



AMAZI WATER

Consolidated Financial Statements  
With Independent Auditors' Report

December 31, 2021 and 2020

# AMAZI WATER

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Amazi Water  
Dallas, Texas

### ***Opinion***

We have audited the accompanying consolidated financial statements of Amazi Water, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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, 2021 and 2020, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Amazi Water and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Amazi Water's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Directors  
Amazi Water  
Dallas, Texas

***Auditors' Responsibility for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Amazi Water's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Amazi Water's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Capin Crouse LLP*

Irving, Texas  
June 1, 2022

# AMAZI WATER

## Consolidated Statements of Financial Position

	December 31,	
	<u>2021</u>	<u>2020</u>
ASSETS:		
Cash and cash equivalents	\$ 1,587,053	\$ 784,530
Accounts receivable–net	14,327	50,246
Prepaid expenses and other assets	211,715	45,168
Inventory	1,214,351	509,024
Land, furniture, and equipment–net	<u>4,114,631</u>	<u>2,762,629</u>
Total Assets	<u>\$ 7,142,077</u>	<u>\$ 4,151,597</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	<u>\$ 434,110</u>	<u>\$ 130,543</u>
Net assets:		
Without donor restrictions	<u>6,707,967</u>	<u>4,021,054</u>
Total Liabilities and Net Assets	<u>\$ 7,142,077</u>	<u>\$ 4,151,597</u>

See notes to consolidated financial statements

# AMAZI WATER

## Consolidated Statements of Activities

	Year Ended December 31,	
	2021	2020
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
Support:		
Contributions	\$ 6,062,824	\$ 4,612,987
Partner support	168,582	18,098
Other income	-	29,950
Exchange rate loss	(105,001)	(117,971)
Total Support	6,126,405	4,543,064
Net assets released from restriction		
Satisfaction of program restrictions	-	37,987
Total Support and Other Additions	6,126,405	4,581,051
Expenses:		
Program services	3,223,723	2,193,296
Supporting activities:		
General and administrative	189,088	139,458
Fundraising	26,681	15,876
Total Expenses	3,439,492	2,348,630
Change in Net Assets Without Donor Restrictions	2,686,913	2,232,421
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:</b>		
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	2,686,913	2,232,421
Net Assets, Beginning of Year	4,021,054	1,788,633
Net Assets, End of Year	\$ 6,707,967	\$ 4,021,054

See notes to consolidated financial statements

# AMAZI WATER

## Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 2,686,913	\$ 2,232,421
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	332,152	155,570
Forgiveness of receivable	24,000	24,000
Bad debt expense	-	7,551
Loss on sale of furniture and equipment	26,126	-
Noncash forgiveness of the Paycheck Protection Program loan	-	(37,987)
Net change in operating assets and liabilities:		
Accounts receivable–net	11,919	21,120
Prepaid expenses and other assets	(166,547)	111,649
Inventory	(705,327)	(185,703)
Accounts payable and accrued expenses	303,567	(146,645)
Net Cash Provided by Operating Activities	2,512,803	2,181,976
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of furniture and equipment	96,538	-
Purchases of furniture and equipment	(1,806,818)	(1,815,638)
Net Cash Used by Investing Activities	(1,710,280)	(1,815,638)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from federal grant	-	37,987
Net Cash Provided by Financing Activities	-	37,987
Net Change in Cash and Cash Equivalents	802,523	404,325
Cash and Cash Equivalents, Beginning of Year	784,530	380,205
Cash and Cash Equivalents, End of Year	\$ 1,587,053	\$ 784,530

See notes to consolidated financial statements

# AMAZI WATER

## Notes to Consolidated Financial Statements

December 31, 2021 and 2020

### 1. NATURE OF ORGANIZATION:

Amazi Water (Amazi) 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, 2021 and 2020, cash exceeding federally insured limits was \$1,320,401 and \$498,325 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. 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.



