

**BLOOD: WATER MISSION, INC.  
INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS DECEMBER 31, 2021  
(with comparative totals for December 31, 2020)**

**BLOOD: WATER MISSION, INC.**

**Table of Contents**

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<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1-2</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>4</b>
<b>STATEMENT OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>6</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>7-13</b>



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Blood: Water Mission, Inc.  
1108 McKennie Ave Suite 290  
Nashville, TN 37206

### **Opinion**

We have audited the accompanying financial statements of Blood Water Mission, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 Blood water Mission, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit 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 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 Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

### **Auditor's 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 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.

### **Report on Summarized Comparative Information**

We have previously audited the Blood: Water Mission, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Hoskins & Company  
Nashville, TN  
July 20, 2022

**BLOOD:WATER MISSION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**  
**(with comparative totals as of December 31, 2020)**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,375,026	\$ 755,720
Grant receivable	-	7,250
Other receivable (Note 3)	90,261	102,689
Inventory	6,921	6,547
Total Current Assets	1,472,208	872,206
<b>NONCURRENT ASSETS</b>		
Property & equipment, net of accumulated depreciation (Note 4)	18,638	21,845
Security deposits	5,480	5,480
Total Noncurrent Assets	24,118	27,325
<b>TOTAL ASSETS</b>	<b>\$ 1,496,326</b>	<b>\$ 899,531</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 69,233	\$ 28,085
PPP Loan (Note 6)	-	102,931
Total Liabilities	69,233	131,016
<b>NET ASSETS</b>		
Net assets without donor restrictions	1,327,093	461,265
Net assets with donor restrictions (Note 7)	100,000	307,250
Total Net Assets	1,427,093	768,515
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,496,326</b>	<b>\$ 899,531</b>

The accompanying notes are an integral part of these financial statements.

**BLOOD:WATER MISSION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(with comparative totals for the year ended December 31, 2020)**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Total	2020 Total
<b>Revenue and support</b>				
Contributions	\$ 2,099,318	\$ -	\$ 2,099,318	\$ 2,108,935
Other income	118,423	-	118,423	75
Merchandise, net	1,877	-	1,877	1,876
Net assets released from restriction	207,250	(207,250)	-	-
Total revenue and support	<u>2,426,868</u>	<u>(207,250)</u>	<u>2,219,618</u>	<u>2,110,886</u>
<b>Expenses</b>				
Program	1,145,639	-	1,145,639	1,081,084
Management and general	168,519	-	168,519	145,462
Fundraising	246,882	-	246,882	174,389
Total expenses	<u>1,561,040</u>	<u>-</u>	<u>1,561,040</u>	<u>1,400,935</u>
Increase in net assets	865,828	(207,250)	658,578	709,951
Net assets, beginning of year	<u>461,265</u>	<u>307,250</u>	<u>768,515</u>	<u>58,564</u>
<b>Net assets, end of year</b>	<u><u>\$ 1,327,093</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$ 1,427,093</u></u>	<u><u>\$ 768,515</u></u>

The accompanying notes are an integral part of these financial statements.

**BLOOD: WATER MISSION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(with comparative totals for the year ended December 31, 2020)

	Program	Fundraising	Management and General	Total 2021	Total 2020
Accounting	\$ 5,704	\$ -	\$ 9,464	\$ 15,168	\$ 14,621
Advertising and promotion	11,268	-	11,268	22,536	6,252
Conferences, conventions, and meetings	5,640	-	974	6,614	588
Creative	32,835	51,143	-	83,978	3,167
Cultivation events	-	8,000	-	8,000	11,000
Depreciation expense	2,566	354	287	3,207	3,670
Employee benefits	60,026	13,358	16,658	90,042	72,544
Grants and other assistance	384,287	-	-	384,287	400,895
Legal	1,583	-	1,165	2,748	2,825
Occupancy	45,880	9,698	15,167	70,745	66,889
Office expenses	26,550	4,553	11,104	42,207	49,629
Other professional fees and services	52,455	14,987	10,118	77,560	80,917
Payroll taxes	56,486	8,510	4,343	69,339	59,802
Pension expense	7,063	1,936	988	9,987	5,723
Salaries	415,429	113,823	58,086	587,338	448,655
State registration fees	-	-	12,727	12,727	11,144
Technology	943	6,237	11,716	18,896	20,304
Travel	10,748	6,783	2,520	20,051	15,001
Membership dues	3,000	2,285	1,355	6,640	3,787
Printing and publications	23,176	5,215	579	28,970	34,305
Total Expenses	<u>\$ 1,145,639</u>	<u>\$ 246,882</u>	<u>\$ 168,519</u>	<u>\$ 1,561,040</u>	<u>\$ 1,400,935</u>

The accompanying notes are an integral part of these financial statements.

