

Blood:Water Mission, Inc.

Financial Statements
December 31, 2011

McKerley & Noonan, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' 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 December 31, 2011, and the related statements of activities and changes in net assets, and cash flows for the year 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 December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



McKerley & Noonan, P.C.
April 20, 2012

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Blood:Water Mission, Inc.
Statement of Financial Position
December 31, 2011

Assets

Current Assets:

Cash in Bank	\$ 945,859
Miscellaneous Receivable	11
Prepays	500
Total Current Assets	946,370

Fixed Assets:

Office Furniture and Equipment	74,012
Leasehold Improvements	34,628
Vehicles	15,873
Less: Accumulated Depreciation	(55,382)
Net Fixed Assets	69,131

Other Assets

Deposits	3,782
Total Other Assets	3,782

Total Assets	\$ 1,019,283
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Liabilities and Net Assets

Current Liabilities:

Accounts Payable and Accrued Expenses	\$ 21,839
Total Current Liabilities	21,839

Net Assets:

Unrestricted Net Assets	997,444
Temporarily Restricted Net Assets	-
Total Net Assets	997,444

Total Liabilities and Net Assets	\$ 1,019,283
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Blood:Water Mission, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Support:			
Contributions	\$ 1,563,979	\$ 889,739	\$ 2,453,718
Interest Income	363	-	363
Merchandise - Net	8,062	-	8,062
Net Assets Released from Restriction	<u>1,343,082</u>	<u>(1,343,082)</u>	<u>-</u>
Total Revenues and Support	<u>2,915,486</u>	<u>(453,343)</u>	<u>2,462,143</u>
Expenses:			
Program Services	2,290,881	-	2,290,881
Supporting Services:			
General and Administrative	376,395	-	332,302
Fundraising	<u>332,302</u>	<u>-</u>	<u>376,395</u>
Total Expenses	<u>2,999,577</u>	<u>-</u>	<u>2,999,577</u>
Change in Net Assets	(84,091)	(453,343)	(537,434)
Net Assets, Beginning of the Year	<u>1,081,535</u>	<u>453,343</u>	<u>1,534,878</u>
Net Assets - End of the Year	<u><u>\$ 997,444</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 997,444</u></u>

Blood:Water Mission, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2011

Cash Flows from Operating Activities:

Change in Net Assets \$ (537,434)

Adjustments to Reconcile Change in Net Assets

to Net Cash Provided by Operating Activities:

Depreciation 17,726

Loss on Disposal of Assets 323

Decrease in Miscellaneous Receivable 155

Decrease in Prepaids 40,675

Decrease in Accounts Payable and Other Liabilities (23,187)

Total Adjustments 35,692

Net Cash Used for Operating Activities (501,742)

Cash Flows from Financing Activities

Acquisition of Fixed Assets (27,732)

Net Cash Used for Financing Activities (27,732)

Net Decrease in Cash (529,474)

Cash, Beginning of the Year 1,475,333

Cash, End of Year \$ 945,859

Supplemental Cash Flow Information:

Interest Paid \$ -

Blood:Water Mission, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2011

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Human Resources	\$ 540,759	\$ 161,511	\$ 145,996	\$ 848,266
Well Projects & Construction	1,128,105	-	-	1,128,105
Kigali Field Office	-	20,739	-	20,739
HIV/AIDS Projects	160,000	-	-	160,000
Education & Storytelling	356,399	-	45,554	401,953
Bank & Credit Card Fees	29	3,821	28,665	32,515
Professional Fees & Contract Services	16,499	41,065	5,960	63,523
Printing & Photography	4,670	2,285	2,162	9,117
Supplies & Postage	6,197	20,326	15,673	42,196
Strategic Development	6,310	19,615	8,521	34,446
Occupancy	24,716	26,349	5,400	56,465
Travel	31,599	35	195	31,829
Other Expenses	15,598	62,923	74,176	152,697
Depreciation	-	17,726	-	17,726
Total Functional Expenses	\$ 2,290,881	\$ 376,395	\$ 332,302	\$ 2,999,577

Blood:Water Mission, Inc.

Notes to Financial Statements

December 31, 2011

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.

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 December 31, 2011, there were no temporarily restricted net assets.

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 December 31, 2011, 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.

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 2011 totaled \$17,726.

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.

Effective January 1, 2009, the Organization adopted the guidance in ASC 740 on accounting for uncertainty in income taxes (formerly FIN 48). 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 2008. The Organization incurred no interest or penalties during the year ended December 31, 2011.

NOTE 3 – CREDIT RISK

During 2011, 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 \$54,975 was incurred by the Organization for operating leases in 2011.

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 goal to support 1000 water projects 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 \$15,829 of matching contributions during 2011.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 20, 2012, the date that the financial statements were available to be issued.