



LIVING WATER
INTERNATIONAL

2007

A N N U A L
R E P O R T



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Palmolein Oil

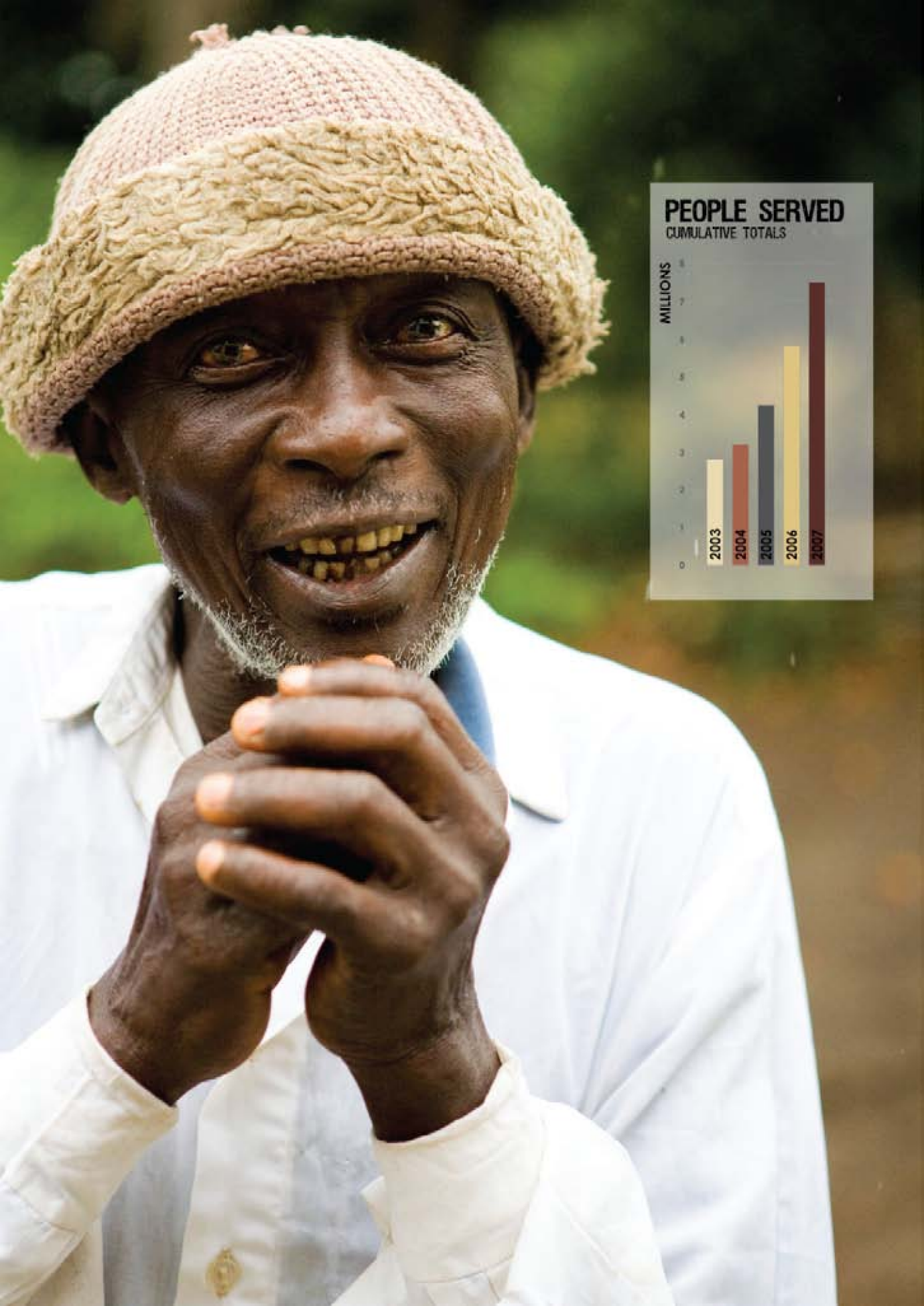
fortified with Vitamin A and D

Gift of Canada

WFP



World Food
Programme



PEOPLE SERVED

CUMULATIVE TOTALS



A MESSAGE TO OUR SUPPORTERS

One crisis seemed to follow another in 2007—food shortages, political unrest, natural disasters—but more than a billion people were affected by a crisis you probably didn't see on the nightly news. One in six people in our world are trapped in a situation that they can't escape without help. They lack access to the most basic stuff of life—safe, clean water. This fact dominates their existence. Think about it. If you spent hours each day walking to collect water, and had to deal with the reality of chronic water-borne diseases and parasites, looking beyond today would be almost impossible.

