Lifewater, Inc. d.b.a. Lifewater International

Financial Statements

December 31, 2022 and 2021

C O N T E N T S

CALIBER
AUDIT & ATTEST, LLP

Independent Auditors' Report on the Financial Statements

To the Board of Directors
Lifewater, Inc. d.b.a. Lifewater International
Bentonville, Arkansas

Opinion

We have audited the accompanying financial statements of the Lifewater, Inc. d.b.a. Lifewater International ("the Organization"), a California non-profit organization, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the results of its operations and its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Financial Statements

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

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

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Independent Auditors' Report on the Financial Statements – Continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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, including omissions, 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 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 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 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 the Organization'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Caliber Audit & Attest, LLP

San Luis Obispo, California
August 16, 2023

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Lifewater, Inc. d.b.a. Lifewater International

Statements of Financial Position
December 31, 2022 and 2021

ASSETS	***2022***	***2021***
Cash and cash equivalents	$ 1,654,126	$ 2,596,923
Short-term investments	-	18,351
Receivables, net of allowance	27,088	52,456
Payroll tax credit receivable	-	310,497
Prepaid expenses and deposits	83,152	53,779
Inventory	5,102	28,383
Property and equipment, less accumulated depreciation	720,505	766,237
Right-of-use asset - operating lease	148,002	-
Total assets	$ 2,637,975	$ 3,826,626
LIABILITIES AND NET ASSETS		
Accounts payable	$ 55,621	$ 76,279
Accrued expenses	309,763	402,754
Operating lease liabilities	148,002	-
Total liabilities	513,386	479,033
Commitments and Contingencies		
Net Assets		
Without donor restrictions	1,691,159	2,997,093
With donor restrictions:		
Purpose restrictions	108,430	350,500
Time-restricted for future periods	325,000	-
	433,430	350,500
Total net assets	2,124,589	3,347,593
Total liabilities and net assets	$ 2,637,975	$ 3,826,626

See Notes to Financial Statements.

Lifewater, Inc. d.b.a. Lifewater International

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	$ 6,224,218	$ 433,430	$ 6,657,648
In-kind goods	29,029	-	29,029
In-kind services	17,140	-	17,140
Other income	43,047	-	43,047
Total support and revenue	6,313,434	433,430	6,746,864
Net assets released from restrictions	350,500	(350,500)	-
Total support and revenues	6,663,934	82,930	6,746,864
Functional Expenses:			
Program services	6,313,989	-	6,313,989
Management and general	268,934	-	268,934
Fundraising and development	1,386,945	-	1,386,945
Total functional expenses	7,969,868	-	7,969,868
Change in net assets	(1,305,934)	82,930	(1,223,004)
Net assets - beginning of year	2,997,093	350,500	3,347,593
Net assets - end of year	$ 1,691,159	$ 433,430	$ 2,124,589

See Notes to Financial Statements.

Lifewater, Inc. d.b.a. Lifewater International

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	$ 6,875,805	$ 350,500	$ 7,226,305
Government grant - federal PPP funds	402,935	-	402,935
Government grant - payroll tax credits	310,497	-	310,497
In-kind goods	72,662		72,662
In-kind services	14,035	-	14,035
Other income	24,608	-	24,608
Total support and revenue	7,700,542	350,500	8,051,042
Net assets released from restrictions	715,556	(715,556)	-
Total support and revenues	8,416,098	(365,056)	8,051,042
Functional Expenses:			
Program services	5,704,914	-	5,704,914
Management and general	322,155	-	322,155
Fundraising and development	1,151,473	-	1,151,473
Total functional expenses	7,178,542	-	7,178,542
Change in net assets	1,237,556	(365,056)	872,500
Net assets - beginning of year	1,759,537	715,556	2,475,093
Net assets - end of year	$ 2,997,093	$ 350,500	$ 3,347,593

See Notes to Financial Statements.

