

Neverthirst, Inc.

Financial Statements

Years Ended December 31, 2015 and 2014

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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, 2015 and 2014, 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, 2015 and 2014, 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
July 5, 2016**

Neverthirst, Inc.
Statements of Financial Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets:		
Cash	\$ 674,889	\$ 399,006
Accounts receivable	1,912	3,136
	<u>676,801</u>	<u>402,142</u>
Total current assets		
Property and equipment, net	<u>13,589</u>	<u>12,113</u>
Total assets	<u>\$ 690,390</u>	<u>\$ 414,255</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	<u>\$ 23,050</u>	<u>\$ -</u>
Total current liabilities	<u>23,050</u>	<u>-</u>
Net assets:		
Unrestricted net assets	(156,767)	282,679
Temporarily restricted assets	<u>824,107</u>	<u>131,576</u>
	<u>667,340</u>	<u>414,255</u>
Total liabilities and net assets	<u>\$ 690,390</u>	<u>\$ 414,255</u>

See accompanying notes.

Neverthirst, Inc.
Statements of Activities
For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and general operations income:			
Direct public support	\$ 141,238	\$ 1,600,055	\$ 1,741,293
Interest	161	-	161
Other income	1,184	-	1,184
	<u>142,583</u>	<u>1,600,055</u>	<u>1,742,638</u>
Net assets released from restrictions	<u>907,524</u>	<u>(907,524)</u>	<u>-</u>
Total support and general operations income	<u>1,050,107</u>	<u>692,531</u>	<u>1,742,638</u>
Expenses:			
Program services	1,223,191	-	1,223,191
Management and general	82,377	-	82,377
Fundraising and public relations	183,985	-	183,985
	<u>1,489,553</u>	<u>-</u>	<u>1,489,553</u>
(Decrease) increase in net assets	(439,446)	692,531	253,085
Net assets at the beginning of year	<u>282,679</u>	<u>131,576</u>	<u>414,255</u>
Net assets at end of year	<u>\$ (156,767)</u>	<u>\$ 824,107</u>	<u>\$ 667,340</u>

Neverthirst, Inc.
Statements of Activities
For the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and general operations income:			
Direct public support	\$ 417,006	\$ 1,077,031	\$ 1,494,037
Interest	664	-	664
	<u>417,670</u>	<u>1,077,031</u>	<u>1,494,701</u>
Net assets released from restrictions	<u>945,455</u>	<u>(945,455)</u>	<u>-</u>
Total support and general operations income	<u>1,363,125</u>	<u>131,576</u>	<u>1,494,701</u>
Expenses:			
Program services	1,213,167	-	1,213,167
Management and general	95,169	-	95,169
Fundraising and public relations	181,908	-	181,908
	<u>1,490,244</u>	<u>-</u>	<u>1,490,244</u>
Total expenses	<u>1,490,244</u>	<u>-</u>	<u>1,490,244</u>
(Decrease) increase in net assets	(127,119)	131,576	4,457
Net assets at the beginning of year	<u>409,798</u>	<u>-</u>	<u>409,798</u>
Net assets at end of year	<u>\$ 282,679</u>	<u>\$ 131,576</u>	<u>\$ 414,255</u>

Neverthirst, Inc.
Statements of Functional Expenses
For the Year Ended December 31, 2015

	Program Services	Supporting Services		Total
		Management and General	Fundraising and Public Relations	
Conference Expense	\$ 600	\$ -	\$ -	\$ 600
Computer expense	966	322	322	1,610
Depreciation	1,941	971	1,941	4,853
Fundraising expenses	40,456	-	69,398	109,854
Insurance	-	868	-	868
Lease	2,672	5,343	2,672	10,687
Meals and entertainment	-	575	1,344	1,919
Ministry projects	894,596	-	-	894,596
Miscellaneous	-	3,604	-	3,604
PayPal fees	-	-	1,303	1,303
Payroll	129,073	43,024	43,024	215,121
Postage and mailing service	-	1,406	5,625	7,031
Professional fees	7,380	12,300	4,920	24,600
Promotional	-	-	45,175	45,175
Supplies	5,115	12,789	7,672	25,576
Travel	139,803	-	-	139,803
Utilities	589	1,175	589	2,353
	<u>\$ 1,223,191</u>	<u>\$ 82,377</u>	<u>\$ 183,985</u>	<u>\$ 1,489,553</u>