**BLOOD:WATER MISSION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(with comparative totals for the year ended December 31, 2020)**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 658,578	\$ 709,951
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	3,207	3,670
(Increase) decrease in inventory	(374)	993
Decrease in accounts receivable	7,250	7,250
Decrease in other receivable	12,428	36,153
Increase (decrease) in accounts payable	41,148	(11,657)
Net cash provided by operating activities	<u>722,237</u>	<u>746,360</u>
<b>Cash flows from investing activities</b>	-	-
<b>Cash flows from financing activities</b>		
(Payments on ) proceeds from loan	(102,931)	102,931
Payments on line of credit	-	(114,787)
Net cash used in financing activities	<u>(102,931)</u>	<u>(11,856)</u>
Net increase in cash and cash equivalents	619,306	734,504
Cash and cash equivalents, beginning of year	755,720	21,216
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 1,375,026</u></u>	<u><u>\$ 755,720</u></u>
Interest paid	<u><u>\$ -</u></u>	<u><u>\$ 8,682</u></u>

The accompanying notes are an integral part of these financial statements.



**BLOOD: WATER MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**  
**(with comparative totals as of December 31, 2020)**

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**NOTE 1--NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Blood: Water Mission, Inc. (the Organization) is a not-for-profit organization located in Nashville, Tennessee that operates an international nonprofit that partners with African community-driven organizations to end water and HIV/AIDS health disparities through organizational strengthening and financial support. All of the Organization's income is derived from donations from individuals, churches, companies, and foundations.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, revenue is recognized when earned, support and promises to give are recognized when received, and expenses are recorded when incurred.

The financial statement presentation follows the recommendations of the Financial Accounting Standard Board's Accounting Standard Codification 958 (FASB ASC 958). Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Financial position and activities are classified based on the existence or absence of donor restrictions as follows:

Net Assets without donor restrictions — Net assets that are not restricted by purpose or time either temporarily or perpetually by explicit donor stipulations or by law. Board designation does not constitute a donor restriction.

Net Assets with donor restrictions — Net assets that are restricted by purpose or time either temporarily or perpetually by explicit donor stipulations or by law.

At December 31, 2021 and December 31, 2020, the Organization had \$100,000 and \$307,250 in Net assets with donor restrictions respectively.

Donated Services

Donated services that require specialized skills and would be purchased if not provided by the donor are recognized as support and expenses based on the fair value of the services received. From time to time the Organization receives donated services from professional musicians for which the value is difficult to estimate. No amounts have been reflected in the financial statements for these services since they do not meet the criteria for recognition under the Financial Accounting Standard Board's Accounting Standard Codification 958 (FASB ASC 958).

**BLOOD: WATER MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**  
**(with comparative totals as of December 31, 2020)**

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**NOTE 1---NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contributions and Expenses

Expenses are classified functionally as a measure of service efforts and accomplishments. Direct expenses, incurred for a single function, are allocated entirely to that function. Joint expenses applicable to more than one function are allocated on the basis of objectively summarized information or management estimates

Use of Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash and all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Advertising & Promotion

Advertising and promotional costs are expensed as incurred. For the years ended December 31, 2021 and December 31, 2020, advertising and promotional expenses totaled \$22,536 and \$6,252 respectively .

Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. It is practicable for the Organization to estimate the amount of compensation for future absences; accordingly, the liability for compensated absences has been recorded in the accompanying financial statements under accrued liabilities.

Income Taxes

The Organization is a tax-exempt entity under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is considered necessary. The Organization has adopted the guidance in ASC 740 on accounting for uncertainty in income taxes. For all tax positions taken by the Organization, management believes the likelihood is greater than 50 percent that the full amount of the tax positions taken will be ultimately realized. The Organization incurred no interest or penalties during the year ended December 31, 2021.

**BLOOD: WATER MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**  
**(with comparative totals as of December 31, 2020)**

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**NOTE 1---NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property and Equipment

Fixed assets, consisting of office equipment and furniture and fixtures over \$700, are reflected in the statement of financial position at cost if purchased or fair value if contributed. Donated assets with donor stipulations as to specific purpose(s) are reported as restricted contributions until it is placed in the service for which it is restricted. Depreciation, which is reflected as an expense in the statement of activities, is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Leasehold improvements	15
Furniture and equipment	5—7
Intangibles (Software & Website)	3

Functional Expenses

Management allocates expenses on a functional basis among its various programs, including support services and fundraising activities. Expenses and support services that can be identified with a specific program are allocated directly to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

Merchandise Inventory

Merchandise inventory consists of items purchased for resale and are stated at lower of cost or market determined by the first-in-first-out (FIFO) method.

In-Kind Contributions

The Organization receives in-kind contributions which has consisted of food and drinks for fundraising events as professional sound equipment and stage lighting. There were no in-kind donations for both 2021 and 2020.

