

**BLOOD: WATER MISSION, INC.
INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

BLOOD: WATER MISSION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Blood: Water Mission, Inc.
521 8th Avenue South
Nashville, TN 37203

We have audited the accompanying financial statements of Blood: Water Mission, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020, and the related statements of activities, statement of functional expenses and cash flows for the year 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.

Auditor's 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 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 auditor's 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 entity'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 entity'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 Blood: Water Mission, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Blood: Water Mission, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hoskins & Company
Nashville, TN
April 14, 2021

BLOOD:WATER MISSION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

(with comparative totals as of December 31, 2019)

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 755,720 | \$ 21,216 |
| Grant receivable | 7,250 | 14,500 |
| Other receivable (Note 3) | 102,689 | 138,843 |
| Inventory | 6,547 | 7,540 |
| Total Current Assets | 872,206 | 182,099 |
| NONCURRENT ASSETS | | |
| Property & equipment, net of accumulated depreciation (Note 4) | 21,845 | 25,514 |
| Security deposits | 5,480 | 5,480 |
| Total Noncurrent Assets | 27,325 | 30,994 |
| TOTAL ASSETS | <u>\$ 899,531</u> | <u>\$ 213,093</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 28,085 | \$ 39,742 |
| Line of credit (Note 5) | - | 114,787 |
| PPP Loan (Note 6) | 102,931 | - |
| Total Liabilities | 131,016 | 154,529 |
| NET ASSETS | | |
| Net assets without donor restrictions | 461,265 | 44,064 |
| Net assets with donor restrictions (Note 7) | 307,250 | 14,500 |
| Total Net Assets | 768,515 | 58,564 |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 899,531</u> | <u>\$ 213,093</u> |

The accompanying notes are an integral part of these financial statements.

BLOOD:WATER MISSION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

(with comparative totals for the year ended December 31, 2019)

| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | 2020 Total | 2019 Total |
|--------------------------------------|--|---|-------------------|------------------|
| Revenue and support | | | | |
| Contributions | \$ 1,808,935 | \$ 300,000 | \$ 2,104,057 | \$ 1,712,756 |
| Fundraising | - | - | - | 24,546 |
| Merchandise, net | 1,876 | - | 1,876 | 2,398 |
| Other income | 75 | - | 75 | 5 |
| Net assets released from restriction | 7,250 | (7,250) | - | - |
| Total revenue and support | 1,818,136 | 292,750 | 2,106,008 | 1,739,723 |
| Expenses | | | | |
| Program | 1,081,084 | - | 1,081,084 | 1,351,744 |
| Management and general | 145,462 | - | 145,462 | 148,661 |
| Fundraising | 174,389 | - | 174,389 | 214,548 |
| Total expenses | 1,400,935 | - | 1,400,935 | 1,714,953 |
| Increase in net assets | 417,201 | 292,750 | 705,073 | 24,770 |
| Net assets, beginning of year | 44,064 | 14,500 | 58,564 | 33,794 |
| Net assets, end of year | <u>\$ 461,265</u> | <u>\$ 307,250</u> | <u>\$ 763,637</u> | <u>\$ 58,564</u> |

The accompanying notes are an integral part of these financial statements.

BLOOD: WATER MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

(with comparative totals for the year ended December 31, 2019)