For 17 years, Living Water International has been working with communities that face this problem, helping them find creative solutions; we invite you to join us on this amazing journey.

As an organization, LWI had a landmark year in 2007. For the first time, our annual budget reached 9 million dollars. Our headquarters moved into a new building that dramatically dropped our operating expenses. But these things don't matter, except that they indicate to us that something is happening that is bigger than us. We're working to build God's kingdom, not ours.

During 2007, God has allowed our work to touch more lives and reach more people in Jesus' name than ever before, and we give him glory for all he has done. We are profoundly grateful for the prayers, financial support, and personal participation of our many friends and partners, all of which helped make the work possible.

In this report you will find a few highlights from the past year. As you read it, rejoice with us in what God has accomplished, and join us in praying that he will empower us to respond well to needs and opportunities that arise in the coming days.




Gary Evans
Executive Director


Jerry Wiles
President

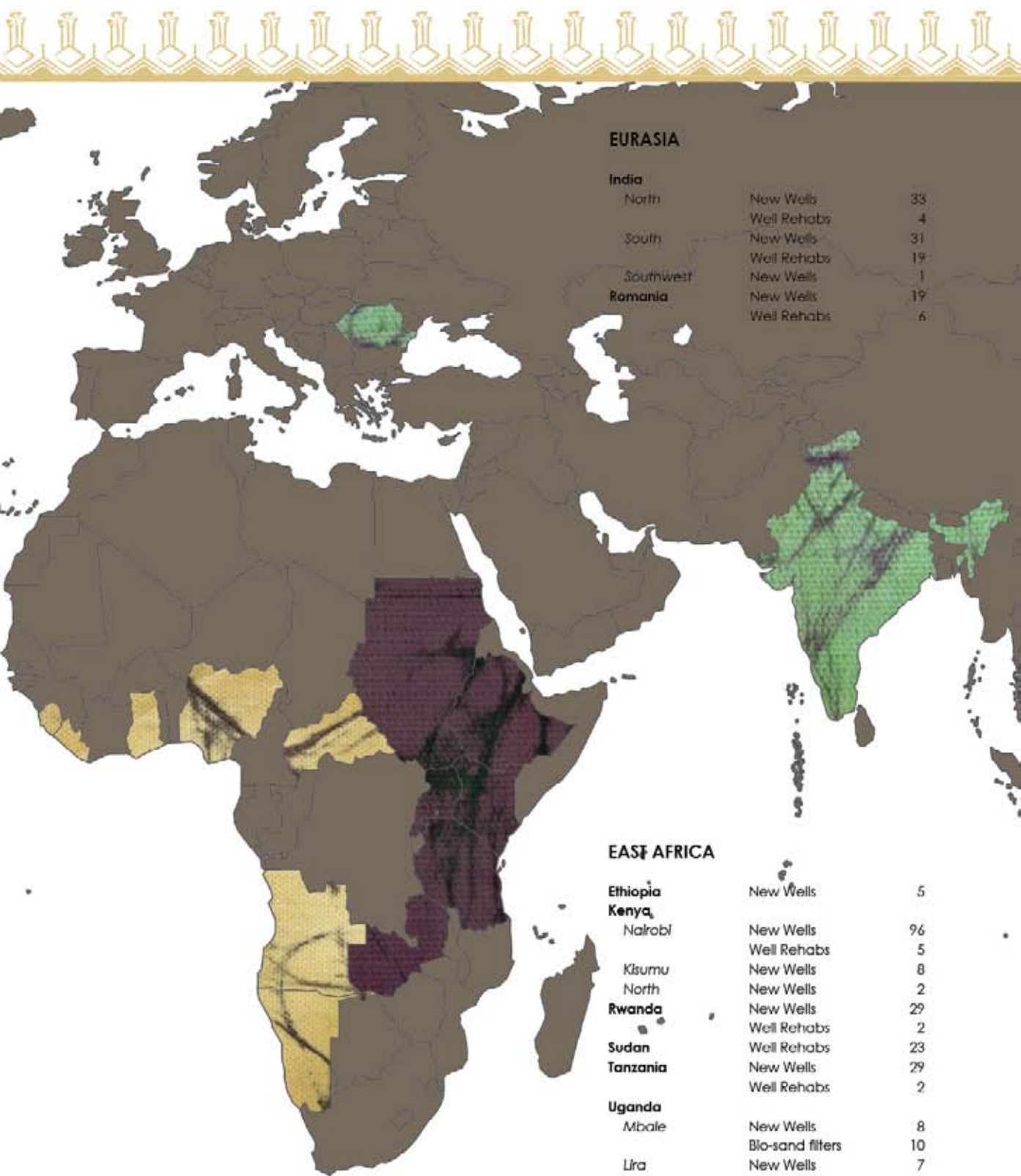
OUR PROJECTS IN 2007

LATIN AMERICA & THE CARIBBEAN

Brazil		
<i>The Pantanal</i>	Bio-sand Filters	246
<i>The Amazon</i>	New Wells	13
El Salvador	New Wells	35
	Well Rehabs	4
	Bio-sand Filters	340
Guatemala	New Wells	1
	Well Rehabs	2
Haiti		
<i>North</i>	New Wells	1
	Well Rehabs	67
<i>Leogane</i>	Well Rehabs	8
Honduras	New Wells	28
	Well Rehabs	7
	Bio-sand Filters	204
Mexico		
<i>North</i>	New Wells	20
	Well Rehabs	3
<i>Central</i>	New Wells	13
<i>South</i>	New Wells	5
<i>Southeast</i>	New Wells	6
	Well Rehabs	1
Nicaragua	New Wells	13
	Well Rehabs	6
Panama	New Wells	1
Peru	New Wells	31
	Well Rehabs	18

WEST AFRICA

Angola	New Wells	4
CAR (Central African Republic)	New Wells	45
	Well Rehabs	231
Ghana		
<i>Tema</i>	New Wells	53
	Well Rehabs	1
<i>Sunyani</i>	New Wells	4
	Well Rehabs	5
Liberia	New Wells	44
	Well Rehabs	15
Namibia	New Wells	26
	Well Rehabs	4
Nigeria	New Wells	29
	Well Rehabs	2
Sierra Leone	Well Rehabs	10







CENTRAL AMERICA

Central America is home to some of the world's poorest and most densely populated nations. According to USAID, more than half of the region's population live in rural areas, and two-thirds survive on less than \$2 per day.

The region spent most of the 1990s recovering from authoritarian rule—or civil wars, in the cases of Guatemala, El Salvador, Nicaragua, and Panama—and is still dealing with the aftershocks. El Salvador suffered through one of the most brutal conflicts. From 1979 to 1992, civil war tore the country apart, resulting in more than 75,000 deaths and more than a million refugees. No village was left untouched. Almost every family lost members during the terrible violence; today many young Salvadorans grow up missing parents, grandparents, aunts, or uncles.

