

# Blood:Water Mission, Inc.

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Financial Statements  
September 30, 2012

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**Independent Auditor's Report**

To the Board of Directors of  
Blood:Water Mission, Inc.  
Nashville, TN

We have audited the accompanying statement of financial position of Blood:Water Mission, Inc. (a non-profit organization) as of September 30, 2012, and the related statements of activities and changes in net assets, and cash flows for the nine months then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 September 30, 2012, and the changes in its net assets and its cash flows for the nine months then ended in conformity with accounting principles generally accepted in the United States of America.



McKerley & Noonan, P.C.  
April 16, 2013

**Blood:Water Mission, Inc.**  
**Statement of Financial Position**  
**September 30, 2012**

**Assets**

**Current Assets:**

Cash in Bank	\$ 557,051
Miscellaneous Receivable	537
<b>Total Current Assets</b>	<u>557,588</u>

**Fixed Assets:**

Office Furniture and Equipment	82,084
Leasehold Improvements	34,628
Vehicles	15,873
Less: Accumulated Depreciation	<u>(68,982)</u>
<b>Net Fixed Assets</b>	63,603

**Other Assets**

Deposits	<u>3,782</u>
	<u>3,782</u>

<b>Total Assets</b>	<u><u>\$ 624,973</u></u>
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**Liabilities and Net Assets**

**Current Liabilities:**

Accounts Payable and Accrued Expenses	<u>\$ 62,528</u>
<b>Total Current Liabilities</b>	62,528

**Net Assets:**

Unrestricted Net Assets	537,445
Temporarily Restricted Net Assets	<u>25,000</u>
<b>Total Net Assets</b>	<u>562,445</u>

<b>Total Liabilities and Net Assets</b>	<u><u>\$ 624,973</u></u>
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**Blood:Water Mission, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the Nine Months Ended September 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues and Support:</b>			
Contributions	\$ 1,221,611	\$ 919,542	\$ 2,141,153
Interest Income	535	-	535
Merchandise - Net	794	-	794
Net Assets Released from Restriction	<u>894,542</u>	<u>(894,542)</u>	<u>-</u>
<b>Total Revenues and Support</b>	<u>2,117,482</u>	<u>25,000</u>	<u>2,142,482</u>
<b>Expenses:</b>			
Program Services	1,649,108	-	1,649,108
Supporting Services:			
General and Administrative	321,606	-	321,606
Fundraising	<u>606,767</u>	<u>-</u>	<u>606,767</u>
<b>Total Expenses</b>	<u>2,577,481</u>	<u>-</u>	<u>2,577,481</u>
<b>Change in Net Assets</b>	(459,999)	25,000	(434,999)
<b>Net Assets, Beginning of the Year</b>	<u>997,444</u>	<u>-</u>	<u>997,444</u>
<b>Net Assets - End of the Year</b>	<u><u>\$ 537,445</u></u>	<u><u>\$ 25,000</u></u>	<u><u>\$ 562,445</u></u>

**Blood:Water Mission, Inc.**  
**Statement of Cash Flows**  
**For the Nine Months Ended September 30, 2012**

**Cash Flows from Operating Activities:**

Change in Net Assets \$ (434,999)

**Adjustments to Reconcile Change in Net Assets  
to Net Cash Provided by Operating Activities:**

Depreciation 14,232

Loss on Disposal of Assets 775

Increase in Miscellaneous Receivable (526)

Decrease in Prepaids 500

Increase in Accounts Payable and Other Liabilities 40,689

**Total Adjustments** 55,670

**Net Cash Used for Operating Activities** (379,329)

**Cash Flows from Investing Activities**

Acquisition of Fixed Assets (9,479)