Neverthirst, Inc.
Statements of Functional Expenses
For the Year Ended December 31, 2014

	Program Services	Supporting Services		Total
		Management and General	Fundraising and Public Relations	
Computer expense	\$ 4,445	\$ 1,482	\$ 1,482	\$ 7,409
Depreciation	2,305	1,152	2,304	5,761
Fundraising expenses	-	-	48,751	48,751
Insurance	-	1,922	-	1,922
Lease	5,272	10,545	5,272	21,089
Meals and entertainment	-	883	2,063	2,946
Ministry projects	910,530	-	-	910,530
Miscellaneous	-	5,342	-	5,342
PayPal fees	-	-	6,343	6,343
Payroll	149,533	49,844	49,844	249,221
Postage and mailing service	-	2,071	8,287	10,358
Professional fees	8,466	14,109	5,643	28,218
Promotional	-	-	47,330	47,330
Supplies	2,715	6,788	4,073	13,576
Travel	129,385	-	-	129,385
Utilities	516	1,031	516	2,063
	<u>\$ 1,213,167</u>	<u>\$ 95,169</u>	<u>\$ 181,908</u>	<u>\$ 1,490,244</u>

See accompanying notes.

Neverthirst, Inc.
Statements of Cash Flows
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 253,085	\$ 4,457
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,853	5,761
Change in deferred rent	-	(3,002)
Change in accounts receivable	1,224	4,759
Change in accounts payable	23,050	(3,745)
Net cash provided by operating activities	<u>282,212</u>	<u>8,230</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(6,329)</u>	<u>(5,083)</u>
Net cash used in investing activities	<u>(6,329)</u>	<u>(5,083)</u>
Net increase in cash	275,883	3,147
Cash, beginning of year	<u>399,006</u>	<u>395,859</u>
Cash, end of year	<u>\$ 674,889</u>	<u>\$ 399,006</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.

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.

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.

Neverthirst, Inc.
Notes to Financial Statements

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, 2015 and 2014, 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 July 5, 2016, 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>2015</u>	<u>2014</u>
Computer equipment	\$ 19,023	\$ 16,609
Media equipment	11,443	9,032
Website	26,647	26,643
Furniture & fixtures	<u>6,773</u>	<u>5,273</u>
	63,886	57,557
Less accumulated depreciation	<u>(50,297)</u>	<u>(45,444)</u>
	<u>\$ 13,589</u>	<u>\$ 12,113</u>

Neverthirst, Inc.
Notes to Financial Statements

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

	<u>2015</u>	<u>2014</u>
United States church plants	\$ -	\$ 120,000
Well projects in Cambodia	415,784	315,834
Well projects in India	293,601	371,421
Well projects Nepal	44,398	-
Well projects in Sudan	140,813	103,274
Administration	<u>12,928</u>	<u>34,926</u>
	<u>\$ 907,524</u>	<u>\$ 945,455</u>

Donations of \$824,107 remained restricted for the projects in Cambodia, India, Nepal and Sudan as of December 31, 2015. Donations of \$131,576 were restricted for the projects in India, Sudan, and Cambodia as of December 31, 2014.

5. Concentrations

At December 31, 2015 and 2014, 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 2015, the Organization received approximately 6% of its contributions from The Church of Brook Hills and 12% from two individuals. In 2014, the Organization received approximately 7%, 10% and 15% of its contributions from The Church of Brook Hills, the Earl Richards Foundation, and one individual, respectively.

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.

In 2014, the Organization entered into a leasing agreement that expires March 31, 2016. The Organization also enters various month-to-month rental arrangements. Total rental expense for 2015 and 2014 were \$10,687 and \$21,089, respectively.

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

2016	\$	2,856
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