Across Central America, life is made complicated by the torrential rains that put tens of thousands of people at risk of flooding each year, and often have devastating consequences. High water levels wash contamination into open wells, and put children at risk of being drowned as they gather water from rivers and streams.

Marañóneda is a village of 450 in southwest El Salvador, and was settled at the very end of the civil war. Children make up almost 75 percent of the population. Most of the people use hand-dug wells, but the water is contaminated by sewage from nearby latrines. Most of the families catch just enough fish or grow just enough corn to survive. Some of the villagers—the fortunate ones—occasionally get to work part of the year harvesting sugar cane, which pays almost \$4 per day.

Drinking contaminated water caused serious health problems for the community; the children, in particular, suffered from parasites and dysentery. Chronic diarrhea was so common that many people thought it was normal. "The children are the future of the community and need to be healthy," said Magdeleno, Marañóneda's leader, as he stressed the need for a clean water solution in the village.

In July of 2007, a team of volunteers, under the direction of LWI El Salvador, came to Marañóneda to help them solve their water problem. While the drilling crew worked to complete a deep, new well, others played with the children, and taught lessons in basic health and hygiene.

After a few months with clean water, the change in Marañóneda was dramatic. Guadalupe Enrique is a mother of six and grandmother to 25 of the children that play in the road that runs through the village. "Now, the most common sickness is the flu, not diarrhea," she says happily, cradling one of her youngest family members in her arms.

Magdeleno couldn't stop smiling. "Now with the well, I think the whole world is better."



WEST AFRICA



Hope is alive in West Africa despite the hard times the region has seen in the past decade. In 2007 the region faced unprecedented food shortages. The situation became critical in summer, when food reserves ran low leading up to the harvest that took place in mid-September and October.

Shortages were made worse by floods which damaged farms and crops, and washed away cattle. An estimated 800,000 people in 14 countries were affected by the flooding. More than 200 died, and tens of thousands were left homeless.

These were the worst floods seen in West Africa in 30 years. The worst-hit country was Ghana, where 333,000 people were affected. LWI Ghana scrambled to help by fixing contaminated wells and repairing broken hand pumps in the most devastated communities. Other countries struck by severe floods included Senegal, Nigeria, Sierra Leone, and Liberia.

Liberia is home to more than 3 million people, and still struggles to recover from the other common disaster in West Africa—civil war. Liberia's 14-year civil war left 250,000 dead and forced more than half the nation's population to flee their homes.

