



AMAZI WATER

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2019 and 2018

AMAZI WATER

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Amazi Water
Dallas, Texas

We have audited the accompanying consolidated financial statements of Amazi Water which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Amazi Water
Dallas, Texas

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amazi Water as of December 31, 2019, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 8, certain adjustments were made to the prior year consolidated financial statements which resulted in a prior period adjustment. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of Amazi Water as of December 31, 2018, were compiled by us in a report dated July 29, 2019.

Capin Crouse LLP

Grapevine, Texas
October 28, 2020

AMAZI WATER

Consolidated Statements of Financial Position

	December 31,	
	2019	2018
	(Audited)	(Compiled-Restated)
ASSETS:		
Cash and cash equivalents	\$ 380,205	\$ 327,096
Accounts receivable, net	102,917	121,731
Prepaid expenses and other assets	156,817	43,168
Inventory	323,321	252,425
Land, furniture, and equipment—net	1,102,561	233,626
Total Assets	\$ 2,065,821	\$ 978,046
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 277,188	\$ 99,327
Net assets:		
Without donor restrictions	1,788,633	878,719
Total Liabilities and Net Assets	\$ 2,065,821	\$ 978,046

See notes to consolidated financial statements

AMAZI WATER

Consolidated Statements of Activities

	Year Ended December 31,	
	2019 (Audited)	2018 (Compiled-Restated)
OPERATING ITEMS WITHOUT DONOR RESTRICTIONS:		
Support:		
Contributions	\$ 3,943,588	\$ 1,900,364
Partner support	291,632	-
Exchange rate loss	(137,404)	(3,135)
Total Support	4,097,816	1,897,229
Expenses:		
Program services	3,005,100	1,792,479
Supporting activities:		
General and administrative	171,870	130,999
Fundraising	10,932	20,842
	182,802	151,841
Total Expenses	3,187,902	1,944,320
Change in Net Assets from Operating Items	909,914	(47,091)
NON-OPERATING ITEM WITHOUT DONOR RESTRICTIONS:		
Loss on sale of assets	-	(16,140)
Change in Net Assets	909,914	(63,231)
Net Assets, Beginning of Year	878,719	941,950
Net Assets, End of Year	\$ 1,788,633	\$ 878,719

See notes to consolidated financial statements

AMAZI WATER

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2019 (Audited)	2018 (Compiled-Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 909,914	\$ (63,231)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	71,790	41,868
Forgiveness of receivable	(43,000)	-
Bad debt expense	40,000	-
Loss on sale of furniture and equipment	-	16,140
Net change in operating assets and liabilities:		
Accounts receivable, net	21,814	(15,599)
Prepaid expenses and other assets	(113,649)	(1,831)
Inventory	(70,896)	(152,934)
Accounts payable and accrued expenses	177,861	97,327
Net Cash Provided (Used) by Operating Activities	993,834	(78,260)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of furniture and equipment	-	4,060
Purchases of furniture and equipment	(940,725)	(143,448)
Net Cash Used by Investing Activities	(940,725)	(139,388)
Net Change in Cash and Cash Equivalents	53,109	(217,648)
Cash and Cash Equivalents, Beginning of Year	327,096	544,744
Cash and Cash Equivalents, End of Year	\$ 380,205	\$ 327,096

See notes to consolidated financial statements

AMAZI WATER

Notes to Consolidated Financial Statements

December 31, 2019 and 2018, restated

1. NATURE OF ORGANIZATION:

Amazi Water is a primary, in-country partner for clean water projects in Bujumbura, Burundi. Together with dynamic organizations, they are developing a national water strategy with the goal of providing sustainable access to clean water for every Burundian community by the end of 2028.

In 2019, Think East Africa adopted a new name of Amazi Water. Amazi means water in Kirundi, which is one of the primary languages spoken in Burundi. This change was made to more clearly convey our mission and will be clear to those who speak Kirundi as well as those in the United States that speak English. A new wholly owned for-profit subsidiary called Pump, LLC was formed during 2019 as well. This will free the organization to operate more freely in Burundi while still carrying out the non-profit mission.

Amazi Water is incorporated under the laws of the State of Texas as a not-for-profit religious organization. Amazi operates as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under Section 509(a) of the Code.

2. SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of Amazi have been prepared on the accrual basis of accounting. The preparation of consolidated 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 and disclosures. Accordingly, actual results could differ from those estimates. The significant accounting policies are described below.

PRINCIPALS OF CONSOLIDATION

These consolidated financial statements contain the activities of Amazi Water and Pump LLC, referred to collectively as Amazi. All intercompany activity has been eliminated.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking, savings, and money market accounts. As of December 31, 2019 and 2018, the cash accounts maintained do not exceed federally insured limits. Amazi has not experienced any losses on these accounts and does not believe it is subject to any credit risk on cash and cash equivalents.

