



**Neverthirst, Inc.**

**Financial Statements**

**Years Ended December 31, 2021 and 2020**



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## Independent Auditors' Report

Board of Directors  
Neverthirst, Inc.  
Birmingham, AL

### *Opinion*

We have audited the financial statements of Neverthirst, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Neverthirst, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Neverthirst, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Neverthirst, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Dixon Hughes Goodman LLP*

Birmingham, AL  
May 9, 2022

Neverthirst, Inc.  
 Statements of Financial Position  
 December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 2,561,284	\$ 2,198,197
Accounts receivable	746,269	614,289
Prepaid expenses	<u>2,375</u>	<u>2,375</u>
Total current assets	<b>3,309,928</b>	2,814,861
Property and equipment, net	<u>128,567</u>	<u>136,056</u>
Total assets	<u><b>\$ 3,438,495</b></u>	<u><b>\$ 2,950,917</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 17,605	\$ 14,790
Accrued salaries and wages	36,899	27,062
Paycheck Protection Program note payable	<u>-</u>	<u>106,093</u>
Total current liabilities	<u>54,504</u>	<u>147,945</u>
Net assets:		
Without donor restrictions	719,032	719,032
With donor restrictions	<u>2,664,959</u>	<u>2,083,940</u>
	<u>3,383,991</u>	<u>2,802,972</u>
Total liabilities and net assets	<u><b>\$ 3,438,495</b></u>	<u><b>\$ 2,950,917</b></u>

See accompanying notes.

**Neverthirst, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and general operations income:			
Direct public support	\$ 692,783	\$ 6,850,741	\$ 7,543,524
Interest	362	-	362
Gain on extinguishment (See Note 2)	106,093	-	106,093
	<u>799,238</u>	<u>6,850,741</u>	<u>7,649,979</u>
Net assets released from donor restrictions	<u>6,269,722</u>	<u>(6,269,722)</u>	<u>-</u>
Total support and general operations income	<u>7,068,960</u>	<u>581,019</u>	<u>7,649,979</u>
Expenses:			
Program services	5,958,714	-	5,958,714
Management and general	505,461	-	505,461
Fundraising and public relations	604,785	-	604,785
	<u>7,068,960</u>	<u>-</u>	<u>7,068,960</u>
Increase in net assets	-	581,019	581,019
Net assets at the beginning of year	<u>719,032</u>	<u>2,083,940</u>	<u>2,802,972</u>
Net assets at end of year	<u>\$ 719,032</u>	<u>\$ 2,664,959</u>	<u>\$ 3,383,991</u>

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

(Continued)

	<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>
Total expenses	<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>

Neverthirst, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising and Public Relations	
Computer expense	\$ 1,605	\$ 13,229	\$ 15,201	\$ 30,035
Conference expense	-	1,500	-	1,500
Depreciation	8,553	4,277	4,277	17,107
Fundraising expenses	90,823	-	33,902	124,725
Gifts	-	2,866	-	2,866
Insurance	20,073	19,612	15,951	55,636
Lease expense	30,150	12,300	12,300	54,750
Meals and entertainment	-	6,386	66	6,452
Ministry projects	5,354,780	-	-	5,354,780
Miscellaneous	1,720	927	870	3,517
Payroll	400,999	247,128	325,800	973,927
Postage and mailing service	1,458	15,645	720	17,823
Professional fees	4,017	31,582	417	36,016
Promotional	-	53	186,413	186,466
Supplies	18,586	55,369	-	73,955
Third-party processing fees	-	87,795	-	87,795
Travel	23,549	2,455	8,868	34,872
Utilities	2,401	4,337	-	6,738
	<u>\$ 5,958,714</u>	<u>\$ 505,461</u>	<u>\$ 604,785</u>	<u>\$ 7,068,960</u>



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

(Continued)

	Program Services	Supporting Services		Total
		Management and General	Fundraising and Public Relations	
Computer expense	\$ 120	\$ 5,546	\$ -	\$ 5,666
Conference expense	-	7,970	-	7,970
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>

**Neverthirst, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 581,019	\$ 1,919,926
Non-cash Paycheck Protection Program Loan forgiveness	(106,093)	-
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,107	17,072
Change in accounts receivable	(131,980)	(513,769)
Change in accounts payable and other accrued liabilities	12,652	(94,459)
Net cash provided by operating activities	<u>372,705</u>	<u>1,328,770</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(9,618)</u>	<u>(20,270)</u>
Net cash used in investing activities	<u>(9,618)</u>	<u>(20,270)</u>
Cash flows from financing activities:		
Paycheck Protection Program note payable	<u>-</u>	<u>106,093</u>
Net cash provided by financing activities	<u>-</u>	<u>106,093</u>
Net increase in cash	<b>363,087</b>	1,414,593
Cash, beginning of year	<u>2,198,197</u>	<u>783,604</u>
Cash, end of year	<u><b>\$ 2,561,284</b></u>	<u><b>\$ 2,198,197</b></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.

#### ***Paycheck Protection Program note payable***

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.

During the year ended December 31, 2020, the Organization received a PPP loan totaling \$106,093. The Organization elected to account for the PPP loan using the debt model under ASC 470 *Debt*. During the year ended December 31, 2021, the Organization received forgiveness, and was legally released from being the primary obligor of the loan. The Organization recognized a gain on extinguishment in of \$106,093 in accordance with ASC 470, which is included in the statement of activities for the year ended December 31, 2021.

### ***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, 2021 and 2020, 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. Management does not believe this adoption will have a material impact for the Organization.

### ***Subsequent events***

The Organization has evaluated the effect subsequent events would have on the financial statements through May 9, 2022, 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>2021</u>	<u>2020</u>
Computer equipment	\$ 38,019	\$ 31,158
Media equipment	14,308	14,308
Leasehold improvements	100,485	100,485
Furniture & fixtures	<u>23,394</u>	<u>20,637</u>
	176,206	166,588
Accumulated depreciation	<u>(47,639)</u>	<u>(30,532)</u>
	<u>\$ 128,567</u>	<u>\$ 136,056</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was approximately \$17,100.

### 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, 2021 and 2020, the Organization released \$6,269,722 and \$731,425, 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, 2021 and 2020 were \$2,664,959 and \$2,083,940, 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, 2021 and 2020, the Organization received approximately 16% and 20% from two donors, 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, 2021 and 2020 were \$54,750 and \$48,145, respectively.

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

2022	\$ <u>50,400</u>
Total	\$ <u>50,400</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, 2021 and 2020, the Organization made contributions of approximately \$16,600 and \$8,200, respectively.

## 8. Related Party Transactions

The Organization received approximately \$349,000 and \$334,700 from related party donors during the years ended December 31, 2021 and 2020, respectively,