

NEVERTHIRST, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

NEVERTHIRST, INC.
TABLE OF CONTENTS
DECEMBER 31, 2013 AND 2012

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 11



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INDEPENDENT AUDITORS' REPORT

The 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, 2013 and 2012, 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 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 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, 2013 and 2012, 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

May 30, 2014

Page 1

NEVERTHIRST, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

Assets	<u>2013</u>	<u>2012</u>
Current assets		
Cash	\$ 395,859	\$ 622,211
Accounts receivable	<u>7,895</u>	<u>76,898</u>
TOTAL CURRENT ASSETS	403,754	699,109
Property and equipment, net	<u>12,791</u>	<u>22,306</u>
TOTAL ASSETS	<u>\$ 416,545</u>	<u>\$ 721,415</u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 3,745	\$ -
Deferred Rent	<u>3,002</u>	<u>10,227</u>
TOTAL CURRENT LIABILITIES	6,747	10,227
Net assets		
Unrestricted net assets	409,798	496,752
Temporarily restricted assets	<u>-</u>	<u>214,436</u>
	<u>409,798</u>	<u>711,188</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 416,545</u>	<u>\$ 721,415</u>

NEVERTHIRST, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and general operations income			
Direct public support	\$ 663,833	\$ 756,370	\$ 1,420,203
Interest	650	-	650
	<u>664,483</u>	<u>756,370</u>	<u>1,420,853</u>
 Net assets released from restrictions	 <u>970,806</u>	 <u>(970,806)</u>	 <u>-</u>
 Total support and general operations income (loss)	 <u>1,635,289</u>	 <u>(214,436)</u>	 <u>1,420,853</u>
 Expenses			
Program services	1,434,592	-	1,434,592
Management and general	115,619	-	115,619
Fundraising and public relations	172,032	-	172,032
	<u>1,722,243</u>	<u>-</u>	<u>1,722,243</u>
 Decrease in net assets	 (86,954)	 (214,436)	 (301,390)
 Net assets at the beginning of year	 <u>496,752</u>	 <u>214,436</u>	 <u>711,188</u>
 Net assets at end of year	 <u>\$ 409,798</u>	 <u>\$ -</u>	 <u>\$ 409,798</u>

NEVERTHIRST, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and general operations income			
Direct public support	\$ 688,649	\$ 688,010	\$ 1,376,659
Interest	1,180	-	1,180
	<u>689,829</u>	<u>688,010</u>	<u>1,377,839</u>
 Net assets released from restrictions	 <u>969,055</u>	 <u>(969,055)</u>	 <u>-</u>
 Total support and general operations income (loss)	 <u>1,658,884</u>	 <u>(281,045)</u>	 <u>1,377,839</u>
 Expenses			
Program services	1,102,466	-	1,102,466
Management and general	104,961	-	104,961
Fundraising and public relations	142,845	-	142,845
	<u>1,350,272</u>	<u>-</u>	<u>1,350,272</u>
 Increase (decrease) in net assets	 308,612	 (281,045)	 27,567
Net assets at the beginning of year	<u>188,140</u>	<u>495,481</u>	<u>683,621</u>
 Net assets at end of year	 <u>\$ 496,752</u>	 <u>\$ 214,436</u>	 <u>\$ 711,188</u>

NEVERTHIRST, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services	Supporting Services		Total
		Management and General	Fundraising and Public Relations	
Computer expense	\$ 3,155	\$ 1,052	\$ 1,052	\$ 5,259
Conference Expense	-	6,394	-	6,394
Depreciation	4,390	2,194	4,390	10,974
Fundraising expenses	-	-	20,573	20,573
Gifts	-	396	-	396
Insurance	-	3,739	-	3,739
Lease	6,371	12,741	6,371	25,483
Meals and entertainment	-	1,024	2,388	3,412
Ministry projects	1,114,276	-	-	1,114,276
Miscellaneous	-	6,230	-	6,230
PayPal fees	-	-	8,545	8,545
Payroll	192,333	64,111	64,111	320,555
Postage and mailing service	-	1,997	7,991	9,988
Promotional	-	-	49,506	49,506
Professional fees	6,580	10,967	4,388	21,935
Supplies	1,331	3,327	1,995	6,653
Travel	105,434	-	-	105,434
Utilities	722	1,447	722	2,891
	<u>\$ 1,434,592</u>	<u>\$ 115,619</u>	<u>\$ 172,032</u>	<u>\$ 1,722,243</u>