ACCOUNTS RECEIVABLE, NET

Accounts receivable are made up primarily of receivables from an outreach partner in Burundi and a drilling partner, along with other miscellaneous receivables. The loan to the drilling partner is a zero percent interest loan and imputed interest has not been recorded due to immateriality. The loan is forgiven as certain project milestones are achieved. The receivable from the outreach partner is for reimbursements for agreed upon project expenses and has been allowed against. The drilling partner agreement is expected, along with miscellaneous receivables, to be collected in full.

AMAZI WATER

Notes to Consolidated Financial Statements

December 31, 2019 and 2018, restated

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS RECEIVABLE, NET, continued

Accounts receivable, net is comprised of the following:

	December 31,	
	2019	2018
	(Audited)	(Compiled)
Drilling partner loan	\$ 59,500	\$ 102,500
Outreach partner receivable	73,444	-
Other miscellaneous receivables	9,973	19,231
	<u>142,917</u>	<u>121,731</u>
Less allowance	<u>(40,000)</u>	<u>-</u>
	<u>\$ 102,917</u>	<u>\$ 121,731</u>

INVENTORY

Inventory consists of supplies needed for the installation of clean wells. These supplies include pumps, fuel, rollers, and testing materials. As clean wells are installed, amounts used as part of the installation are removed from inventory and recorded as direct water project costs. Inventory is held at cost and is comprised of the following:

	December 31,	
	2019	2018
	(Audited)	(Compiled)
Pumps and pump components	\$ 274,316	\$ 214,793
Hippo rollers	12,738	16,984
Water testing and other supplies	36,267	20,648
	<u>\$ 323,321</u>	<u>\$ 252,425</u>

LAND, FURNITURE, AND EQUIPMENT—NET

Furniture and equipment are recorded at cost or if donated, at their estimated fair market value at the date of the gift. Items with a cost or fair value in excess of \$1,000 are capitalized. Depreciation is provided on the straight-line method over estimated useful lives ranging from three to five years.

AMAZI WATER

Notes to Consolidated Financial Statements

December 31, 2019 and 2018, restated

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The consolidated financial statements report amounts separately by class of net assets:

Net assets without donor restriction are currently available for use at the discretion of the board as well as resources invested in furniture and equipment.

Net assets with donor restrictions are those stipulated by the donors for specific purposes, include projects or acquisition of property and equipment, or those with time restrictions. Amazi did not have any donor restricted net assets at December 31, 2019 and 2018.

SUPPORT, REVENUE, AND EXPENSES

Support is recognized when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to Amazi. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Noncash gifts are recorded as contributions at their estimated fair value on the date of the gift.

Partner support comes from partner organizations with whom Amazi has agreements to fund certain projects. Partner support revenue is recognized as it is earned, which is over the course of the project as performance obligations are met.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized in the consolidated statements of activities. Very few expenses of Amazi are allocated amongst the functions and are typically directly charged to the function based on type of expense.

FOREIGN CURRENCY

Amazi's operations take place in Bujumbura, Burundi. The financial activities of this location are recorded and maintained in U.S. dollars. Contributions received and expense paid in foreign currencies are recorded in U.S. dollars using the exchange rate applicable on the date of the transactions. For the years ended December 31, 2019 and 2018, exchange rate losses were (\$137,404) and (\$3,135) respectively, and are included on the consolidated statements of activities. The consolidated statements of financial position reflects the value of foreign current accounts in U.S. dollars using the exchange rate as of December 31, 2019 and 2018, respectively.

AMAZI WATER

Notes to Consolidated Financial Statements

December 31, 2019 and 2018, restated

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958)--Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Amazi adopted the provisions of this new standard as a resource recipient in the current year. Adoption of this standard did not have a material effect on the consolidated financial statements.

3. LAND, FURNITURE, AND EQUIPMENT–NET:

Land, furniture, and equipment–net consists of:

	December 31,	
	2019	2018
	(Audited)	(Compiled)
Land and improvements	\$ 713,249	\$ -
Vehicles	142,250	122,130
Drilling rigs	280,590	85,882
Warehouse equipment	46,479	33,651
Equipment and fixtures	44,734	44,910
	<u>1,227,302</u>	<u>286,573</u>
Less accumulated depreciation	<u>(124,741)</u>	<u>(52,947)</u>
Less accumulated depreciation	<u>\$ 1,102,561</u>	<u>\$ 233,626</u>

All land, furniture, and equipment owned by Amazi is located in Burundi.