| | Program | Fundraising | Management and General | Total 2020 | Total 2019 |
|--|---------------------|-------------------|---------------------------|---------------------|---------------------|
| Accounting | \$ 5,221 | \$ - | \$ 9,400 | \$ 14,621 | \$ 13,286 |
| Advertising and promotion | - | 6,252 | - | 6,252 | 60,355 |
| Conferences, conventions, and meetings | - | - | 588 | 588 | 664 |
| Creative | - | 3,167 | - | 3,167 | 61,218 |
| Cultivation events | 8,250 | 2,750 | - | 11,000 | 7,889 |
| Depreciation expense | 2,936 | 404 | 330 | 3,670 | 3,670 |
| Employee benefits | 48,865 | 11,333 | 12,346 | 72,544 | 63,405 |
| Grants and other assistance | 400,895 | - | - | 400,895 | 510,524 |
| Insurance | - | - | - | - | 11,416 |
| Interest expense | - | - | 8,682 | 8,682 | 16,919 |
| Legal | 2,100 | - | 725 | 2,825 | 313 |
| Occupancy | 42,758 | 9,219 | 14,912 | 66,889 | 59,203 |
| Office expenses | 31,138 | 3,768 | 14,723 | 49,629 | 56,380 |
| Officers compensation | 52,348 | 12,080 | 16,107 | 80,535 | 102,021 |
| Other professional fees and services | 60,688 | 20,229 | - | 80,917 | 126,724 |
| Payroll taxes | 49,197 | 6,698 | 3,907 | 59,802 | 65,404 |
| Pension expense | 4,186 | 971 | 566 | 5,723 | 6,743 |
| Salaries | 332,863 | 77,011 | 38,781 | 448,655 | 424,172 |
| State registration fees | - | - | 11,144 | 11,144 | 16,651 |
| Technology | 5,853 | 4,209 | 10,242 | 20,304 | 16,847 |
| Travel | 6,342 | 7,640 | 1,019 | 15,001 | 91,149 |
| Membership dues | - | 2,483 | 1,304 | 3,787 | - |
| Printing and publications | 27,444 | 6,175 | 686 | 34,305 | - |
| Total Expenses | <u>\$ 1,081,084</u> | <u>\$ 174,389</u> | <u>\$ 145,462</u> | <u>\$ 1,400,935</u> | <u>\$ 1,714,953</u> |

The accompanying notes are an integral part of these financial statements.

BLOOD:WATER MISSION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

(with comparative totals for the year ended December 31, 2019)

| | 2020 | 2019 |
|---|----------------------------|-----------------------------|
| Cash flows from operating activities | | |
| Increase in net assets | \$ 705,073 | \$ 24,770 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 3,670 | 3,670 |
| Decrease (Increase) in inventory | 993 | (409) |
| Decrease in security deposits | - | 5,480 |
| Decrease in accounts receivable | 7,250 | 6,000 |
| (Decrease) Increase in other receivable | 36,153 | (25,914) |
| Decrease in accounts payable | (11,657) | (5,578) |
| Net cash provided by operating activities | <u>741,482</u> | <u>8,019</u> |
| Cash flows from investing activities | - | - |
| Cash flows from financing activities | | |
| Payments on line of credit | (114,787) | (27,756) |
| Net cash used in financing activities | <u>(114,787)</u> | <u>(27,756)</u> |
| Net increase (decrease) in cash and cash equivalents | 626,695 | (19,737) |
| Cash and cash equivalents, beginning of year | 21,216 | 40,953 |
| Cash and cash equivalents, end of year | <u><u>\$ 647,911</u></u> | <u><u>\$ 21,216</u></u> |
| Interest paid | <u><u>\$ 8,682</u></u> | <u><u>\$ 16,919</u></u> |

The accompanying notes are an integral part of these financial statements.

BLOOD: WATER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020
(with comparative totals as of December 31, 2019)

NOTE 1---NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Blood: Water Mission, Inc. (the Organization) is a not-for-profit organization located in Nashville, Tennessee that operates as an equipping agency that partners with African grassroots organizations to address the HIV/AIDS and water crisis. They do this by identifying Africa's hidden heroes and coming alongside their vision for change. The Organization provides technical, financial and organizational support so that African civil society organizations have expanded reach and effectiveness in the communities they serve. All of the Organization's income is derived from donations from individuals, churches, companies, and foundations.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, revenue is recognized when earned, support and promises to give are recognized when received, and expenses are recorded when incurred.

The financial statement presentation follows the recommendations of the Financial Accounting Standard Board's Accounting Standard Codification 958 (FASB ASC 958). Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Financial position and activities are classified based on the existence or absence of donor restrictions as follows:

Net Assets without donor restrictions — Net assets that are not restricted by purpose or time either temporarily or perpetually by explicit donor stipulations or by law. Board designation does not constitute a donor restriction.

Net Assets with donor restrictions — Net assets that are restricted by purpose or time either temporarily or perpetually by explicit donor stipulations or by law.