Lifewater, Inc. d.b.a. Lifewater International

Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services	*Management & General*	*Fundraising*	*Total*
Salaries and benefits	$ 2,176,154	$ 1,321,725	$ 633,320	$ 4,131,199
Construction infrastructure and community training	1,706,119	-	-	1,706,119
Transportation and meetings	312,389	41,729	75,748	429,866
Information technology	89,732	175,909	24,180	289,821
Professional services	48,940	89,467	156,742	295,149
Office occupancy and operations	123,465	138,431	13,176	275,072
Advertising and promotion	2,383	150	241,531	244,064
Donated goods and services expense	-	32,623	13,546	46,169
Partnership grants	106,912	-	-	106,912
Depreciation	91,200	6,676	-	97,876
Other expenses	215,964	74,017	57,640	347,621
Total functional expenses before functional allocation	4,873,258	1,880,727	1,215,883	7,969,868
Functional allocation	1,440,731	(1,611,793)	171,062	-
Total functional expenses	$ 6,313,989	$ 268,934	$ 1,386,945	$ 7,969,868

See Notes to Financial Statements.

Lifewater, Inc. d.b.a. Lifewater International

Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	Management & General	Fundraising	Total
Salaries and benefits	$ 1,929,049	$ 1,197,283	$ 437,134	$ 3,563,466
Construction infrastructure and community training	1,489,785	-	-	1,489,785
Transportation and meetings	316,913	45,600	35,525	398,038
Information technology	101,900	152,813	23,290	278,003
Professional services	51,270	79,801	119,768	250,839
Office occupancy and operations	105,391	132,660	7,783	245,834
Advertising and promotion	1,406	13,208	223,441	238,055
Donated goods and services expense	-	79,991	6,706	86,697
Partnership grants	70,741	-	-	70,741
Depreciation	86,677	223,707	-	310,384
Other expenses	123,050	50,610	73,040	246,700
Total functional expenses before functional allocation	4,276,182	1,975,673	926,687	7,178,542
Functional allocation	1,428,732	(1,653,518)	224,786	-
Total functional expenses	$ 5,704,914	$ 322,155	$ 1,151,473	$ 7,178,542

See Notes to Financial Statements.

Lifewater, Inc. d.b.a. Lifewater International

Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (1,223,004)	$ 872,500
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:		
Depreciation	97,876	310,384
Net loss (gain) on investments	18,351	(596)
Changes in operating assets and liabilities:		
Receivables, net	25,368	438,582
Payroll tax credit receivable	310,497	(310,497)
Prepaid expenses and deposits	(29,373)	10,281
Inventory	23,281	(21,541)
Accounts payable	(20,658)	33,492
Accrued expenses	(92,991)	140,149
Net cash provided by (used in) operating activities	(890,653)	1,472,754
Cash flows from investing activities:		
Purchases of property and equipment	(52,144)	(220,075)
Net cash used in investing activities	(52,144)	(220,075)
Net increase (decrease) in cash and cash equivalents	(942,797)	1,252,679
Cash and cash equivalents, beginning of year	2,596,923	1,344,244
Cash and cash equivalents, end of year	$ 1,654,126	$ 2,596,923
Non-cash investing and financing activities:		
Lease liability resulting from obtaining operating lease right-of-use asset	$ 148,002	$ -
In-kind donations of goods and services	$ 46,169	$ -

See Notes to Financial Statements.

Note 1. Operations and Summary of Significant Accounting Policies

Nature of operations:

Lifewater, Inc. d.b.a. Lifewater International (the Organization or Lifewater), a non-profit organization, is a Christian community development organization dedicated to effectively serving vulnerable children and families by partnering with underserved communities to overcome water poverty. With experience in more than 40 countries since 1977, Lifewater serves all people by providing them with contextually appropriate water access, sanitation, and hygiene (WASH) interventions.

Lifewater is funded primarily by individual and organizational donors.

Basis of accounting:

The financial statements are presented on an accrual basis, which recognizes income when performance obligations are met, and expenses when incurred.

Financial statement presentation and net assets:

To ensure the observance of limitations and restrictions placed on the use of resources, the accounts of the Organization are maintained in accordance with the principles of fund accounting. The Organization has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions or with donor restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

Contributions:

All contributions are considered to be available for use and without donor restrictions unless specifically restricted by the donor. All pledges and amounts received that are donor restricted for future periods or donor restricted for specific purposes are reported as net assets with donor restrictions. The restricted net assets are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction when the donor stipulated time restriction ends or the purpose restriction is accomplished by the Organization. Contributions of assets other than cash, which are primarily donated investment securities, are recorded at estimated fair market value at the time of receipt and are liquidated as soon as feasible. Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

