



**Neverthirst, Inc.**

**Financial Statements**

**Years Ended December 31, 2020 and 2019**



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## Independent Auditors' Report

Board of Directors  
Neverthirst, Inc.  
Birmingham, AL

We have audited the accompanying financial statements of Neverthirst, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2020 and 2019, 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, 2020 and 2019, 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, AL  
May 14, 2021

**Neverthirst, Inc.**  
**Statements of Financial Position**  
**December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 2,198,198	\$ 783,604
Accounts receivable	614,289	100,520
Prepaid expenses	2,375	2,375
Total current assets	<u>2,814,862</u>	886,499
Property and equipment, net	<u>136,055</u>	<u>132,859</u>
Total assets	<u><u>\$ 2,950,917</u></u>	<u><u>\$ 1,019,358</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 14,790	\$ 112,006
Accrued salaries and wages	27,062	24,306
Paycheck Protection Program note payable	106,093	-
Total current liabilities	<u>147,945</u>	<u>136,312</u>
Net assets:		
Without donor restrictions	719,032	256,886
With donor restrictions	2,083,940	626,160
	<u>2,802,972</u>	<u>883,046</u>
Total liabilities and net assets	<u><u>\$ 2,950,917</u></u>	<u><u>\$ 1,019,358</u></u>

**Neverthirst, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and general operations income:			
Direct public support	\$ 2,662,816	\$ 2,189,205	\$ 4,852,021
Interest	242	-	242
	<u>2,663,058</u>	<u>2,189,205</u>	<u>4,852,263</u>
Net assets released from donor restrictions	<u>731,425</u>	<u>(731,425)</u>	<u>-</u>
Total support and general operations income	<u>3,394,483</u>	<u>1,457,780</u>	<u>4,852,263</u>
Expenses:			
Program services	2,103,982	-	2,103,982
Management and general	375,414	-	375,414
Fundraising and public relations	452,941	-	452,941
	<u>2,932,337</u>	<u>-</u>	<u>2,932,337</u>
Increase in net assets	462,146	1,457,780	1,919,926
Net assets at the beginning of year	<u>256,886</u>	<u>626,160</u>	<u>883,046</u>
Net assets at end of year	<u>\$ 719,032</u>	<u>\$ 2,083,940</u>	<u>\$ 2,802,972</u>

See accompanying notes.

**Neverthirst, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and general operations income:			
Direct public support	\$ 280,489	\$ 2,735,543	\$ 3,016,032
Interest	203	-	203
	<u>280,692</u>	<u>2,735,543</u>	<u>3,016,235</u>
Net assets released from donor restrictions	<u>2,603,323</u>	<u>(2,603,323)</u>	<u>-</u>
Total support and general operations income	<u>2,884,015</u>	<u>132,220</u>	<u>3,016,235</u>
Expenses:			
Program services	1,999,477	-	1,999,477
Management and general	338,695	-	338,695
Fundraising and public relations	<u>288,957</u>	<u>-</u>	<u>288,957</u>
Total expenses	<u>2,627,129</u>	<u>-</u>	<u>2,627,129</u>
Increase in net assets	<u>256,886</u>	<u>132,220</u>	<u>389,106</u>
Net assets at the beginning of year	<u>-</u>	<u>493,940</u>	<u>493,940</u>
Net assets at end of year	<u>\$ 256,886</u>	<u>\$ 626,160</u>	<u>\$ 883,046</u>

Neverthirst, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2020

	Program Services	Supporting Services		Total
		Management and General	Fundraising and Public Relations	
Conference expense	\$ -	\$ 7,970	\$ -	\$ 7,970
Computer expense	120	5,546	-	5,666
Depreciation	8,536	4,268	4,268	17,072
Fundraising expenses	54,373	-	2,358	56,731
Gifts	-	410	-	410
Insurance	17,984	23,645	7,826	49,455
Lease expense	24,000	12,000	12,145	48,145
Meals and entertainment	53	4,408	-	4,461
Ministry projects	1,646,113	-	-	1,646,113
Miscellaneous	-	2,695	-	2,695
Third-party processing fees	-	51,167	-	51,167
Payroll	329,073	183,215	281,944	794,232
Postage and mailing service	1,469	10,661	-	12,130
Professional fees	4,017	27,164	417	31,598
Promotional	29	-	142,706	142,735
Supplies	10,952	35,547	-	46,499
Travel	6,008	3,902	1,277	11,187
Utilities	1,255	2,816	-	4,071
	<u>\$ 2,103,982</u>	<u>\$ 375,414</u>	<u>\$ 452,941</u>	<u>\$ 2,932,337</u>

See accompanying notes.