At December 31, 2020 and December 31, 2019, the Organization had \$307,250 and \$14,500 in Net assets with donor restrictions respectively.

Donated Services

Donated services that require specialized skills and would be purchased if not provided by the donor are recognized as support and expenses based on the fair value of the services received. From time to time the Organization receives donated services from professional musicians for which the value is difficult to estimate. No amounts have been reflected in the financial statements for these services since they do not meet the criteria for recognition under the Financial Accounting Standard Board's Accounting Standard Codification 958 (FASB ASC 958).

BLOOD: WATER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020
(with comparative totals as of December 31, 2019)

NOTE 1---NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Expenses

Expenses are classified functionally as a measure of service efforts and accomplishments. Direct expenses, incurred for a single function, are allocated entirely to that function. Joint expenses applicable to more than one function are allocated on the basis of objectively summarized information or management estimates

Use of Estimates

The preparation of financial statements in conformity with the accrual basis of accounting 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash and all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Advertising & Promotion

Advertising and promotional costs are expensed as incurred. For the years ended December 31, 2020 and December 31, 2019, advertising and promotional expenses totaled \$6,252 and \$60,355 respectively .

Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. It is practicable for the Organization to estimate the amount of compensation for future absences; accordingly, the liability for compensated absences has been recorded in the accompanying financial statements under accrued liabilities.

Income Taxes

The Organization is a tax-exempt entity under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is considered necessary. The Organization has adopted the guidance in ASC 740 on accounting for uncertainty in income taxes. For all tax positions taken by the Organization, management believes the likelihood is greater than 50 percent that the full amount of the tax positions taken will be ultimately realized. The Organization incurred no interest or penalties during the year ended December 31, 2020.

BLOOD: WATER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020
(with comparative totals as of December 31, 2019)

NOTE 1---NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Fixed assets, consisting of office equipment and furniture and fixtures over \$700, are reflected in the statement of financial position at cost if purchased or fair value if contributed. Donated assets with donor stipulations as to specific purpose(s) are reported as restricted contributions until it is placed in the service for which it is restricted. Depreciation, which is reflected as an expense in the statement of activities, is computed on the straight-line method over the following estimated useful lives:

| | <u>Years</u> |
|----------------------------------|--------------|
| Leasehold improvements | 15 |
| Furniture and equipment | 5—7 |
| Intangibles (Software & Website) | 3 |

Functional Expenses

Management allocates expenses on a functional basis among its various programs, including support services and fundraising activities. Expenses and support services that can be identified with a specific program are allocated directly to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

Merchandise Inventory

Merchandise inventory consists of items purchased for resale and are stated at lower of cost or market determined by the first-in-first-out (FIFO) method.

In-Kind Contributions

The Organization receives in-kind contributions which has consisted of food and drinks for fundraising events as professional sound equipment and stage lighting. There were no in-kind donations for both 2020 and 2019.

Summarized Prior Year Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should only be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

BLOOD: WATER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020
(with comparative totals as of December 31, 2019)

NOTE 2---LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

| | December 31, 2020 | December 31, 2019 |
|---|-----------------------|-----------------------|
| Cash and cash equivalents | \$ 755,720 | \$ 21,216 |
| Grant receivable | 7,250 | 14,500 |
| Other receivables | 102,689 | 138,843 |
| Prepaid expenses | 5,480 | 5,480 |
| Total financial assets | \$ 871,139 | \$ 180,039 |
| Less assets unavailable for general expenditures within one year: | | |
| Restricted by donors with purpose restrictions | 307,250 | 14,500 |
| Total assets unavailable for general expenditures within one year | 307,250 | 14,500 |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 563,889 | \$ 165,539 |

NOTE 3---OTHER RECEIVABLE

This represents donations transacted during the period and received via third party processors such as PayPal Classy to be deposited in the organization's bank account within 2-3 business days.