In-kind contributions and donated services:

Donated services are recorded in the financial statements to the extent that those services create or enhance a nonfinancial asset or meet the following criteria: a) the service requires specialized skills, b) the service is provided by individuals who possess those skills, and c) the service would typically need to be purchased if not contributed. The Organization was provided accounting and marketing services at no cost. Based on current market rates for these services, the Organization would have paid $17,140 and $14,035 for the years ended December 31, 2022 and 2021, respectively. For the years ended December 31, 2022 and 2021, there were also amounts that did not meet the criteria for recognition as described above, despite the considerable value of donated time by volunteers and board members to the mission of the Organization.

In-kind donations of goods used directly by the Organization are valued at their estimated fair values at the time of the donation. Donated supplies for the years ended December 31, 2022 and 2021 were $10,360 and $6,691, which were provided at no cost to the Organization and valued based on the estimated market value of the goods. In addition, the Organization received donated software for the years ended December 31, 2022 and 2021 of $18,669 and $65,971, respectively.

All gifts-in-kind received by the Organization for the years ended December 31, 2022 and 2021 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

Use of estimates:

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Fair value measurements:

The Fair Value Measurements topic of the FASB *ASC*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The donated services and assets recorded by the Organization have been recorded at fair values, based on management's estimate of fair value on a non-recurring basis from comparisons of similar assets or services or from the value as provided by the donor. This is considered Level 2 of the fair value hierarchy.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain donated services, assets and use of facilities could result in a different fair value measurement at the reporting date.

Cash and cash equivalents:

The Organization considers cash equivalents to be highly liquid instruments purchased with an original maturity of three months or less.

The Organization maintains its cash balances in financial institutions in the United States and abroad. The balances at the institutions in the United States are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 with an additional $100,000 insured by the Organization's primary operating bank. Balances in foreign banks are held in large reputable banks in the local country and are maintained at a minimum balance to mitigate the risk of bank failure.

Short-term investments:

The Organization records short-term investments at fair market value.

Contributions receivable:

Contributions receivables are recognized at fair market value as revenues in the period in which there is sufficient evidence in the form of verifiable documentation that an unconditional gift was received. Conditional gifts are recognized when the conditions on which they depend are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected over periods in excess of one year are recorded at the present value of estimated cash flows beyond one year. Amortization of the discount is included in contribution revenue, if applicable. The allowance for uncollectible amounts is estimated based upon historical collection rates and specific identification of uncollectible amounts, if necessary.

Inventory:

Inventory consists of water point construction parts. Inventory is carried at the lower of cost or net realizable value, determined using average cost.

Property and equipment:

Purchased property and equipment are recorded at cost and donated assets are valued at their estimated fair value on the date donated. Assets are depreciated over estimated useful lives on a straight line basis, once placed into service. Expenditures that significantly increase asset values or extend useful lives are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gains or losses are included on the statement of activities. Repairs and maintenance and small equipment purchases are expensed as incurred.

Estimated useful lives are as follows:

	Years
Computers and other equipment	3 – 5
Field vehicles and drill rigs	5 – 10
Software and website	3
Fundraising platform	3

Capitalized software:

The Organization capitalizes software purchased from third parties as part of property and equipment. Internally developed software costs for internal-use are capitalized during the application development stage.

Leases:

The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. The right to control the use of an asset includes the right to obtain substantially all of the economic benefits of the underlying asset and the right to direct how and for what purpose the asset is used. Leases with an initial term of twelve months or less are not recorded on the balance sheet and are expensed as incurred.

Finance leases are included in property and equipment and finance lease liabilities on the balance sheets. The Organization did not have any finance leases as of December 31, 2022.

Operating lease right-of-use assets and liabilities are recognized at the commencement date of the lease based on the present value of the fixed lease payments over the lease term. The Organization has elected to use the risk-free interest rate at lease commencement as a practical expedient for the discount rate used to calculate the present value of the operating lease liabilities. The Organization includes any options to extend the lease as part of the right-of-use lease assets and liability calculations if it is reasonably certain that the Organization will exercise the option. Lease expense is recognized for all leases on a straight-line basis over the lease term.