Many communities lost their water sources during the conflict. Factions would often contaminate the water supply of a village that they thought sympathized with their enemies; there are many reports of dead bodies being thrown into open, hand-dug wells to contaminate them.

Some communities were vulnerable to begin with; Gbenneth Hill Town was one of these. This village, in the western part of Liberia, had been in desperate need of clean water for as long as anyone could remember. It was worst during the long dry season, when the water hole dried up, and villagers—including children—had to walk more than ten miles to another village for water. Gbenneth Hill was trapped in a vicious cycle. Hours upon hours of fetching water—along with time lost to sickness—meant that kids couldn't go to school, and adults couldn't work.



In 2007, Varney—the village chief—was determined to find an alternative water source before the next dry season began, and organized the men of the village to dig a well by hand. At 20 feet, the diggers struck a layer of rock and were forced to give up.

A few weeks later, LWI's Liberian team came to Gbenneth Hill, and worked with Chief Varney to solve the water problem. The drilling crew went to work installing a well near the center of the village.

"Since using this water, we have not experienced sickness like diarrhea and cholera," Chief Varney reported a few months later. "Thank God for providing safe drinking water for us in this community. Living Water brought this water... safe drinking water... to us, here."





A map of East Africa is shown in the top left corner, with the region highlighted in a dark purple color. The map is set against a background of a repeating geometric pattern in shades of yellow and brown.

EAST AFRICA

The last year was a particularly trying one for the people of East Africa. Floods during the rainy season were the worst in decades, affecting an estimated 1 million people across the region. The countries affected by the flooding were Uganda, Sudan, Ethiopia, Kenya, and Rwanda, where the areas hardest hit were still recovering from the widespread flooding of the 2006 rainy season. Uganda and Sudan bore the brunt, with around 300,000 people affected in Uganda and more than half a million in Sudan.

Homes, roads, and bridges were washed away. Food stocks, crops, and livestock were destroyed, creating food shortages and damaging people's ability to make a living. A shortage of clean drinking water raised the threat of waterborne diseases.

Flooding was far from the only problem in the region. Several nations continued to suffer from instability and violence. The shaky treaty between the Sudanese government in Khartoum and the provisional government in the south seemed to be in danger of collapse. The people of Darfur continued to suffer from the brutal clashes that plague the region. Unexpected violence surrounded Kenya's December elections and led LWI to halt operations in the country.

Northern Uganda continues to recover from a brutal, two-decade insurgency by a cult-like rebel group. The Lord's Resistance Army (LRA) became notorious for massacring civilians, mutilating survivors, and kidnapping children for use as soldiers and sex slaves. The level of violence decreased in 2007, but more than 700,000 displaced people still live in overcrowded camps in the war-torn north of Uganda, unable to safely return to their homes.

One such camp is Koro, near the town of Gulu. In Koro, four hand pumps provided water for the entire population of the camp, which had reached 14,000 at one point. One by one, the pumps were operated 24 hours a day, 7 days a week, until they broke down. Without training or empowerment, the people were out of options. When the LWI team arrived in Koro, the community was down to one functioning pump. Its water was contaminated by run-off from a nearby latrine.

As the team began repairing Koro's broken wells, crowds gathered. One curious woman named Joysee wanted to know what was going on. When she heard that the wells would be fixed, a smile spread from ear to ear. "We have been suffering a very long time," she said.

The people who live in Koro have already been robbed of their homes; without water, they are also robbed of their dignity. Without water, people like Joysee are unable to look past today. LWI builds relationships with these communities, loving them in the name of Jesus. Water committees are established and strengthened. Local people are trained to maintain and repair their own systems. Water today will mean water tomorrow—and beyond.



INDIA



Although India continues to experience phenomenal economic growth, hundreds of thousands of people in many parts of the country continue to have their health compromised by factors including poverty, conflict, and neglected tropical disease.

India is a massive country with a population of more than a billion people and an incredible diversity of landscape, religion, language, customs, and wealth. In the world's most populous democracy there are enormous divides between rich and poor, with over 26 percent of the population living in abject poverty. Women, the elderly, the disabled, and people from the lowest Hindu caste (known as Dalits) make up the largest proportion of poor people. There are vast numbers of people in India living without sanitation and clean water. For every 1,000 children, 90 die before their fifth birthday, mostly from preventable conditions like diarrhea.

In July of 2007, monsoon season brought devastating floods to much of northern and central India, resulting in nearly 4,000 deaths. The states hardest hit were Bihar, Assam, Orissa, Uttar Pradesh, and West Bengal. The floods forced millions of people from their homes and posed a serious threat to the wellbeing and economic survival of about 59 million people.