**Neverthirst, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2019**

	<b>Supporting Services</b>			<b>Total</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising and Public Relations</b>	
Conference expense	\$ -	\$ 856	\$ -	\$ 856
Computer expense	-	318	-	318
Depreciation	3,512	1,756	1,756	7,024
Fundraising expenses	63,545	-	44,311	107,856
Gifts	-	145	-	145
Insurance	14,147	15,302	5,339	34,788
Lease expense	12,671	8,855	8,075	29,601
Meals and entertainment	43	3,308	-	3,351
Ministry projects	1,632,019	-	-	1,632,019
Miscellaneous	-	8,325	-	8,325
Third-party processing fees	-	6,099	-	6,099
Payroll	228,717	193,828	148,857	571,402
Postage and mailing service	-	9,272	-	9,272
Professional fees	7,200	54,147	-	61,347
Promotional	-	-	80,619	80,619
Supplies	7,911	29,688	-	37,599
Travel	28,394	2,611	-	31,005
Utilities	1,318	4,185	-	5,503
	<u>\$ 1,999,477</u>	<u>\$ 338,695</u>	<u>\$ 288,957</u>	<u>\$ 2,627,129</u>

**Neverthirst, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,919,926	\$ 389,106
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,072	7,024
Loss on disposal of equipment	-	2,507
Change in accounts receivable	(513,769)	29,730
Change in prepaid expenses	-	145
Change in accounts payable and other accrued liabilities	(94,458)	89,153
Net cash provided by operating activities	<u>1,328,771</u>	<u>517,665</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(20,270)</u>	<u>(120,942)</u>
Net cash used in investing activities	<u>(20,270)</u>	<u>(120,942)</u>
Cash flows from financing activities:		
Paycheck Protection Program emergency relief funding	<u>106,093</u>	<u>-</u>
Net cash provided by financing activities	<u>106,093</u>	<u>-</u>
Net increase in cash	1,414,594	396,723
Cash, beginning of year	<u>783,604</u>	<u>386,881</u>
Cash, end of year	<u>\$ 2,198,198</u>	<u>\$ 783,604</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 third-party vendors which have not yet been transferred to the Organization, and unconditional promises to give that are expected to be collected within one year. Due to the nature and composition of accounts receivable, no allowance for doubtful accounts is recorded.

#### ***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.

#### ***Payroll Protection Program funds***

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security ("CARES") Act was signed into law on March 27, 2020. The CARES Act provides for the establishment of the Paycheck Protection Program ("PPP"), a new loan program under the Small Business Administration's 7(a) program providing loans to qualifying businesses. Additionally, loans originated under this program may be forgiven, in whole or in part, if certain criteria are met.

In April 2020, the Organization received a PPP loan totaling \$106,093. The Organization has elected to account for the PPP loan using the debt model under ASC 470 *Debt*. To be considered for forgiveness, funds from the loan may only be used for allowable expenses as defined in the PPP, which include various payroll costs and nonpayroll costs. The Organization believes it has used the proceeds of the loan for qualifying expenses under the PPP. However, under the debt model, forgiveness must be received, and the Organization legally released from being the primary obligor under the loan to be considered forgiven. If forgiven, a gain on extinguishment of the PPP loan will be recorded in the statements of activities. Any unforgiven portion of the PPP loan is payable over two years and bears interest at 1% with repayments deferred for six months from the date of the loan. It is uncertain at this time what portion of the PPP loan may be forgiven, if any. The Organization has elected to classify the outstanding balance of the loan as a current liability in the accompanying statements of financial position given it expects to receive forgiveness within the next operating cycle.

### ***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 without donor restrictions are reported as an increase in net assets without donor restrictions. These contributions are not restricted for use and may be used by the Organization for operating expenses, or other project expenses that the Organization deems necessary.

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.

### ***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, 2020 and 2019, 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 pronouncements***

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the year ending December 31, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

### **Subsequent events**

The Organization has evaluated the effect subsequent events would have on the financial statements through May 14, 2021, which is the date the financial statements were available to be issued.

### **3. Property and Equipment**

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 31,158	\$ 25,787
Media equipment	14,308	14,308
Leasehold improvements	100,485	89,282
Furniture & fixtures	<u>20,636</u>	<u>16,942</u>
	166,587	146,319
Accumulated depreciation	<u>(30,532)</u>	<u>(13,460)</u>
	<u>\$ 136,055</u>	<u>\$ 132,859</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was approximately \$17,000 and \$7,000, respectively.

### **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, 2020 and 2019, the Organization released \$731,425 and \$2,603,323, 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, 2020 and 2019 were \$2,083,940 and \$626,160, 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, 2020 and 2019, the Organization received approximately 20% from two donors, and 14% of its contributions from one donor entity, 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, 2019, 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, 2020 and 2019 were \$48,145 and \$29,601, respectively.

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

2021	\$	49,200
2022		<u>50,400</u>
Total	\$	<u>99,600</u>

## 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, 2020 and 2019, the Organization made contributions of approximately \$8,167 and \$8,312, respectively.

## 8. Related Party Transactions

The Organization received approximately \$334,700 and \$159,400 from related party donors during the years ended December 31, 2020 and 2019, respectively,

## 9. COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic. The Coronavirus outbreak has had far reaching and unpredictable impacts on the global economy, supply chains, financial markets, and global business operations in a variety of industries. Governments have taken substantial action to contain the spread of the virus including mandating social distancing, suspension of certain gatherings, and shuttering of certain nonessential businesses. The extent to which it will impact the Organization going forward will depend on a variety of factors, including the duration and continued spread of the outbreak, its impact on donors, employees and vendors, as well as governmental, regulatory and private sector responses. Furthermore, the pandemic may have a significant impact on management's accounting estimates and assumptions. The financial statements do not reflect any adjustments as a result of the increase in economic uncertainty.