



AMAZI WATER

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2020 and 2019

AMAZI WATER

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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 statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years 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 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 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, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Grapevine, Texas
April 30, 2021

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Consolidated Statements of Financial Position

	December 31,	
	<u>2020</u>	<u>2019</u>
ASSETS:		
Cash and cash equivalents	\$ 784,530	\$ 380,205
Accounts receivable–net	50,246	102,917
Prepaid expenses and other assets	45,168	156,817
Inventory	509,024	323,321
Land, furniture, and equipment–net	<u>2,762,629</u>	<u>1,102,561</u>
Total Assets	<u>\$ 4,151,597</u>	<u>\$ 2,065,821</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	<u>\$ 130,543</u>	<u>\$ 277,188</u>
Net assets:		
Without donor restrictions	<u>4,021,054</u>	<u>1,788,633</u>
Total Liabilities and Net Assets	<u>\$ 4,151,597</u>	<u>\$ 2,065,821</u>

See notes to consolidated financial statements

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Consolidated Statements of Activities

	Year Ended December 31,	
	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support:		
Contributions	\$ 4,612,987	\$ 3,943,588
Partner support	18,098	291,632
Other income	29,950	-
Exchange rate loss	(117,971)	(137,404)
Total Support	4,543,064	4,097,816
Net assets released from restriction		
Satisfaction of program restrictions	37,987	-
Total Support and Other Additions	4,581,051	4,097,816
Expenses:		
Program services	2,193,296	3,005,100
Supporting activities:		
General and administrative	139,458	171,870
Fundraising	15,876	10,932
	155,334	182,802
Total Expenses	2,348,630	3,187,902
Change in Net Assets Without Donor Restrictions	2,232,421	909,914
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Federal grant	37,987	-
Net assets released from restrictions		
Release of purpose restriction	(37,987)	-
Change in Net Assets With Donor Restrictions	-	-
Change in Net Assets	2,232,421	909,914
Net Assets, Beginning of Year	1,788,633	878,719
Net Assets, End of Year	\$ 4,021,054	\$ 1,788,633

See notes to consolidated financial statements

AMAZI WATER

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,232,421	\$ 909,914
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	155,570	71,790
Forgiveness of receivable	24,000	43,000
Bad debt expense	7,551	40,000
Noncash forgiveness of the Paycheck Protection Program loan	(37,987)	-
Net change in operating assets and liabilities:		
Accounts receivable–net	21,120	(64,186)
Prepaid expenses and other assets	111,649	(113,649)
Inventory	(185,703)	(70,896)
Accounts payable and accrued expenses	(146,645)	177,861
Net Cash Provided by Operating Activities	2,181,976	993,834
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture and equipment	(1,815,638)	(940,725)
Net Cash Used by Investing Activities	(1,815,638)	(940,725)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from federal grant	37,987	-
Net Cash Used by Financing Activities	37,987	-
Net Change in Cash and Cash Equivalents	404,325	53,109
Cash and Cash Equivalents, Beginning of Year	380,205	327,096
Cash and Cash Equivalents, End of Year	\$ 784,530	\$ 380,205

See notes to consolidated financial statements

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Notes to Consolidated Financial Statements

December 31, 2020 and 2019

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's primary source of revenue is contributions from donors.

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, 2020 and 2019, cash exceeding federally insured limits was \$362,719 and \$0, respectively. 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 a loan to a drilling partner, along with other miscellaneous receivables. As of December 31, 2019, accounts receivable also included a large receivable from an outreach partner that was paid in full during the year ended December 31, 2020. 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 drilling partner agreement is expected, along with miscellaneous receivables, to be collected in full.