Summarized Prior Year Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should only be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

**BLOOD: WATER MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**  
**(with comparative totals as of December 31, 2020)**

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**NOTE 2---LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

	December 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 1,375,026	\$ 755,720
Grant receivable	-	7,250
Other receivables	90,261	102,689
Prepaid expenses	5,480	5,480
<b>Total financial assets</b>	<b>\$ 1,470,767</b>	<b>\$ 871,139</b>
 <b>Less assets unavailable for general expenditures within one year:</b>		
Restricted by donors with purpose restrictions	100,000	307,250
<b>Total assets unavailable for general expenditures within one year</b>	<b>100,000</b>	<b>307,250</b>
 <b>Financial assets available to meet cash needs for general expenditures within one year</b>	 <b>\$ 1,370,767</b>	 <b>\$ 563,889</b>

**NOTE 3---OTHER RECEIVABLE**

This represents donations transacted during the period and received via third party processors such as PayPal Classy to be deposited in the organization's bank account within 2-3 business days. The balance as of December 31, 2021 and December 31, 2020 was \$90,261 and \$102,689 respectively.

**BLOOD: WATER MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**  
**(with comparative totals as of December 31, 2020)**

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**NOTE 4---PROPERTY AND EQUIPMENT**

A summary of property and equipment was as follows as of December 31, 2021:

Computer equipment	\$ 36,030
Furniture and fixtures	129,408
Intangibles	4,002
Less: accumulated depreciation	<u>(150,802)</u>
Property and equipment, net	<u>\$ 18,638</u>

Depreciation expense for the year ended December 31, 2021 was \$3,207.

A summary of property and equipment was as follows as of December 31, 2020:

Computer equipment	\$ 36,030
Furniture and fixtures	129,408
Intangibles	4,002
Less: accumulated depreciation	<u>(147,595)</u>
Property and equipment, net	<u>\$ 21,845</u>

Depreciation expense for the year ended December 31, 2020 was \$3,670.

**NOTE 5---LINE OF CREDIT**

The Organization has a line of credit that allows for maximum borrowings of \$250,000 and bears a variable interest rate that is subject to change based on changes in an index which is the Prime Rate of the Lender. The index is currently at 5.75% per annum. The Organization had no outstanding balance on the line of credit as of December 31, 2021 and December 31, 2020 respectively.

**NOTE 6 -- PAYCHECK PROTECTION PROGRAM**

The Organization applied and received \$102,931 in loan proceeds pursuant to the Paycheck Protection Program ("PPP"), under the Coronavirus Aid Relief and Economic Security (CARES) Act. The PPP Loan is evidenced by a loan application and payment agreement by and between the Organization and Lender. Funding was received in April 2020. The term of the loan is for 60 months and matures on the fifth year anniversary from the date of funding. It bears interest at an annual rate of 1%. Upon meeting certain criteria as specified in the PPP program, the loan and accrued interest are eligible for partial or total forgiveness. The Organization accounted for the loan as debt when received and recognize the forgiven amount as revenue. The entire loan amount of \$102,931 was forgiven in June 2021.

**BLOOD: WATER MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**  
**(with comparative totals as of December 31, 2020)**

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**NOTE 7--NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions available for the specific purposes as of December 31, 2021 was \$100,000 for Partner Launch.

Net assets with donor restrictions were available for the following purposes as of December 31, 2020:

Partner Launch	\$ 250,000
Organizational Strengthening	50,000
Intern Program	<u>7,250</u>
Total	<u>\$ 307,250</u>

**NOTE 8--LEASE AGREEMENT**

The organization entered into a renewable lease agreement for its office space on May 1, 2013, for a term of sixty-two months. On February 10, 2017, the office space lease was amended so that an unrelated organization could lease half of the space and be responsible for one half of the lease agreement. The lease originally matured in May of 2018, and was renewed for a term of sixty months at a rate of three percent over the previous base year in each year of the option periods. The new lease matures on May 1, 2023. The Organization also has minor leases for a copier and other office equipment which totaled \$8,225 for the year. Total rent expense for the building was \$43,480 and \$42,354 for the years ended December 31, 2021 and December 31, 2020 respectively.

Future commitments for operating leases for the year ended December 31, 2021 was as follows:

2022	43,446
2023	<u>14,886</u>
Total	<u>\$ 58,332</u>

**BLOOD: WATER MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**  
**(with comparative totals as of December 31, 2020)**

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**NOTE 9---RETIREMENT PLAN**

The Organization has a Simple IRA retirement plan in which all employees who have received at least \$5,000 in compensation during any one prior year and reasonably expected to receive at least \$5,000 in compensation in the current year are eligible. Employees may contribute pre-tax deferrals up to \$13,500 for the year. The Organization adjusted their matching program to be on a calendar year basis. The Organization matched those deferrals up to 3% annually during the years ended December 31, 2021 and December 31, 2020. The Organization made \$9,987 and \$5,723 of matching contributions during the years ended December 31, 2021 and December 31, 2020 respectively.

**NOTE 10---SUBSEQUENT EVENTS**

The building leased by the Organization was sold and the lease referenced in Note 8 was mutually ended. The Organization signed a new one year for a new location effective February 15<sup>th</sup>, 2022 at a rate of \$3,000 monthly. There were no other subsequent events requiring disclosure as of July 20, 2022, the date management evaluated such events. The financial statements were available to be issued on July 20, 2022.