NEVERTHIRST, INC.
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Services	Supporting Services		Total
		Management and General	Fundraising and Public Relations	
Charitable contributions	\$ -	\$ 500	\$ -	\$ 500
Computer expense	3,391	1,130	1,130	5,651
Conference Expense	-	4,620	-	4,620
Contract labor	-	5,130	15,000	20,130
Depreciation	5,086	2,543	5,086	12,715
Fundraising expenses	-	-	29,091	29,091
Gifts	-	1,816	-	1,816
Insurance	-	2,864	-	2,864
Lease	5,160	10,321	5,160	20,641
Meals and entertainment	-	730	1,703	2,433
Ministry projects	814,993	-	-	814,993
Miscellaneous	-	4,755	-	4,755
PayPal fees	-	-	2,473	2,473
Payroll	163,066	54,355	54,355	271,776
Postage and mailing service	-	778	3,113	3,891
Professional fees	5,250	8,750	3,500	17,500
Promotional	-	-	18,332	18,332
Supplies	2,272	5,680	3,408	11,360
Travel	102,754	-	-	102,754
Utilities	494	989	494	1,977
	<u>\$ 1,102,466</u>	<u>\$ 104,961</u>	<u>\$ 142,845</u>	<u>\$ 1,350,272</u>

NEVERTHIRST, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (301,390)	\$ 27,567
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	10,974	12,715
Change in deferred rent	(7,225)	10,227
Change in accounts receivable	69,003	(53,953)
Change in accounts payable	3,745	-
NET CASH USED IN OPERATING ACTIVITIES	<u>(224,893)</u>	<u>(3,444)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(1,459)</u>	<u>(7,556)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,459)</u>	<u>(7,556)</u>
NET DECREASE IN CASH	(226,352)	(11,000)
CASH, BEGINNING OF YEAR	<u>622,211</u>	<u>633,211</u>
CASH, END OF YEAR	<u>\$ 395,859</u>	<u>\$ 622,211</u>

NEVERTHIRST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE A - 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.

NOTE B - 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.

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
DECEMBER 31, 2013 AND 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2013 and 2012, and there are no interests and penalties related to income tax assessments. Fiscal years ending on or after December 31, 2010, remain subject to examination by federal and state tax authorities.

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 May 30, 2014, which is the date the financial statements were available to be issued.

NEVERTHIRST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2013</u>	<u>2012</u>
Computer equipment	\$ 16,609	\$ 15,755
Media equipment	8,392	8,392
Website	26,642	26,475
Furniture & Fixtures	831	392
	<u>52,474</u>	<u>51,014</u>
Less accumulated depreciation	<u>(39,683)</u>	<u>(28,708)</u>
	<u>\$ 12,791</u>	<u>\$ 22,306</u>

NOTE D - 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. The Organization released temporarily restricted net assets for the following purposes during the year ended December 31:

	<u>2013</u>	<u>2012</u>
United States church plants	\$ 120,000	\$ 120,000
Well projects in Cambodia	201,097	14,382
Well projects in India	302,987	338,945
Well projects Central African Republic	61,808	174,210
Well projects in Nepal	-	56,400
Well projects in Sudan	158,463	111,056
Administration	126,451	154,062
	<u>\$ 970,806</u>	<u>\$ 969,055</u>

No donations remain temporarily restricted at December 31, 2013. Donations of \$214,436 remained restricted for the projects in India, Sudan, and Cambodia as of December 31, 2012.

NEVERTHIRST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE E - CONCENTRATIONS

At December 31, 2013 and 2012, the Organization has concentrations of credit risk with certain financial institutions in the form of bank cash accounts in excess of federally insured limits.

In 2013, the Organization received approximately 9% and 26% of its contributions from The Church of Brook Hills and the Earl Richards Foundation, respectively. In 2012, the Organization received approximately 11% and 16% from the Church of Brook Hills and the Earl Richards Foundation, respectively.

NOTE F - 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 rents office space under a leasing agreement which expires on October 31, 2015. The Organization also enters various month-to-month rental arrangements. Total rental expense for 2013 and 2012 were \$25,483 and \$20,641, respectively.

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

2014	\$ 25,483
2015	<u>21,236</u>
	<u>\$ 46,719</u>