

**Living Water International**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2008 and 2007

# Blazek & Vetterling

CERTIFIED PUBLIC ACCOUNTANTS

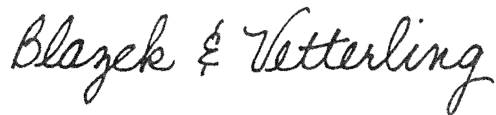
## Independent Auditors' Report

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, 2008 and 2007 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, 2008 and 2007 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.



May 28, 2009

## Living Water International

Statements of Financial Position as of December 31, 2008 and 2007

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|   | <u>2008</u>         | <u>2007</u>         |
|---|---------------------|---------------------|
| ASSETS  |                     |                     |
| Cash and cash equivalents ( <i>Note 3</i> )   | \$ 3,356,372        | \$ 1,989,942        |
| Accounts receivable                           | 37,700              | 133,821             |
| Pledges receivable ( <i>Note 4</i> )          | 2,164,371           | 791,604             |
| Prepaid expenses and other assets             | 242,601             | 268,735             |
| Note receivable                               |                     | 336,768             |
| Property and equipment, net ( <i>Note 5</i> ) | <u>2,874,505</u>    | <u>2,924,936</u>    |
| TOTAL ASSETS                                  | <u>\$ 8,675,549</u> | <u>\$ 6,445,806</u> |
| LIABILITIES AND NET ASSETS                    |                     |                     |
| Liabilities:                                  |                     |                     |
| Accounts payable                              | \$ 462,560          | \$ 459,462          |
| Accrued expenses                              | 115,438             | 79,920              |
| Other liabilities                             | 29,875              | 41,511              |
| Notes payable ( <i>Note 6</i> )               | <u>338,669</u>      | <u>391,713</u>      |
| Total liabilities                             | <u>946,542</u>      | <u>972,606</u>      |
| Net assets:                                   |                     |                     |
| Unrestricted                                  | 4,469,934           | 4,197,618           |
| Temporarily restricted ( <i>Note 7</i> )      | <u>3,259,073</u>    | <u>1,275,582</u>    |
| Total net assets                              | <u>7,729,007</u>    | <u>5,473,200</u>    |
| TOTAL LIABILITIES AND NET ASSETS              | <u>\$ 8,675,549</u> | <u>\$ 6,445,806</u> |

See accompanying notes to financial statements.

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# Living Water International

Statement of Activities for the year ended December 31, 2008

|   | UNRESTRICTED        | TEMPORARILY<br>RESTRICTED | TOTAL               |
|---|---------------------|---------------------------|---------------------|
| REVENUE:                                  |                     |                           |                     |
| Contributions ( <i>Note 9</i> )           | \$ 5,048,747        | \$ 8,425,780              | \$13,474,527        |
| Special events                            | 1,679,847           | 128,107                   | 1,807,954           |
| Government grants                         | 27,741              |                           | 27,741              |
| Rental income                             | 137,036             |                           | 137,036             |
| Training fees                             | 51,003              |                           | 51,003              |
| Other income                              | <u>37,450</u>       |                           | <u>37,450</u>       |
| Total revenue                             | 6,981,824           | 8,553,887                 | 15,535,711          |
| Net assets released from restrictions:    |                     |                           |                     |
| Program expenditures                      | <u>6,570,396</u>    | <u>(6,570,396)</u>        |                     |
| Total                                     | <u>13,552,220</u>   | <u>1,983,491</u>          | <u>15,535,711</u>   |
| EXPENSES:                                 |                     |                           |                     |
| Program expenses:                         |                     |                           |                     |
| Water well programs                       | 11,094,973          |                           | 11,094,973          |
| Training and hygiene                      | <u>124,908</u>      |                           | <u>124,908</u>      |
| Total program expenses ( <i>Note 10</i> ) | <u>11,219,881</u>   |                           | <u>11,219,881</u>   |
| Management and general                    | <u>704,546</u>      |                           | <u>704,546</u>      |
| Fundraising:                              |                     |                           |                     |
| Direct donor benefits                     | 86,373              |                           | 86,373              |
| Other fundraising                         | <u>1,269,104</u>    |                           | <u>1,269,104</u>    |
| Total fundraising                         | <u>1,355,477</u>    |                           | <u>1,355,477</u>    |
| Total expenses                            | <u>13,279,904</u>   |                           | <u>13,279,904</u>   |
| CHANGES IN NET ASSETS                     | 272,316             | 1,983,491                 | 2,255,807           |
| Net assets, beginning of year             | <u>4,197,618</u>    | <u>1,275,582</u>          | <u>5,473,200</u>    |
| Net assets, end of year                   | <u>\$ 4,469,934</u> | <u>\$ 3,259,073</u>       | <u>\$ 7,729,007</u> |