Flooding is an annual event in the northern Indian state of Uttar Pradesh, although it is not generally this extreme. During the dry season, many communities have the opposite problem; even good wells may dry up as the water table drops, causing villagers to resort to heavily-contaminated water from the river.

This was the situation in Bhaktupur, a village near the city of Varanasi. "I had to walk a kilometer to the nearest well to get drinking water, and that well dries up in the summer," said a young man named Vakil.

There was much rejoicing when LWI India's crew arrived in Bhaktupur, and much interest as they began drilling the well—particularly among the littlest members of the community. When the well was complete, the village chief dedicated the well to the village in the name of Jesus. Mahesh Pal, a father of three, told the LWI crew, "We were drinking contaminated water from an open well. We want to thank those who have given this good gift of love by providing clean drinking water for our families and for our community. May God bless you."



The people of Bhaktupur were also trained in basic health and hygiene practices, and cases of water-related disease have dropped noticeably.

LWI is at work in 10 of India's 28 states, and often partners with churches to provide water for the underprivileged in areas where religious or caste discrimination is taking place. LWI India has also developed a partnership with several hospitals, reaching out to communities that face severe health disadvantages due to contaminated water.



2007 INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Living Water International:

We have audited the accompanying statements of financial position of Living Water International (LWI) as of December 31, 2007 and 2006 and the related statements of activities, of functional expenses, and of cash flows for the years then ended. These financial statements are the responsibility of the management of LWI. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LWI as of December 31, 2007 and 2006 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

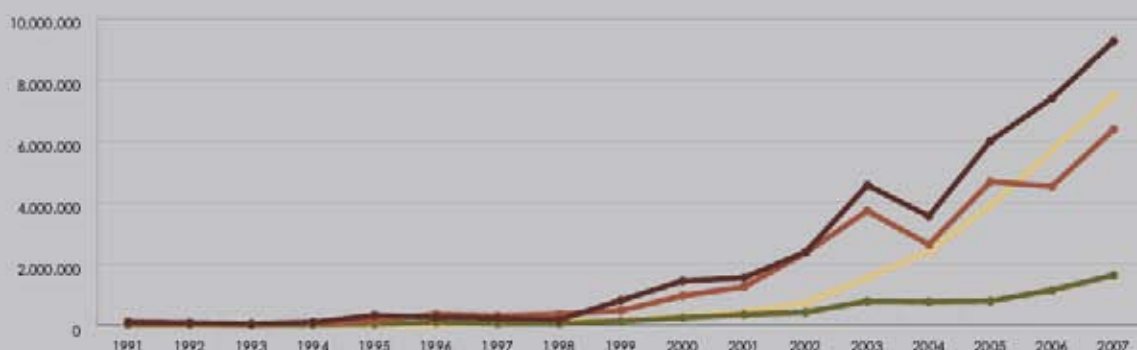
In accordance with Government Auditing Standards, we have also issued a report dated May 7, 2008, on our consideration of LWI's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Blazek & Vetterling

Blazek & Vetterling LLP
May 7, 2008

PERFORMANCE SINCE INCEPTION

■ Revenue (\$) ■ Program Services (\$) ■ Development & Administration (\$) ■ Total People Served



STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2007 (WITH COMPARATIVE TOTALS FOR 2006)

	2007	2006
Assets		
Cash and cash equivalents (Note 2)	\$ 1,989,942	\$ 2,451,716
Accounts receivable	133,821	62,100
Pledges receivable	791,604	542,001
Prepaid expenses and other assets	268,735	81,237
Note receivable (Note 3)	336,768	390,380
Property and equipment, net (Note 4)	2,924,936	275,304
Total Assets	\$ 6,445,806	\$ 3,802,738
Liabilities And Net Assets		
Liabilities:		
Accounts payable	\$ 436,962	\$ 78,806
Accrued expenses	105,015	
Deferred government grant revenue		258,219
Notes payable (Note 5)	391,713	541,736
Total liabilities	\$ 972,606	983,776
Net assets:		
Unrestricted	4,197,618	1,879,849
Temporarily restricted (Note 6)	1,275,582	939,113
Total net assets	\$ 5,473,200	2,818,962
Total Liabilities And Net Assets	\$ 6,445,806	\$ 3,802,738

See accompanying notes to financial statements.