# AMAZI WATER

## Notes to Consolidated Financial Statements

December 31, 2021 and 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### ACCOUNTS RECEIVABLE–NET, continued

Accounts receivable–net is comprised of the following:

	December 31,	
	2021	2020
Drilling partner loan	\$ 11,500	\$ 35,500
Other miscellaneous receivables	2,827	14,746
	<u>\$ 14,327</u>	<u>\$ 50,246</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,	
	2021	2020
Pumps and pump components	\$ 1,184,118	\$ 478,791
Hippo rollers	13,418	13,418
Water testing and other supplies	16,815	16,815
	<u>\$ 1,214,351</u>	<u>\$ 509,024</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, and has continued construction in 2021. The construction is expected to be completed in fiscal year 2022. The balance of the building construction is classified as construction in process as of December 31, 2021.

# AMAZI WATER

## Notes to Consolidated Financial Statements

December 31, 2021 and 2020

### 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, 2021 and 2020.

#### 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, 2021 and 2020, exchange rate losses were (\$105,001) and (\$117,971) 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, 2021 and 2020, respectively.

# AMAZI WATER

## Notes to Consolidated Financial Statements

December 31, 2021 and 2020

3. LAND, FURNITURE, AND EQUIPMENT–NET:

Land, furniture, and equipment–net consists of:

	December 31,	
	2021	2020
Land and improvements	\$ 871,992	\$ 809,621
Vehicles	735,645	347,227
Drilling rigs	739,322	889,633
Warehouse equipment	189,236	79,974
Equipment and fixtures	116,216	78,274
	2,652,411	2,204,729
Less accumulated depreciation	(584,923)	(280,311)
	2,067,488	1,924,418
Construction in process	2,047,143	838,211
	\$ 4,114,631	\$ 2,762,629

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, 2021:

	Program Services	Supporting Activities:		Total
		General and Administrative	Fundraising	
Direct water project costs	\$ 1,135,272	\$ -	\$ -	\$ 1,135,272
Salaries and benefits	839,436	33,290	-	872,726
Professional fees	297,224	99,656	-	396,880
Depreciation	332,152	-	-	332,152
Transportation and travel	311,990	13,688	-	325,678
Office space and supplies	205,005	27,247	-	232,252
Other	44,442	15,207	-	59,649
Grants to other organizations	58,202	-	-	58,202
Marketing and advertising	-	-	26,681	26,681
	\$ 3,223,723	\$ 189,088	\$ 26,681	\$ 3,439,492

# AMAZI WATER

## Notes to Consolidated Financial Statements

December 31, 2021 and 2020

4. NATURAL CLASSIFICATION OF EXPENSES, continued:

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
Depreciation	155,570	-	-	155,570
Transportation and travel	209,573	18,432	-	228,005
Office space and supplies	118,349	13,537	-	131,886
Other	13,189	13,465	-	26,654
Grants to other organizations	81,596	-	-	81,596
Marketing and advertising	-	-	15,876	15,876
	<u>\$ 2,193,296</u>	<u>\$ 139,458</u>	<u>\$ 15,876</u>	<u>\$ 2,348,630</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, 2021:

	Total from Consolidated Statement of Financial Position	Amounts held in other countries	Amounts held in the United States
Cash and cash equivalents	\$ 1,587,053	\$ 281,176	\$ 1,305,877
Accounts receivable–net	\$ 14,327	\$ 14,327	\$ -
Prepaid expenses and other assets	\$ 211,715	\$ 211,715	\$ -
Inventory	\$ 1,214,351	\$ 1,214,351	\$ -
Furniture and equipment–net	\$ 4,114,631	\$ 4,114,631	\$ -

# AMAZI WATER

## Notes to Consolidated Financial Statements

December 31, 2021 and 2020

5. FOREIGN ASSETS, continued:

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	\$ -

6. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Amazi’s financial assets as of December 31, 2021 and 2020, 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,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 1,587,053	\$ 784,530
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,587,053	\$ 784,530

7. CONCENTRATION RISK:

During the years ended December 31, 2021 and 2020, Amazi received approximately 97% and 98% 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. On March 26, 2021, Amazi received official forgiveness of the loan from the Small Business Administration. The amount of the recognized grant income is included in federal grant income with donor restrictions on the consolidated statement of activities for the year ended December 31, 2020.

# AMAZI WATER

## Notes to Consolidated Financial Statements

December 31, 2021 and 2020

9. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of coronavirus (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 June 1, 2022, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.