NOTE 4---PROPERTY AND EQUIPMENT

A summary of property and equipment was as follows as of December 31, 2020:

| | |
|--------------------------------|------------------|
| Computer equipment | \$ 36,030 |
| Furniture and fixtures | 129,408 |
| Intangibles | 4,002 |
| Less: accumulated depreciation | (147,595) |
| Property and equipment, net | <u>\$ 21,845</u> |

BLOOD: WATER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020
(with comparative totals as of December 31, 2019)

NOTE 4---PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense as of December 31, 2020 was \$3,670.

A summary of property and equipment was as follows as of December 31, 2019:

| | |
|--------------------------------|------------------|
| Computer equipment | \$ 36,030 |
| Furniture and fixtures | 129,408 |
| Intangibles | 4,002 |
| Less: accumulated depreciation | <u>(143,926)</u> |
| Property and equipment, net | <u>\$ 25,514</u> |

Depreciation expense as of December 31, 2019 was \$3,670.

NOTE 5---LINE OF CREDIT

The Organization has a line of credit that allows for maximum borrowings of \$250,000 and bears a variable interest rate that is subject to change based on changes in an index which is the Prime Rate of the Lender. The index is currently at 5.75% per annum. The Organization owed \$0 and \$114,787 on the line of credit as of December 31, 2020 and December 31, 2019 respectively.

NOTE 6

The Organization applied and received \$102,931 in loan proceeds pursuant to the Paycheck Protection Program ("PPP"), under the Coronavirus Aid Relief and Economic Security (CARES) Act. The PPP Loan is evidenced by a loan application and payment agreement by and between the Organization and Lender. Funding was received in April 2020. The term of the loan is for 60 months and matures on the fifth year anniversary from the date of funding. It bears interest at an annual rate of 1%. Upon meeting certain criteria as specified in the PPP program, the loan and accrued interest are eligible for partial or total forgiveness. The Organization is accounting for the loan as debt and if forgiveness is granted the Organization will recognize the forgiven amount as income.

BLOOD: WATER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020
(with comparative totals as of December 31, 2019)

NOTE 7---NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of December 31, 2020:

| | |
|------------------------------|--------------------------|
| Partner Launch | \$ 250,000 |
| Organizational Strengthening | 50,000 |
| Intern Program | <u>7,250</u> |
| Total | <u><u>\$ 307,250</u></u> |

Net assets with donor restrictions were available for the following purposes as of December 31, 2019:

| | |
|----------------|-------------------------|
| Intern Program | <u>\$ 14,500</u> |
| Total | <u><u>\$ 14,500</u></u> |

NOTE 8---LEASE AGREEMENT

The organization entered into a renewable lease agreement for its office space on May 1, 2013 for a term of sixty-two months. On February 10, 2017 the office space lease was amended so that an unrelated organization could lease half of the space and be responsible for one half of the lease agreement. The lease originally matured in May of 2018, and was renewed for a term of sixty months at a rate of three percent over the previous base year in each year of the option periods. The new lease matures on May 1, 2023. The Organization also has minor leases for small equipment. Total rent expense for the building was \$40,517 and \$38,140 for the years ended December 31, 2020 and December 31, 2019 respectively.

Future commitments for operating leases for the year ended December 31, 2020 was as follows:

| | |
|-------|-------------------------|
| 2021 | 42,269 |
| 2022 | 43,446 |
| 2023 | <u>14,886</u> |
| Total | <u><u>\$100,601</u></u> |

BLOOD: WATER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020
(with comparative totals as of December 31, 2019)

NOTE 9---RETIREMENT PLAN

The Organization has a Simple IRA retirement plan in which all employees who have received at least \$5,000 in compensation during any one prior year and reasonably expected to receive at least \$5,000 in compensation in the current year are eligible. Employees may contribute pre-tax deferrals up to \$13,500 for the year. The Organization adjusted their matching program to be on a calendar year basis. The Organization matched those deferrals up to 3% and 3% during the years ended December 31, 2020 and December 31, 2019 respectively. The Organization made \$5,722 and \$6,743 of matching contributions during the years ended December 31, 2020 and December 31, 2019 respectively.

NOTE 10---SUBSEQUENT EVENTS

There were no subsequent events requiring disclosure as of April 14, 2021, the date management evaluated such events. The financial statements were available to be issued on April 14, 2021.