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2007 (WITH COMPARATIVE TOTALS FOR 2006)

	2007			2006
	Unrestricted	Temporarily Restricted	Total	Total
Revenue:				
Contributions (Note 8)	\$ 2,553,977	\$ 6,679,381	\$ 9,233,358	\$ 5,545,248
Special events	1,067,134	700,000	1,767,134	1,437,643
Government grants	715,257		715,257	431,005
Rental income (Note 9)	108,843		108,843	
Training fees	40,415		40,415	35,833
Other income	81,047		81,047	10,924
Total revenue	4,566,673	7,379,381	11,946,054	7,460,653
Net assets released from restrictions:				
Program expenditures	4,838,924	(4,838,924)		
Property and equipment expenditures	2,203,988	(2,203,988)		
Total	11,609,585	336,469	11,946,054	7,460,653
Expenses:				
Program expenses:				
Water well programs	7,452,404		7,452,404	4,212,067
Training and hygiene	114,561		114,561	95,725
Medical ministries	57,659		57,659	225,223
Total program expenses (Note 10)	7,624,624		7,624,624	4,533,015
Management and general	611,634		611,634	477,990
Fundraising:				
Special events	128,088		128,088	56,585
Direct donor benefits	68,307		68,307	43,513
Other fundraising	859,163		859,163	606,791
Total fundraising	1,055,558		1,055,558	706,889
Total expenses	9,291,816		9,291,816	5,717,894
Changes in net assets	2,317,769	336,469	2,654,238	1,742,759
Net assets, beginning of year	1,879,849	939,113	2,818,962	1,076,203
Net assets, end of year	\$ 4,197,618	\$ 1,275,582	\$ 5,473,200	2,818,962

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2007 (WITH COMPARATIVE TOTALS FOR 2006)

	2007	2006
Cash Flows From Operating Activities:		
Changes in net assets	\$ 2,654,238	\$ 1,742,759
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	107,228	52,867
Contributions restricted for building purchase	(2,203,988)	
Contributions of property and equipment	(5,500)	(5,185)
Changes in operating assets and liabilities:		
Accounts receivable	(71,721)	(58,795)
Pledges receivable	(249,603)	(293,482)
Prepaid expenses and other assets	(187,498)	4,789
Accounts payable	358,156	(41,592)
Accrued expenses	38,916	86,994
Deferred government grant revenue	(258,219)	252,219
Net cash provided by operating activities	182,009	1,740,574
Cash Flows From Investing Activities:		
Funding of note receivable		(390,380)
Proceeds from collection of note receivable	53,612	
Purchase of property and equipment	(2,725,360)	(52,216)
Proceeds from the sale of property and equipment		2,000
Net cash used by investing activities	(2,671,748)	(440,596)
Cash Flows From Financing Activities:		
Proceeds of contributions restricted for building purchase	2,203,988	
Proceeds from notes payable	1,035,859	482,365
Repayments of notes payable	(1,211,882)	(168,609)
Net cash provided (used) by financing activities	2,027,965	313,756
Net Change In Cash And Cash Equivalents	(461,774)	1,613,734
Cash and cash equivalents, beginning of year	2,451,716	837,982
Cash and cash equivalents, end of year	\$ 1,989,942	\$ 2,451,716
Supplemental disclosure of cash flow information:		
Interest paid	\$ 65,720	\$ 24,460
Equipment purchased with a note payable	\$ 26,000	\$ 57,000
Contribution of marketable securities	\$ 832,000	

See accompanying notes to financial statements.

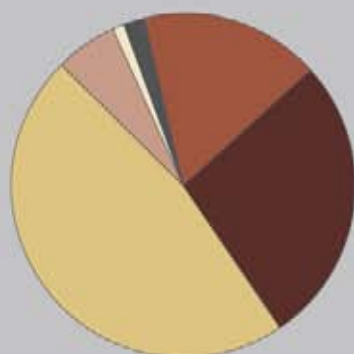
STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2007 (WITH COMPARATIVE TOTALS FOR 2006)

	Water Well Programs	Training & Hygiene	Medical Ministries	Total Program Expenses
Water projects and other programs	\$ 4,979,924			\$ 4,979,924
Salaries and related benefits	752,470	\$ 35,739		788,209
Travel, meals, and lodging	853,215	33,714		886,929
Direct mail and related expenses				
Materials and supplies	197,518	42,418	\$ 57,659	297,595
Contract labor	146,242	133		146,375
Professional fees	35,764			35,764
License permits and fees	90,728	40		90,768
Leases and rentals	101,720			101,720
Depreciation	47,281			47,281
Postage and shipping	84,124	229		84,353
Interest and finance charges				
Telephone	41,437			41,437
Printing and reproduction	23,151	201		23,352
Insurance	35,017	1,420		36,437
Utilities	23,693			23,693
Repairs and maintenance	20,765	667		21,432
Dues and subscriptions	6,500			6,500
Credit card and bank fees				
Advertising				
Other	12,855			12,855
Total expenses	\$ 7,452,404	\$ 114,561	\$ 57,659	\$ 7,624,624

See accompanying notes to financial statements.

