Neverthirst, Inc.

Financial Statements

Years Ended December 31, 2018 and 2017

DIXON HUGHES GOODMAN LLP

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DIXON HUGHES GOODMAN LLP

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, 2018 and 2017, 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.

Emphasis of Matter Regarding Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, the Company implemented new accounting guidance for financial statement presentation by not-for-profit entities. Our opinion is not modified with respect to this matter.

DIXON HUGHES GOODMAN LLP

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, 2018 and 2017, 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
May 13, 2019

Neverthirst, Inc.
Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
ASSETS		
Current assets:		
Cash	**$ 386,881**	$ 374,659
Accounts receivable	**130,250**	113,339
Prepaid expenses	**2,520**	2,375
Total current assets	**519,651**	490,373
Property and equipment, net	**21,448**	24,951
Total assets	**$ 541,099**	$ 515,324
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and other accrued liabilities	**$ 47,159**	$ 16,806
Total current liabilities	**47,159**	16,806
Net assets:		
With donor restrictions	**493,940**	498,518
	493,940	498,518
Total liabilities and net assets	**$ 541,099**	$ 515,324

Neverthirst, Inc.
Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and general operations income:			
Direct public support	$ 8,379	$ 2,631,702	$ 2,640,081
Interest	276	-	276
	8,655	2,631,702	2,640,357
Net assets released from donor restrictions	2,636,280	(2,636,280)	-
Total support and general operations income	2,644,935	(4,578)	2,640,357
Expenses:			
Program services	2,199,639	-	2,199,639
Management and general	149,461	-	149,461
Fundraising and public relations	295,835	-	295,835
Total expenses	2,644,935	-	2,644,935
Decrease in net assets	-	(4,578)	(4,578)
Net assets at the beginning of year	-	498,518	498,518
Net assets at end of year	$ -	$ 493,940	$ 493,940

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

	Without Donor Restrictions	With Donor Restrictions	Total
Support and general operations income:			
Direct public support	$ 9,808	$ 2,349,829	$ 2,359,637
Interest	442	-	442
	10,250	2,349,829	2,360,079
Net assets released from donor restrictions	2,328,378	(2,328,378)	-
Total support and general operations income	2,338,628	21,451	2,360,079
Expenses:			
Program services	1,959,747	-	1,959,747
Management and general	143,956	-	143,956
Fundraising and public relations	234,925	-	234,925
Total expenses	2,338,628	-	2,338,628
Increase in net assets	-	21,451	21,451
Net assets at the beginning of year	-	477,067	477,067
Net assets at end of year	$ -	$ 498,518	$ 498,518

Neverthirst, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising and Public Relations	Total
Conference expense	$ 1,110	$ -	$ -	$ 1,110
Computer expense	-	149	-	149
Depreciation	2,862	1,431	2,862	7,155
Fundraising expenses	30,710	-	46,064	76,774
Gifts	-	2,207	31,455	33,662
Insurance	-	13,149	-	13,149
Lease	8,023	16,046	8,022	32,091
Meals and entertainment	-	1,028	2,397	3,425
Ministry projects	1,836,611	-	-	1,836,611
Miscellaneous	-	11,112	-	11,112
PayPal fees	-	-	2,810	2,810
Payroll	188,126	62,708	62,708	313,542
Postage and mailing service	-	816	3,263	4,079
Professional fees	8,632	14,387	5,755	28,774
Promotional	-	-	114,924	114,924
Supplies	9,446	23,614	14,168	47,228
Travel	112,712	-	-	112,712
Utilities	1,407	2,814	1,407	5,628
	$ 2,199,639	$ 149,461	$ 295,835	$ 2,644,935

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

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising and Public Relations	Total
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
	$ 1,959,747	$ 143,956	$ 234,925	$ 2,338,628

Neverthirst, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	**$ (4,578)**	$ 21,451
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	**7,155**	4,664
Change in accounts receivable	**(16,911)**	(110,473)
Change in prepaid expenses	**(145)**	(2,375)
Change in accounts payable and other accrued liabilities	**30,353**	(445)
Net cash provided (used) by operating activities	**15,874**	(87,178)
Cash flows from investing activities:		
Purchases of property and equipment	**(3,652)**	(4,238)
Net cash used in investing activities	**(3,652)**	(4,238)
Net increase (decrease) in cash	**12,222**	(91,416)
Cash, beginning of year	**374,659**	466,075
Cash, end of year	**$ 386,881**	$ 374,659

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 support with or without donor restrictions, depending upon the existence and/or nature of any contribution. The Organization recognizes grant revenue when the donor makes a promise to give that is, in substance, unconditional.

All contributions with donor restrictions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), the support with donor restrictions are reclassified to net assets without donor restrictions 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 contributions without donor restrictions.

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, 2018 and 2017, 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.

Recent Accounting Pronouncements

During the year ended December 31, 2018, the Organization adopted ASU No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity of available resources, and the lack of consistency in the type of information provided about expenses. The 2017 financial statements have been adjusted to reflect retrospective application of the new accounting guidance, except for the disclosures around liquidity and availability of resources. The retrospective application resulted in temporarily restricted net assets of $498,518 being reported as net assets with donor restrictions totaling $498,518. There were no unrestricted net assets for fiscal year 2017.

Subsequent Events

The Organization has evaluated the effect subsequent events would have on the financial statements through May 13, 2019, 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:

	2018	2017
Computer equipment	**$ 33,273**	$ 32,503
Media equipment	**13,865**	12,220
Website	**26,647**	26,647
Furniture & fixtures	**15,478**	14,242
	89,263	85,612
Accumulated depreciation	**(67,815)**	(60,661)
	$ 21,448	$ 24,951

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, 2018 and 2017, the Organization released $2,636,279 and $2,328,378, respectively, of net assets with donor restrictions for well projects in the countries designated by the donation.

Remaining net assets with donor restrictions for the years ended December 31, 2018 and 2017 were $493,941 and $498,518, 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. For the years ended December 31, 2018 and 2017, the Organization received approximately 12% and 9% of its contributions from a Birmingham, Alabama business, 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.

As of December 31, 2018, the Organization has entered into an operating leasing agreement with an unrelated third party for office space. The Organization also enters various month-to-month rental arrangements. Total rental expenses for the years ended December 31, 2018 and 2017 were $32,091 and $26,231, respectively.

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

2019	$	27,717

7. IRA Savings Plan

The Organization sponsors 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, 2018 and 2017, the organization made contributions of approximately $8,428 and $7,767, respectively.