Income tax status:

The Organization's activities are generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Franchise Tax Code. Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expense. The Organization is not a private foundation. Management is not aware of any transactions that would impact the Organization's tax-exempt status.

For the years ended December 31, 2022 and 2021, management of the Organization is not aware of any material uncertain tax positions to be accounted for in the financial statements under the principles of the *Income Taxes* topic of the FASB *(ASC)*. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes.

Functional expense allocations:

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

Advertising:

The Organization expenses advertising costs as incurred. Marketing and promotion expense for the years ended December 31, 2022 and 2021 was $244,064 and $238,055, respectively.

Foreign currency:

The functional currency of the foreign operations is the US dollar. Transaction gains or losses from foreign exchange transactions are included in net income. Although the effect is not determinable, changes in the exchange rate subsequent to year-end could have an effect on unsettled foreign currency transactions.

Recent accounting pronouncements:

The FASB issued ASU 2016-02, *Leases (Topic 842)*. This new standard amends a number of aspects of lease accounting, including requiring lessees to recognize operating leases with a term greater than one year on their balance sheet as a right-of-use asset and corresponding lease liability, measured at the present value of the lease payments. The new standard is effective for private companies for fiscal years beginning after December 15, 2021. The Organization adopted the new standard effective January 1, 2022 using the modified retrospective approach. The Organization elected all of the practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification. There was no impact on the prior year balance since the lease was initiated in the current year.

Reclassifications:

Certain amounts in the 2021 financial statements have been reclassified for comparative purposes to conform with presentation in the 2022 financial statements.

Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	$ 1,654,126
Other receivables - current	23,731
	$ 1,677,857

The Organization's liquidity management plan is designed to cover operating expenses and cash flow needs.

Note 3. Receivables

Receivables at December 31, 2022 and 2021 are as follows:

	2022	2021
Pledges receivable - current	$ -	$ 10,000
Litigation receivable	48,468	48,868
Other receivables - current	23,731	18,539
Total receivables	72,199	77,407
Less allowance for doubtful accounts	(20,160)	-
Less allowance for litigation receivable	(24,951)	(24,951)
Total receivables, net	$ 27,088	$ 52,456

Receivables at December 31, 2022 and 2021, are collectible as follows:

Years Ending December 31,	2022	2021
Within one year	$ 23,731	$ 28,539
One to five years	48,468	48,868
	72,199	77,407
Less allowance for doubtful accounts	(20,160)	-
Less allowance for litigation receivable	(24,951)	(24,951)
	$ 27,088	$ 52,456

Note 4. Property and Equipment

Major classes of property and equipment and accumulated depreciation are as follows at December 31, 2022 and 2021:

	2022	2021
Computers and other equipment	$ 7,565	$ 12,286
Field vehicles and drill rigs	905,439	896,829
Software and website	57,322	36,074
Fundraising platform	614,377	614,377
	1,584,703	1,559,566
Less accumulated depreciation	(864,198)	(793,329)
Total property and equipment	$ 720,505	$ 766,237

Depreciation expense for the years ended December 31, 2022 and 2021 was $97,876 and $310,384, respectively.

Note 5. Accrued Expenses

Accrued expenses consist of the following at December 31, 2022 and 2021:

	2022	2021
Accrued payroll	$ 75,923	$ 62,144
Accrued employee benefits	37,763	24,641
Accrued paid leave	93,455	68,064
Accrued payroll taxes	8,886	6,699
Accrued construction and other expenses	21,175	151,551
Accrued severance	60,836	41,720
Credit cards payable	9,138	9,473
Other current liabilities	2,587	-
Deferred payroll tax - due December 2022	-	38,462
Total accrued expenses	$ 309,763	$ 402,754

Note 6. Line of Credit

The Organization had a revolving line of credit allowing for borrowings up to $250,000 with an expiration date in November 2023, with a base rate of 7%. There was no outstanding balance on the lines of credit at December 31, 2022 and 2021.

Note 7. Leases

The Organization has a lease for the corporate headquarters office building location that was renegotiated in March 2022 and expires March 2025.

As discussed in Note 1, the operating lease right-of-use asset and lease liabilities were calculated utilizing the risk-free discount rate according to the Organization's elected policy, which was determined to be 1.47%, upon adoption of the lease accounting standard.