AMAZI WATER

Notes to Consolidated Financial Statements

December 31, 2019 and 2018, restated

4. NATURAL CLASSIFICATION OF EXPENSES:

Expense allocations are as follows for the year ended December 31, 2019:

	Program services	Supporting activities:		Total
		General and administrative	Fund-raising	
Direct water project costs	\$ 1,994,132	\$ -	\$ -	\$ 1,994,132
Salaries and benefits	465,379	34,469	-	499,848
Transportation and travel	173,733	17,216	-	190,949
Professional fees	113,710	49,107	-	162,817
Office space and supplies	92,642	18,847	-	111,489
Grants to other organizations	77,806	-	-	77,806
Depreciation	71,790	-	-	71,790
Other	15,908	52,231	-	68,139
Marketing and advertising	-	-	10,932	10,932
	<u>\$ 3,005,100</u>	<u>\$ 171,870</u>	<u>\$ 10,932</u>	<u>\$ 3,187,902</u>

Expense allocations are as follows for the year ended December 31, 2018:

	Program services	Supporting activities:		Total
		General and administrative	Fund-raising	
Direct water project costs	\$ 1,144,085	\$ -	\$ -	\$ 1,144,085
Salaries and benefits	278,193	19,188	-	297,381
Grants to other organizations	151,374	-	-	151,374
Transportation and travel	127,540	-	-	127,540
Office space and supplies	49,419	33,514	-	82,933
Other	-	41,174	-	41,174
Depreciation	41,868	-	-	41,868
Professional fees	-	37,123	-	37,123
Marketing and advertising	-	-	20,842	20,842
	<u>\$ 1,792,479</u>	<u>\$ 130,999</u>	<u>\$ 20,842</u>	<u>\$ 1,944,320</u>

Direct water project costs are primarily supplies and installation expenses involved in the actual installation of a clean water well in Burundi.

AMAZI WATER

Notes to Consolidated Financial Statements

December 31, 2019 and 2018, restated

5. FOREIGN ASSETS:

The following shows assets held in other countries at December 31, 2019:

	Total from Consolidated		
	<u>Statement of</u> <u>Financial Position</u>	<u>Amounts held in</u> <u>other countries</u>	<u>Amounts held in</u> <u>the United States</u>
Cash and cash equivalents	\$ 380,205	\$ 126,991	\$ 253,214
Accounts receivable, net	\$ 102,917	\$ 102,917	\$ -
Prepaid expenses and other assets	\$ 156,817	\$ 156,817	\$ -
Inventory	\$ 323,321	\$ 323,321	\$ -
Furniture and equipment–net	\$ 1,102,561	\$ 1,102,561	\$ -

The following shows assets held in other countries at December 31, 2018:

	Total from Consolidated		
	<u>Statement of</u> <u>Financial Position</u>	<u>Amounts held in</u> <u>other countries</u>	<u>Amounts held in</u> <u>the United States</u>
Cash and cash equivalents	\$ 327,096	\$ 117,252	\$ 209,844
Accounts receivable, net	\$ 121,731	\$ 121,731	\$ -
Prepaid expenses and other assets	\$ 43,168	\$ 42,569	\$ 599
Inventory	\$ 252,425	\$ 252,425	\$ -
Furniture and equipment–net	\$ 233,626	\$ 233,626	\$ -

6. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Amazi’s financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general expenditures within one year. All financial assets listed below are considered to be convertible to cash within one year.

	December 31,	
	2019	2018
	(Audited)	(Compiled)
Financial assets:		
Cash and cash equivalents	\$ 380,205	\$ 327,096
Financial assets available to meet cash needs for general expenditures within one year	\$ 380,205	\$ 327,096

AMAZI WATER

Notes to Consolidated Financial Statements

December 31, 2019 and 2018, restated

7. CONCENTRATION RISK:

During the year ended December 31, 2019, Amazi received approximately 95% of total contributions from a single donor, who is also a board member. During the year ended December 31, 2018, two donors who were board members made up approximately 93% of total contributions.

8. PRIOR PERIOD ADJUSTMENT:

During the 2019 audit, an error was discovered in the 2018 compiled financial statements relating to accounts payable and expenses. The following line items on the 2018 financial statements have been adjusted to reflect the correction of this error:

	<u>As previously reported</u>	<u>Restatement</u>	<u>Amounts adjusted for restatement</u>
December 31, 2018:			
Statement of financial position:			
Accounts payable and accrued expenses	\$ 7,880	\$ 91,447	\$ 99,327
Net assets without donor restrictions	\$ 970,166	\$ (91,447)	\$ 878,719
Statement of activities:			
Program service expenses	\$ 1,701,032	\$ 91,447	\$ 1,792,479
Total expenses	\$ 1,852,873	\$ 91,447	\$ 1,944,320
Change in net assets	\$ 28,216	\$ (91,447)	\$ (63,231)
Statement of cash flows:			
Change in accounts payable and accrued expenses	\$ 5,880	\$ 91,447	\$ 97,327

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 28, 2020, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus as a “Public Health Emergency of International Concern,” ultimately classifying the resulting COVID-19 as a pandemic. Federal, state, and local governments have mandated various restrictions, including travel restrictions, restrictions on public gatherings, stay at home advisories, and quarantining of people who may have been exposed to the virus.

The duration of disruption and related impact cannot be reasonably estimated at this time. Amazi is monitoring receipts and essential ministry expenditures. Expenditures are being reduced as necessary. Management believes that they have responded to the pandemic in a manner which will allow them to continue all of their programs when the pandemic is over.