2007 REVENUE

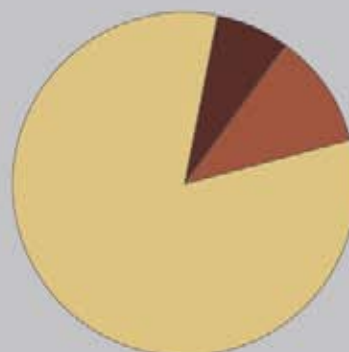


47% Individuals	\$5,656,367
27% Churches & Schools	\$3,208,914
17% Corporations	\$2,034,835
6% Government Grants	\$715,257
2% Other	\$230,305
1% In-Kind	\$100,376

Management & General	Fundraising	2007 Total	2006 Total
		\$ 4,979,924	\$ 2,920,293
\$ 345,549	\$ 390,099	1,523,857	1,264,549
4,856	70,299	962,084	679,385
	409,810	409,810	123,627
22,076	34,522	354,193	192,469
		146,375	82,992
53,225	43,855	132,844	57,129
24,892	4,009	119,669	23,989
8,490	6,523	116,733	58,268
40,806	19,141	107,228	52,867
3,022	14,718	102,093	20,571
63,488		63,488	26,691
5,776	10,604	57,817	35,138
4,837	28,780	56,969	41,019
3,884	6,330	46,651	26,737
10,345	7,891	41,929	18,863
13,727	4,456	39,615	14,966
2,850	4,137	13,487	23,410
			13,471
			2,940
3,811	384	17,050	38,520
\$ 611,634	\$ 1,055,558	\$ 9,291,816	\$ 5,717,894



- 82% Programs \$7,624,624
- 11% Development \$1,055,558
- 7% Administration \$611,634



2007 EXPENSES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007 (WITH COMPARATIVE TOTALS FOR 2006)

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Living Water International (LWI) was organized as a Texas nonprofit corporation in 1990. LWI exists to demonstrate the love of God by providing desperately needed clean water and medical attention, along with the Living Water of the Gospel of Jesus Christ, which alone satisfies the deepest thirst. LWI's services are provided in developing countries. The goal is to provide services by establishing independent non-profit organizations in the country being served. In countries where LWI has not yet established a relationship with a non-profit organization, LWI provides support to individuals or groups who work to further the ministries.

Tax status – LWI is exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and 170(b)(1)(A)(vi).

Net asset classification – Contributions and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations even though their use may be limited in other respects, such as by contract or board designation.
- *Temporarily restricted net assets* include contributions restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Cash equivalents include highly liquid investments with original maturities of three months or less.

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable at December 31, 2007 are due within one year.

Property and equipment is stated at cost, if purchased, or at estimated fair value at the date of the gift, if donated. Property and equipment purchases over \$5,000 are capitalized. Depreciation is calculated on a straight line basis over estimated useful lives of 5 to 7 years.

Fees for service – Government grant revenue and training fees are recognized in the period in which the related services are provided. Amounts received for future training sessions or unexpended government grant advances are

included in financial statements as deferred revenue.

Contributions are recorded as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are recorded as restricted support. Conditional contributions are recognized in the same manner when the conditions are substantially met.

Contributed materials and services are recorded at fair value when an unconditional commitment is received from the donor. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration and fundraising for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the reported revenues and expenses, and the allocation of expenses among functions. Actual results could vary from the estimates that were used.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2007	2006
Demand deposits	\$ 735,515	\$ 610,206
Money market funds	1,254,427	1,841,510
Total cash and cash equivalents	<u>\$ 1,989,942</u>	<u>\$ 2,451,716</u>

Bank deposits exceed the federally insured limit of \$100,000 per depositor per institution.

NOTE 3 – NOTE RECEIVABLE

During 2006, LWI entered into a note receivable from Living Water International-Kenya for approximately \$390,000 collateralized by equipment and to be repaid over 10 years.

NOTE 4 – CONDITIONAL CONTRIBUTION

At December 31, 2007, LWI had a conditional pledge of approximately \$2,000,000. The gift was conditional upon certain matching requirements that had not been met and will be recognized once the conditions have been met.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2007</u>	<u>2006</u>
Land	\$ 310,000	
Building and improvements	2,353,567	
Drilling equipment	225,815	\$ 205,312
Office and computer equipment	116,062	117,843
Vehicles	70,865	70,865
Furniture and fixtures	96,331	24,919
Total property and equipment, at cost	3,172,640	418,939
Accumulated depreciation	(247,704)	(143,635)
Property and equipment, net	<u>\$ 2,924,936</u>	<u>\$ 275,304</u>

NOTE 6 – NOTES PAYABLE AND COMMITMENTS

Notes payable consist of the following:

