

WATER OF LIFE

GREENVILLE, SOUTH CAROLINA

FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2008

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, 2008. 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 statements are free of material misstatement. 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.

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 statements referred to above present fairly, in all material respects, the cash receipts and cash disbursements of Water of Life as of December 31, 2008, on the basis of accounting described in Note 1.

Bradshaw, Gordon + Clinkscales LLC

July 8, 2009

Greater Greenville Chamber of Commerce 2006 Small Business of the Year

Members: American Institute of CPAs, South Carolina Association of CPAs, North Carolina Association of CPAs

WATER OF LIFE

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CASH RECEIPTS:			
Contributions	\$ 396,691	\$ 104,676	\$ 501,367
Net assets released from restriction	<u>149,676</u>	<u>(149,676)</u>	<u>-</u>
Total Cash Receipts	<u>546,367</u>	<u>(45,000)</u>	<u>501,367</u>
CASH DISBURSEMENTS:			
Program Expenses:			
Supplies	107,194	-	107,194
Orphanage supplies	69,196	-	69,196
Travel	106,137	-	106,137
Missionary insurance	3,376	-	3,376
Missionary supplies	<u>121,812</u>	<u>-</u>	<u>121,812</u>
Total Program Expenses	<u>407,715</u>	<u>-</u>	<u>407,715</u>
General and Administrative Expenses:			
Telephone	3,043	-	3,043
Postage and shipping	2,905	-	2,905
Professional fees	19,050	-	19,050
Printing and publications	2,623	-	2,623
Salaries	6,545	-	6,545
Payroll taxes	218	-	359
Bank fees	1,000	-	1,000
Promotional items	3,400	-	3,400
Insurance	1,820	-	1,820
Fees, licenses and dues	10,222	-	10,222
Miscellaneous	682	-	541
Office supplies	<u>2,050</u>	<u>-</u>	<u>2,050</u>
Total General and Administrative Expenses	<u>53,558</u>	<u>-</u>	<u>53,558</u>
Total Cash Disbursements	<u>461,273</u>	<u>-</u>	<u>461,273</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, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
INCREASE (DECREASE) IN CASH	85,094	(45,000)	40,094
CASH, Beginning of year	<u>68,538</u>	<u>45,000</u>	<u>113,538</u>
CASH, End of year	<u>\$ 153,632</u>	<u>\$ -</u>	<u>\$ 153,632</u>

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

WATER OF LIFE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008

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.

Name Change: On March 10, 2008, the Organization's Board voted to change the name of the Organization from Living Water Carolinas to Water of Life.

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, 2008, the Organization was holding no cash equivalents. The Organization maintains its cash balances in two financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 plus an unlimited amount on the non-interest bearing checking accounts through December 31, 2013. At times throughout the year, the Organization may maintain cash balances in excess of federally insured limits.

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

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 \$3,400 for the year ended December 31, 2008, and are included under the heading Promotional Items on the financial statement.

NOTE 2 – RELATED PARTY TRANSACTIONS

During 2008, Water of Life received contributions from related individuals totaling \$38,542.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

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

Purpose restriction accomplished:	
Periods after December 31, 2007	\$ 45,000
Supplies for orphanage	54,936
Travel/airfare	<u>49,740</u>
 Total Restrictions Released	 \$ <u><u>149,676</u></u>