses	36,304	-	53,460	89,764
Gifts	-	553	-	553
Insurance	-	5,193	-	5,193
Lease	6,558	13,115	6,558	26,231
Meals and entertainment	-	2,120	4,945	7,065
Ministry projects	1,532,604	-	-	1,532,604
Miscellaneous	-	11,313	-	11,313
PayPal fees	-	-	721	721
Payroll	198,745	66,249	66,249	331,243
Postage and mailing service	-	595	2,378	2,973
Professional fees	8,108	13,513	5,404	27,025
Promotional	-	-	75,374	75,374
Supplies	10,665	26,663	15,998	53,326
Travel	161,397	-	-	161,397
Utilities	1,740	3,478	1,740	6,958
	<u>\$ 1,959,747</u>	<u>\$ 143,956</u>	<u>\$ 234,925</u>	<u>\$ 2,338,628</u>

See accompanying notes.

Neverthirst, Inc.
Statements of Functional Expenses (continued)
For the Year Ended December 31, 2016

	Program Services	Supporting Services		Total
		Management and General	Fundraising and Public Relations	
Conference expense	\$ 3,083	\$ -	\$ -	\$ 3,083
Computer expense	839	280	280	1,399
Depreciation	2,280	1,140	2,280	5,700
Fundraising expenses	44,211	-	66,316	110,527
Gifts	-	2,375	-	2,375
Insurance	-	500	-	500
Lease	5,967	11,932	5,967	23,866
Meals and entertainment	-	914	2,134	3,048
Ministry projects	1,405,643	-	-	1,405,643
Miscellaneous	-	5,542	-	5,542
PayPal fees	-	-	842	842
Payroll	176,535	58,845	58,845	294,225
Postage and mailing service	-	1,302	5,206	6,508
Professional fees	9,150	15,250	6,100	30,500
Promotional	-	-	82,553	82,553
Supplies	12,550	31,377	18,826	62,753
Travel	149,899	-	-	149,899
Utilities	1,329	2,657	1,329	5,315
	<u>\$ 1,811,486</u>	<u>\$ 132,114</u>	<u>\$ 250,678</u>	<u>\$ 2,194,278</u>

See accompanying notes.

Neverthirst, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 21,451	\$ (190,273)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,664	5,700
Change in accounts receivable	(110,473)	(954)
Change in prepaid expenses	(2,375)	-
Change in accounts payable	<u>(445)</u>	<u>(5,799)</u>
Net cash used by operating activities	<u>(87,178)</u>	<u>(191,326)</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(4,238)</u>	<u>(17,488)</u>
Net cash used in investing activities	<u>(4,238)</u>	<u>(17,488)</u>
Net decrease in cash	(91,416)	(208,814)
Cash, beginning of year	<u>466,075</u>	<u>674,889</u>
Cash, end of year	<u>\$ 374,659</u>	<u>\$ 466,075</u>

See accompanying notes.

Notes to Financial Statements

1. Organization

Neverthirst, Inc. ("the Organization") is a not-for-profit organization which solicits contributions of funds for various programs and serves as a voice to the poor and powerless while spreading awareness and creating accountability for its donors. After funding carefully screened projects, the Organization's volunteers and personnel travel into remote villages abroad and areas with low cost housing, builds relationships with partners, monitors the work and documents the people met and places seen. The primary goal of the Organization is to provide clean water to these areas.

2. Summary of Significant Accounting Policies

Basis of presentation

The accompanying financial statements reflect the results of activities of the Organization on the accrual basis and are prepared in accordance with the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Not-for Profit Entities* which is in accordance with accounting principles generally accepted in the United States of America.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable

Accounts receivable represents cash donated through a third-party vendor which has not yet been transferred to the Organization, and unconditional promises to give that are expected to be collected within one year.

Revenue recognition

At times, the Organization receives support from private grants. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and/or nature of any grantor restrictions. The Organization recognizes grant revenue when the donor makes a promise to give that is, in substance, unconditional.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted grants whose restrictions are met in the same reporting period are reported as unrestricted support.

Neverthirst, Inc.
Notes to Financial Statements

Property and equipment

Property and equipment are capitalized and stated at cost. Ordinary maintenance and repair costs are expensed as incurred, while major additions and improvements are capitalized. Provisions for depreciation are computed by the straight-line method based on the estimated useful lives of the related assets, which range from 3 to 7 years.

Income taxes

The Internal Revenue Service has determined that the Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code ("IRC") and has been determined to be an Organization which is not a private foundation. As a qualified tax-exempt organization, the Organization must operate in conformity with the IRC to maintain its tax-exempt status.

The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2017 and 2016, and there are no interests and penalties related to income tax assessments.

Expense allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies by management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Subsequent Events

The Organization has evaluated the effect subsequent events would have on the financial statements through April 25, 2018, which is the date the financial statements were available to be issued.

3. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2017</u>	<u>2016</u>
Computer equipment	\$ 32,503	\$ 30,451
Media equipment	12,220	11,443
Website	26,647	26,647
Furniture & fixtures	<u>14,242</u>	<u>12,833</u>
	85,612	81,374
Accumulated depreciation	<u>(60,661)</u>	<u>(55,997)</u>
	<u>\$ 24,951</u>	<u>\$ 25,377</u>

4. Net Assets

Net assets were released from donor restrictions by incurring expenses to satisfy the restricted purpose, by occurrence of events specified by the donors (including the passage of time) or by the change of restrictions specified by the donors. During the years ended December 31, 2017 and 2016, the Organization released \$2,328,378 and \$2,178,245, respectively of temporarily restricted net assets for well projects in the countries designated by the donation.

Remaining temporarily restricted donations for the years ended December 31, 2017 and 2016 were \$498,518 and \$447,067, respectively.

5. Concentrations

The Organization maintains cash in deposit accounts with federally insured banks which at times may have balances in excess of federally insured limits. In 2017, the Organization received approximately 9% of its contributions from a Birmingham, Alabama business, and 6% from two individuals. In 2016, the Organization received approximately 6% of its contributions from two individuals and 5% from a Birmingham, Alabama business.

6. Commitments

The Organization has entered into non-binding memorandums of understanding ("MOU") with several strategic partners for the purpose of accomplishing the Organization's goal to support well projects in various countries. These MOU's document the expected costs of each project, the time frames involved, and the desired results.

The Organization entered into a leasing agreement beginning December 1, 2016. The Organization also enters various month-to-month rental arrangements. Total rental expense for 2017 and 2016 were \$26,231 and \$23,866, respectively.

Future minimum lease payments under non-cancelable operating leases are as follows:

2018	\$	29,431
2019	\$	27,717

7. IRA Savings Plan

On September 1 2016, the Organization began sponsoring an IRA Savings Plan for eligible employees as defined by the plan agreement. Employees become eligible after being employed by the Organization for one year. The Plan permits a deferral of up to the maximum IRS allowed limits with a 3% Organization matching contribution. For the year ended December 31, 2017 and 2016, the organization made contributions of approximately \$7,767 and \$1,300, respectively.