The following summarizes the line items in the statement of financial position which include amounts for operating leases as of December 31, 2022 and 2021:

	2022	2021
Operating lease right-of-use assets	$ 148,002	$ -
Operating lease liabilities, current portion	67,723	-
Operating lease liabilities, less current portion	80,279	-
Total operating lease liabilities	$ 148,002	$ -

The following summarizes the weighted average remaining lease term and discount rate at December 31, 2022 and 2021:

	2022	2021
Weighted average remaining lease term (years):		
Operating leases	2.17	n/a
Weighted average discount rate:		
Operating leases (using risk-free interest rate)	1.47%	n/a

The following summarizes the line items in the statement of operations which include components of lease expense, including short-term lease costs, for the years ended December 31, 2022 and 2021:

	2022	2021
Facility rent	$ 57,870	$ -
Total operating lease costs	$ 57,870	$ -

The following summarizes cash flow information related to leases for the years ended December 31, 2022 and 2021:

	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 57,870	n/a
Non-cash activities: Leased assets obtained in exchange for lease obligations		
Operating leases and right-of-use assets	$ 203,933	n/a

The future maturities of lease liabilities as of December 31, 2022 were as follows:

Years Ending December 31,	
2023	$ 69,444
2024	69,444
2025	11,574
Total for future lease payments	150,462
Less amount representing interest	(2,460)
Present value of lease liabilities	$ 148,002

The Organization currently has five laptop leases under contract for the year ended December 31, 2022. These are operating leases with a fair value purchase option at the end. However, the Organization plans on turning all computers back in at the end of each three-year lease term. The monthly expense for all five leases is $856. Given the small dollar amount, management has elected to pass on recording a lease liability and right-to-use asset for the equipment lease.

The future minimum lease payments under these equipment leases are as follows:

Years Ending December 31,		
2023	$	10,272
2024		7,297
2025		388
	$	17,957

The Organization enters into lease agreements in the countries of operation. The lease payment terms vary and enforceability also varies by country and region. As the payments for leases in international countries are not material to the overall financial statements, the payments are recorded on a cash basis, in general, and no future payout schedule is provided even though there is possible future commitment.

Note 8. Government Grants

In January 2021, the Organization was granted a second loan under the PPP of the CARES Act, in the aggregate amount of $402,935. In August 2021, the Organization was given official forgiveness of the loan amount, as the funds were used for qualifying expenses, and the revenue was recorded.

In November 2021, the Organization filed for Employee Retention Credits for Q1 and Q2 of 2021. The Employee Retention Credit is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees through the end of 2021. These credits were approved and recorded as revenue in 2021, and were collected in 2022.

Note 9. Net Assets with Donor Restrictions

As of December 31, 2022 and 2021, net assets with donor restrictions are restricted for the following purposes or periods:

	2022	2021
Subject to expenditure for specified purpose:		
Ethiopia programs	$ 108,430	$ 350,500
Subject to the passage of time:		
Time-restricted for future periods	325,000	-
	$ 433,430	$ 350,500

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2022 and 2021:

	2022	2021
Satisfaction of purpose restrictions:		
Drill rig for Ethiopia programs	$ -	$ 304,030
Ethiopia programs	350,500	352,731
Tanzania programs	-	46,219
Healthy churches program launch	-	12,576
	$ 350,500	$ 715,556

Note 10. Related Parties

As of December 31, 2022 and 2021, the Organization held funds in accounts at a bank where an Audit Committee member during the year was an executive. For the years ended December 31, 2022 and 2021, the Organization received donations from board of director members, who are considered related parties, totaling $154,030 and $143,825, respectively.

Note 11. Retirement Plan

The Organization maintains a Simple IRA plan for its eligible employees in the United States. Employer contributions are made equal to employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year. The Organization also makes retirement contributions into local retirement or savings accounts for employees in the field offices. Employer retirement plan contributions totaled $138,548 and $97,286 for the years ended December 31, 2022 and 2021.

Note 12. Concentrations – Major Donors

For the years ended December 31, 2022 and 2021, the Organization had one donor which contributed 5% and 14% of the total contributions, respectively.

Note 13. Subsequent Events

The date to which events occurring after December 31, 2022 have been evaluated for possible adjustment to the financial statements or disclosure is August 16, 2023, which is the date on which the financial statements were available to be issued.