**Net Cash Used for Investing Activities** (9,479)

**Net Decrease in Cash** (388,808)

**Cash, Beginning of the Year** 945,859

**Cash, End of Year** \$ 557,051

**Supplemental Cash Flow Information:**

Interest Paid \$ -

**Blood:Water Mission, Inc.**  
**Statement of Functional Expenses**  
**For the Nine Months Ended September 30, 2012**

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>
		<b>General and Administrative</b>	<b>Fundraising</b>	
Human Resources	\$ 503,963	\$ 138,767	\$ 209,807	\$ 852,537
Well Projects	585,927	-	-	585,927
Kigali Field Office	29,655	-	-	29,655
HIV/Aids Projects	253,258	-	-	253,258
Education & Storytelling	191,639	227	70,054	261,920
Bank & Credit Card Fees	-	2,525	39,874	42,399
Professional Fees	8,307	30,990	3,500	42,797
Printing & Photography	2,519	10,480	826	13,825
Supplies & Postage	6,520	18,927	7,240	32,687
Strategic Development	173	7,427	310	7,910
Occupancy	17,352	20,031	3,856	41,239
Travel	27,167	329	1,647	29,143
Other Expenses	22,628	77,671	269,653	369,952
Depreciation	-	14,232	-	14,232
<b>Total Functional Expenses</b>	<b>\$1,649,108</b>	<b>\$ 321,606</b>	<b>\$ 606,767</b>	<b>\$ 2,577,481</b>

## Blood:Water Mission, Inc.

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### **Notes to Financial Statements** September 30, 2012



## **NOTE 1 - DESCRIPTION AND PURPOSE OF THE ORGANIZATION**

Blood:Water Mission, Inc. (the Organization) is a non-profit grassroots organization that empowers communities to work together against the HIV/AIDS and water crises in Africa. All of the Organization's income is derived from donations from individuals, churches, companies, and foundations.

The organization changed its fiscal year end from December 31 to September 30. Therefore, the accompanying financial statements only reflect the operations for the nine months ended September 30, 2012.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Organization have been prepared on the accrual basis of accounting which means that revenues are recognized when earned and expenses are recorded when incurred. The significant accounting policies of the Organization are described below to enhance the usefulness of the financial statements to the reader.

### ***Use of Estimates***

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### ***Financial Statement Presentation***

For financial statement presentation, the Organization reports its financial information according to three classes of net assets (unrestricted net assets, temporarily restricted net assets and permanently restricted net assets) based on the existence or absence of donor-imposed restrictions.

#### **Unrestricted Net Assets**

Unrestricted net assets are donations that are not subject to donor-imposed stipulations. Monies received without restriction or released from restriction are generally used to finance the normal day-to-day operations of the Organization.

#### **Temporarily Restricted Net Assets**

Temporarily restricted net assets are donations that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net

assets released from restrictions. At September 30, 2012, there was \$25,000 of temporarily restricted assets related to a grant for programs in Africa.

**Permanently Restricted Net Assets**

Permanently restricted net assets are donations subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of September 30, 2012, there were no permanently restricted net assets.

***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; the value of those services are not reflected in the financial statements.

***Cash and Cash Equivalents***

For purposes of the statement of financial position and the statement of cash flows, cash consists of cash and other highly liquid resources with an original maturity of three months or less when purchased.

***Fixed Assets***

Fixed assets are recorded at cost and are depreciated using the straight-line method based on the following estimated useful lives of the assets.

Leasehold Improvements	15 years
Vehicle	5 years
Furniture & Equipment	5 – 7 years
Intangibles (Software)	3 years

Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Depreciation expense for the nine months ended September 30, 2012 amounted to \$14,232.

***Classification of 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.

***Income Taxes***

The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision for federal or state income taxes is applicable.

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 it is clear that the likelihood is greater than 50 percent that the full amount of the tax positions taken will be ultimately realized. With few exceptions, the Organization is no longer subject to U.S. federal tax examinations by tax authorities for years before 2009. The Organization incurred no interest or penalties during the nine months ended September 30, 2012.

**NOTE 3 – CREDIT RISK**

During 2012, the Organization maintained at various times cash balances in excess of \$250,000 in high credit quality banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

**NOTE 4 – OPERATING LEASE**

On December 15, 2007, the Organization entered into a lease for office space for a term of three years and four months. The agreement expired during 2011, and as of December 31, 2011 the Organization is renting their space on a month-to-month basis. The Organization also leases an apartment in Rwanda on a month to month basis.

A total expense of \$42,364 was incurred by the Organization for operating leases in 2012.

**NOTE 5 – COMMITMENTS**

The Organization has entered into non-binding memorandums of understanding (MOU) with several strategic partners for the purpose of accomplishing the Organization's goals in Africa. These MOU's document the expected costs of each project, the time frames involved, and the desired results.

**NOTE 6 – 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 two prior years 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 \$11,500 for the year. The Organization matches those deferrals up to 3% of compensation. The Organization made \$15,200 of matching contributions during 2012.

**NOTE 7 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 16, 2013, the date that the financial statements were available to be issued.