

**WATER OF LIFE**

**GREENVILLE, SOUTH CAROLINA**

**FINANCIAL STATEMENT**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

WATER OF LIFE

GREENVILLE, SOUTH CAROLINA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Water of Life  
Greenville, South Carolina

We have audited the accompanying statement of cash receipts and cash disbursements of Water of Life (a nonprofit organization) for the year ended December 31, 2010. The financial statement is the responsibility of the management of Water of Life. Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.

As described in Note 1, this financial statement was prepared on the cash receipts and cash disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and cash disbursements of Water of Life as of December 31, 2010, on the basis of accounting described in Note 1.

*Bradshaw, Gordon & Clinkscales LLC*

July 19, 2011

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WATER OF LIFE

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>CASH RECEIPTS:</b>			
Contributions	\$ 368,065	\$ 117,642	\$ 485,707
Net assets released from restriction	117,642	(117,642)	-
<b>Total Cash Receipts</b>	<u>485,707</u>	<u>-</u>	<u>485,707</u>
<b>CASH DISBURSEMENTS:</b>			
Program Expenses:			
Contract services	176,066	-	176,066
Facilities and equipment	2,483	-	2,483
Mission trips	108,942	-	108,942
Operations expenses	5,466	-	5,466
Personnel expenses	36,239	-	36,239
Other expense	635	-	635
<b>Total Program Expenses</b>	<u>329,831</u>	<u>-</u>	<u>329,831</u>
Development Expenses:			
Contract services	44,716	-	44,716
Operations expenses	2,163	-	2,163
Personnel expenses	60,486	-	60,486
Event expenses	7,920	-	7,920
Other expense	5,200	-	5,200
<b>Total Development Expenses</b>	<u>120,485</u>	<u>-</u>	<u>120,485</u>
General and Administrative Expenses:			
Facilities and equipment	8,854	-	8,854
Operations expenses	8,703	-	8,703
Personnel expenses	45,656	-	45,656
Travel & meeting	12,039	-	12,039
Other expense	21,624	-	21,624
<b>Total General and Administrative Expenses</b>	<u>96,876</u>	<u>-</u>	<u>96,876</u>
<b>Total Cash Disbursements</b>	<u>547,192</u>	<u>-</u>	<u>547,192</u>

The accompanying notes are an integral part  
of the financial statement.

WATER OF LIFE

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2010

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
INCREASE (DECREASE) IN CASH	(61,485)	-	(61,485)
CASH, Beginning of year	<u>85,275</u>	<u>-</u>	<u>85,275</u>
CASH, End of year	<u>\$ 23,790</u>	<u>\$ -</u>	<u>\$ 23,790</u>

The accompanying notes are an integral part  
of the financial statement.

## WATER OF LIFE

### NOTES TO FINANCIAL STATEMENT DECEMBER 31, 2010

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: Water of Life is an organization dedicated to providing access to clean water to those in need while offering the message of the Gospel of Jesus Christ. A non-profit organization based in Greenville, South Carolina, Water of Life has been sending mission teams around the world for years drilling for water in remote villages that have no access to clean water. Teams sponsored by Water of Life meet the physical needs of people by providing clean water and meet the spiritual needs by sharing the Gospel Message.

Method of Accounting: The accompanying financial statement has been prepared on the cash receipts and cash disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized.

Cash: Cash consists of money in interest and non-interest bearing checking accounts. The Organization considers investments with original maturities of three months or less when purchased to be cash equivalents. As of December 31, 2010, the Organization was holding no cash equivalents. The Company maintains its cash balances in area banks. The deposit balances of the Company's bank accounts may from time to time exceed FDIC insurance limits. The Company has not experienced any losses in its bank accounts and believes it is not exposed to any significant credit risk on cash balances.

Income Taxes: The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

After the Organization has filed its federal information tax return with the Internal Revenue Service, its return is subject to examination by this taxing authority for the number of years that the return is considered to be statutorily "open," generally for three years after the date the return was filed.

Contributions: All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When the organization receives any restricted contributions, they are accounted for and recorded in a separate restricted fund that gives recognition to such restrictions as prescribed by generally accepted accounting principles applicable to voluntary health and welfare organizations.

Advertising: Advertising costs are expensed as incurred by the Organization, and were \$1,146 for the year ended December 31, 2010, and are included in event expenses on the financial statement.

NOTE 2 – RELATED PARTY TRANSACTIONS

During 2010, Water of Life received contributions from related individuals totaling \$82,180.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors were as follows:

Purpose restriction accomplished:	
Mission Trips	\$ 108,942
Pump supplies	<u>8,700</u>
Total Restrictions Released	<u>\$ 117,642</u>

NOTE 4 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 19, 2011, which is the date the accompanying financial statements were available to be issued.