	<u>2007</u>	<u>2006</u>
Note payable to the Overseas Private Investment Corporation payable in semi-annual installments, with an interest rate of 5.47%, due June 2017.	\$ 178,947	\$ 200,000
Note payable to the Overseas Private Investment Corporation payable in semi-annual installments, with an interest rate of 5.72%, due June 2016.	178,947	200,000
Note payable to an individual for equipment, payable in monthly installments, with an interest rate of 4.7%.		46,964
Note payable to the Overseas Private Investment Corporation payable in semi-annual installments, with an interest rate of 6.76%, due July 2007.		33,334
Other equipment financing arrangements.	33,819	61,438
Total	<u>\$ 391,713</u>	<u>\$ 541,736</u>

Principal payments at December 31, 2007 are scheduled to be paid as follows:

2008	\$ 75,536
2009	42,494
2010	42,106
2011	42,106
2012	42,106
Thereafter	147,365
Total	<u>\$ 391,713</u>

NOTE 7 – TEMPORARILY RESTRICTED ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2007</u>	<u>2006</u>
Water well projects	\$ 1,269,773	\$ 808,269
Building projects		59,651
Future periods		25,000
Faith support		21,538
Training facilities		16,000
Other	<u>5,809</u>	<u>8,655</u>
Total temporarily restricted net assets	<u>\$ 1,275,582</u>	<u>\$ 939,113</u>

NOTE 8 – NON-CASH CONTRIBUTIONS

LWI recognized the following non-cash contributions which are recorded as revenue and program expense:

	<u>2007</u>	<u>2006</u>
Equipment for water projects	\$ 56,923	\$ 69,397
Office equipment	<u>21,044</u>	
Medical supplies	<u>12,059</u>	199,481
Other	<u>10,350</u>	<u>7,180</u>
Total non-cash contributions	<u>\$ 100,376</u>	<u>\$ 276,058</u>

NOTE 9 – RENTAL INCOME

LWI leases office space to tenants under noncancelable operating leases. The future minimum rental income at December 31, 2007, is as follows:

2008	\$ 141,732
2009	<u>59,055</u>
Total	<u>\$ 200,787</u>

NOTE 10 – EXPENDITURES IN DEVELOPING COUNTRIES

LWI provides services in developing countries by providing support to independent non-profit organizations that have missions and goals similar to those of LWI. A list of these affiliated non-profit organizations is as follows:

<u>Country</u>	<u>Name of Organizations</u>
Angola	By Provision
Brazil	Amazon Charities and Amazon Outreach
Central African Republic	Integrated Community Development International
El Salvador	Agua Viva Internacional
Ethiopia	Kale Heywet Church Water Program
Ghana	APF/Living Waters Ministries/African Assistance Plan
Haiti	New Life Missions International
Honduras	Agua Viva Internacional
India	Sampurn Development India and Living Water – India
Kenya	Living Water International – Kenya/Serve International
Liberia	Living Water International – Liberia
Malawi	Child Legacy
Mexico	LWI-Mexico
Namibia	By Provision
Nigeria	Relief Network Ministries
Panama	Federacion of Christian Medical Social (FCMS)
Peru	Tommy Head Peru Ministries
Romania	East Lifewater
Rwanda	Living Water International – Rwanda
Uganda	Divine Waters/Life Giving Water
Zambia	Water for the Oppressed

Program expenses by country are as follows:

	2007	2006
Kenya	\$ 1,164,098	\$ 842,416
Rwanda	932,013	119,578
Liberia	570,575	659,748
El Salvador	567,314	479,063
United States (Training conferences)	522,729	471,592
Central Africa Republic	493,407	105,472
Honduras	348,941	222,914
Guatemala	348,576	292,351
Nicaragua	304,128	236,312
Peru	290,881	131,350
Mexico	264,653	105,226
India	239,793	65,434
Sudan	228,711	41,541
Tanzania	225,650	26,346
Uganda	173,697	24,652
Nigeria	173,149	44,214
Haiti	166,372	66,127
Ghana	123,201	39,068
Ethiopia	99,702	199,475
Angola	77,820	72,118
Namibia	74,641	
Brazil	67,696	4,843
Romania	46,795	68,832
Indonesia	46,164	6,362
Sierra Leone	29,281	
Other	24,637	207,981
Total	<u>\$ 7,624,624</u>	<u>\$ 4,533,015</u>



Living Water International is a member of the Evangelical Council for Financial Accountability.



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Living Water International exists
to demonstrate the love of God
by helping communities acquire
desperately needed clean water,
and experience "living water"—
the gospel of Jesus Christ—which
alone satisfies the deepest thirst.





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