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Notes to Consolidated Financial Statements

December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS RECEIVABLE–NET, continued

Accounts receivable–net is comprised of the following:

	December 31,	
	2020	2019
Drilling partner loan	\$ 35,500	\$ 59,500
Outreach partner receivable	-	73,444
Other miscellaneous receivables	14,746	9,973
	<u>50,246</u>	<u>142,917</u>
Less allowance	-	(40,000)
	<u>\$ 50,246</u>	<u>\$ 102,917</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,	
	2020	2019
Pumps and pump components	\$ 478,791	\$ 274,316
Hippo rollers	13,418	12,738
Water testing and other supplies	16,815	36,267
	<u>\$ 509,024</u>	<u>\$ 323,321</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. During the year ended December 31, 2020, Amazi began construction on a new building in Burundi. The construction is expected to be completed in fiscal year 2021. The balance of the building construction is classified as construction in process as of December 31, 2020.

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Notes to Consolidated Financial Statements

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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, 2020 and 2019.

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, 2020 and 2019, exchange rate losses were (\$117,971) and (\$137,404) 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, 2020 and 2019, respectively.

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Notes to Consolidated Financial Statements

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3. LAND, FURNITURE, AND EQUIPMENT–NET:

Land, furniture, and equipment–net consists of:

	December 31,	
	2020	2019
Land and improvements	\$ 809,621	\$ 713,249
Vehicles	347,227	142,250
Drilling rigs	889,633	280,590
Warehouse equipment	79,974	46,479
Equipment and fixtures	78,274	44,734
	2,204,729	1,227,302
Less accumulated depreciation	(280,311)	(124,741)
	1,924,418	1,102,561
Construction in process	838,211	-
	\$ 2,762,629	\$ 1,102,561

All land, furniture, and equipment owned by Amazi is located in Burundi. Construction in process is related to a building project in Burundi.

4. NATURAL CLASSIFICATION OF EXPENSES:

Expense allocations are as follows for the year ended December 31, 2020:

	Program services	Supporting activities:		Total
		General and administrative	Fundraising	
Direct water project costs	\$ 827,970	\$ -	\$ -	\$ 827,970
Salaries and benefits	539,918	22,275	-	562,193
Professional fees	247,131	71,749	-	318,880
Transportation and travel	209,573	18,432	-	228,005
Depreciation	155,570	-	-	155,570
Office space and supplies	118,349	13,537	-	131,886
Grants to other organizations	81,596	-	-	81,596
Other	13,189	13,465	-	26,654
Marketing and advertising	-	-	15,876	15,876
	\$ 2,193,296	\$ 139,458	\$ 15,876	\$ 2,348,630

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Notes to Consolidated Financial Statements

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4. NATURAL CLASSIFICATION OF EXPENSES, continued:

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

	Program services	Supporting activities:		Total
		General and administrative	Fundraising	
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>

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

5. FOREIGN ASSETS:

The following shows assets held in other countries at December 31, 2020:

	Total from Consolidated Statement of Financial Position	Amounts held in other countries	Amounts held in the United States
Cash and cash equivalents	\$ 784,530	\$ 168,783	\$ 615,747
Accounts receivable–net	\$ 50,246	\$ 50,246	\$ -
Prepaid expenses and other assets	\$ 45,168	\$ 45,168	\$ -
Inventory	\$ 509,024	\$ 509,024	\$ -
Furniture and equipment–net	\$ 2,762,629	\$ 2,762,629	\$ -

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5. FOREIGN ASSETS, continued:

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

	Total from Consolidated Statement of Financial Position	Amounts held in other countries	Amounts held in the United States
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	\$ -

6. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Amazi’s financial assets as of December 31, 2020 and 2019, 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,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 784,530	\$ 380,205
Financial assets available to meet cash needs for general expenditures within one year	\$ 784,530	\$ 380,205

7. CONCENTRATION RISK:

During the years ended December 31, 2020 and 2019, Amazi received approximately 98% and 95% of total contributions from a single donor, who is also a board member.

8. FEDERAL GRANT

In April 2020, Amazi applied for and received a Paycheck Protection Program loan in the amount of \$37,987. As of December 31, 2020, Amazi incurred qualifying expenses to recognize forgiveness of the entire loan, which is reflected in federal grants with donor restrictions on the statements of activities. Subsequent to year end on March 26, 2021, Amazi received notification the loan was officially forgiven by the Small Business Administration.

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9. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the COVID-19 as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the consolidated financial position and results of Amazi for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 30, 2021, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.