

**Blood:Water Mission, Inc.**  
**Financial Statements**  
**December 31, 2009**

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*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 nonprofit organization) as of December 31, 2009 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, 2009, 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*

McKerley & Noonan, P.C.  
April 27, 2010

**Blood:Water Mission, Inc.**  
**Statement of Financial Position**  
**December 31, 2009**

**Assets**

**Current Assets:**

Cash in Bank	\$ 715,345
Miscellaneous Receivable	3,850
Prepays	5,336
<b>Total Current Assets</b>	<u>724,531</u>

**Fixed Assets:**

Office Furniture and Equipment	56,902
Leasehold Improvements	34,627
Less: Accumulated Depreciation	(28,386)
<b>Net Fixed Assets</b>	<u>63,143</u>

**Other Assets**

Deposits	3,782
<b>Total Other Assets</b>	<u>3,782</u>

<b>Total Assets</b>	<u><u>\$ 791,456</u></u>
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**Liabilities and Net Assets**

**Current Liabilities:**

Accounts Payable and Accrued Expenses	\$ 13,770
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**Net Assets:**

Unrestricted Net Assets	777,686
Temporarily Restricted Net Assets	-
<b>Total Net Assets</b>	<u>777,686</u>

<b>Total Liabilities and Net Assets</b>	<u><u>\$ 791,456</u></u>
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**Blood:Water Mission, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues and Support:</b>			
Contributions	\$ 1,219,023	\$ 927,752	\$ 2,146,775
Interest Income	250	-	250
Merchandise - Net	11,289	-	11,289
Net Assets Released from Restriction	2,062,627	(2,062,627)	-
	<hr/>	<hr/>	<hr/>
<b>Total Revenues and Support</b>	3,293,189	(1,134,875)	2,158,314
	<hr/>	<hr/>	<hr/>
<b>Expenses:</b>			
Program Services	2,163,219	-	2,163,219
Supporting Services:			
General and Administrative	279,630	-	279,630
Fundraising	351,236	-	351,236
<b>Total Supporting Services</b>	630,866	-	630,866
	<hr/>	<hr/>	<hr/>
<b>Total Expenses</b>	2,794,085	-	2,794,085
	<hr/>	<hr/>	<hr/>
<b>Change in Net Assets</b>	499,104	(1,134,875)	(635,771)
	<hr/>	<hr/>	<hr/>
<b>Net Assets, Beginning of the Year</b>	278,582	1,134,875	1,413,457
	<hr/>	<hr/>	<hr/>
<b>Net Assets - End of the Year</b>	\$ 777,686	\$ -	\$ 777,686
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Blood:Water Mission, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2009**

**Cash Flows from Operating Activities:**

Change in Net Assets \$ (635,771)

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

Depreciation 12,665

Increase in Other Receivable (3,153)

Decrease in Prepaids 7,027

Decrease in Accounts Payable and Other Liabilities (2,856)

**Total Adjustments** 13,683

**Net Cash Used by Operating Activities** (622,088)

**Cash Used for Investing Activities**

Purchase of Fixed Assets (22,774)

**Net Decrease in Cash** (644,862)

**Cash, Beginning of the Year** 1,360,207

**Cash, End of Year** \$ 715,345

**Blood:Water Mission, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2009**

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Human Resources	\$ 273,107	\$ 125,301	\$ 114,868	\$ 513,276
Well Projects & Construction	1,570,601	-	-	1,570,601
HIV/AIDS Projects	171,206	-	-	171,206
Education & Storytelling	30,115	41	861	31,017
Events	48,771	-	89,023	137,794
Bank and Credit Card Fees	-	7,925	24,778	32,703
Professional Fees	3,667	24,508	-	28,175
Printing and Photography	434	2,677	8,896	12,007
Supplies and Postage	2,783	10,168	8,637	21,588
Advertising, Marketing and Web	13,300	-	57,955	71,255
Occupancy	11,723	27,031	11,723	50,477
Travel	32,182	268	3,995	36,445
Other Expenses	5,330	69,046	30,500	104,876
Depreciation	-	12,665	-	12,665
<b>Total Functional Expenses</b>	<b>\$ 2,163,219</b>	<b>\$ 279,630</b>	<b>\$ 351,236</b>	<b>\$ 2,794,085</b>

**Blood:Water Mission, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2009**

**Note 1 - Description and Purpose of 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. 100% of the Organization's income comes 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.



**Blood:Water Mission, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2009**

**Note 2 - Summary of Significant Accounting Policies (continued)**

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, 2009, 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, 2009, 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.

Fixed Assets

Fixed assets are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

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.

**Blood:Water Mission, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2009**

**Note 2 - Summary of Significant Accounting Policies (continued)**

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). There was no effect on beginning net assets as a result of this accounting change. 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 Foundation is no longer subject to U.S. federal tax examinations by tax authorities for years before 2006. The Organization incurred no interest or penalties during the year ended December 31, 2009.

**Note 3 – Credit Risk**

During 2009, 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. The Organization has also entered into a banking relationship with First Tennessee Bank (the Bank) in which excess funds are swept each night into a Repurchase account to earn additional interest. Funds transferred to the Repurchase Account are invested immediately in a Repurchase Agreement maturing the following day. Each Daily Repurchase Agreement represents the direct obligation of the Bank to repay, at maturity, the purchase price thereof, secured by the transfer to the Organization an undivided interest in obligations owned by the Bank and issued, or guaranteed by, the U.S. Government (namely U.S. Treasuries). The Repurchase Account and the Daily Repurchase Agreements are not deposits and are not insured by the FDIC. While the Bank intends its obligation to repay the purchase price of the Daily Repurchase Agreements be deemed secured by an interest in the underlying U.S. Treasuries, the Bank cannot give the Organization assurances that the Organization will be treated as other than a general creditor of the bank in the event of insolvency. The Organization's Repurchase account balance at December 31, 2009 totaled \$358,916.

**Blood:Water Mission, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2009**

**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 scheduled payments for this lease are as follows:

Months 1 – 4	\$ 1,800 per month
Months 5 – 16	3,782 per month
Months 17 – 28	3,971 per month
Months 29 – 40	4,170 per month

A total expense of \$50,477 was incurred by the Organization for leased office space in 2009.

**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 the previous two years 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 \$10,005 of matching contributions during 2009.

**Note 7 – Subsequent Events**

Subsequent events have been evaluated through the financial statement date of April 27, 2010.