*See accompanying notes to financial statements.*

## Living Water International

Statement of Activities for the year ended December 31, 2007

|   | UNRESTRICTED        | TEMPORARILY<br>RESTRICTED | TOTAL               |
|---|---------------------|---------------------------|---------------------|
| REVENUE:                                |                     |                           |                     |
| Contributions <i>(Note 9)</i>           | \$ 2,553,977        | \$ 6,679,381              | \$ 9,233,358        |
| Special events                          | 1,067,134           | 700,000                   | 1,767,134           |
| Government grants                       | 715,257             |                           | 715,257             |
| Rental income                           | 108,843             |                           | 108,843             |
| Training fees                           | 40,415              |                           | 40,415              |
| Other income                            | <u>81,047</u>       |                           | <u>81,047</u>       |
| Total revenue                           | 4,566,673           | 7,379,381                 | 11,946,054          |
| Net assets released from restrictions:  |                     |                           |                     |
| Program expenditures                    | 4,838,924           | (4,838,924)               |                     |
| Property and equipment purchases        | <u>2,203,988</u>    | <u>(2,203,988)</u>        |                     |
| Total                                   | <u>11,609,585</u>   | <u>336,469</u>            | <u>11,946,054</u>   |
| EXPENSES:                               |                     |                           |                     |
| Program expenses:                       |                     |                           |                     |
| Water well programs                     | 7,452,404           |                           | 7,452,404           |
| Training and hygiene                    | 114,561             |                           | 114,561             |
| Medical ministries                      | <u>57,659</u>       |                           | <u>57,659</u>       |
| Total program expenses <i>(Note 10)</i> | <u>7,624,624</u>    |                           | <u>7,624,624</u>    |
| Management and general                  | <u>611,634</u>      |                           | <u>611,634</u>      |
| Fundraising:                            |                     |                           |                     |
| Direct donor benefits                   | 68,307              |                           | 68,307              |
| Other fundraising                       | <u>987,251</u>      |                           | <u>987,251</u>      |
| Total fundraising                       | <u>1,055,558</u>    |                           | <u>1,055,558</u>    |
| Total expenses                          | <u>9,291,816</u>    |                           | <u>9,291,816</u>    |
| CHANGES IN NET ASSETS                   | 2,317,769           | 336,469                   | 2,654,238           |
| Net assets, beginning of year           | <u>1,879,849</u>    | <u>939,113</u>            | <u>2,818,962</u>    |
| Net assets, end of year                 | <u>\$ 4,197,618</u> | <u>\$ 1,275,582</u>       | <u>\$ 5,473,200</u> |

*See accompanying notes to financial statements.*

## Living Water International

Statement of Functional Expenses for the year ended December 31, 2008

| EXPENSES                          | WATER WELL<br>PROGRAMS | TRAINING<br>AND HYGIENE | TOTAL<br>PROGRAM<br>EXPENSES | MANAGEMENT<br>AND GENERAL | FUNDRAISING  | TOTAL        |
|-----------------------------------|------------------------|-------------------------|------------------------------|---------------------------|--------------|--------------|
| Water projects and other programs | \$ 7,414,151           |                         | \$ 7,414,151                 |                           |              | \$ 7,414,151 |
| Salaries and related benefits     | 1,192,434              | \$ 65,531               | 1,257,965                    | \$ 455,633                | \$ 723,209   | 2,436,807    |
| Travel, meals, and lodging        | 1,126,729              | 31,829                  | 1,158,558                    | 9,657                     | 205,218      | 1,373,433    |
| Materials and supplies            | 510,311                | 20,418                  | 530,729                      | 33,623                    | 54,214       | 618,566      |
| Professional fees                 | 95,707                 |                         | 95,707                       | 51,122                    | 125,352      | 272,181      |
| Contract labor                    | 164,098                | 1,200                   | 165,298                      | 9,043                     | 40,089       | 214,430      |
| License permits and fees          | 90,544                 |                         | 90,544                       | 29,166                    | 44,649       | 164,359      |
| Depreciation                      | 79,104                 |                         | 79,104                       | 26,419                    | 26,568       | 132,091      |
| Postage and shipping              | 97,288                 | 581                     | 97,869                       | 6,989                     | 16,091       | 120,949      |
| Repairs and maintenance           | 72,274                 | 300                     | 72,574                       | 16,076                    | 9,722        | 98,372       |
| Printing and reproduction         | 12,291                 | 4,011                   | 16,302                       | 4,291                     | 57,903       | 78,496       |
| Insurance                         | 59,555                 | 1,011                   | 60,566                       | 6,247                     | 8,799        | 75,612       |
| Leases and rentals                | 61,543                 | 27                      | 61,570                       | 7,313                     | 5,972        | 74,855       |
| Telephone                         | 42,403                 |                         | 42,403                       | 7,467                     | 18,377       | 68,247       |
| Utilities                         | 30,291                 |                         | 30,291                       | 16,314                    | 11,347       | 57,952       |
| Interest and finance charges      |                        |                         |                              | 20,092                    |              | 20,092       |
| Dues and subscriptions            | 5,341                  |                         | 5,341                        | 4,963                     | 3,473        | 13,777       |
| Other                             | 40,909                 |                         | 40,909                       | 131                       | 4,494        | 45,534       |
| Total expenses                    | \$11,094,973           | \$ 124,908              | \$11,219,881                 | \$ 704,546                | \$ 1,355,477 | \$13,279,904 |

See accompanying notes to financial statements.

## Living Water International

Statement of Functional Expenses for the year ended December 31, 2007

| <u>EXPENSES</u>                   | <u>WATER WELL<br/>PROGRAMS</u> | <u>TRAINING<br/>AND HYGIENE</u> | <u>MEDICAL<br/>MINISTRIES</u> | <u>TOTAL<br/>PROGRAM<br/>EXPENSES</u> | <u>MANAGEMENT<br/>AND GENERAL</u> | <u>FUNDRAISING</u> | <u>TOTAL</u> |
|-----------------------------------|--------------------------------|---------------------------------|-------------------------------|---------------------------------------|-----------------------------------|--------------------|--------------|
| Water projects and other programs | \$ 4,979,924                   |                                 |                               | \$ 4,979,924                          |                                   |                    | \$ 4,979,924 |
| Salaries and related benefits     | 752,470                        | \$ 35,739                       |                               | 788,209                               | \$ 345,549                        | \$ 390,099         | 1,523,857    |
| Travel, meals, and lodging        | 853,215                        | 33,714                          |                               | 886,929                               | 4,856                             | 70,299             | 962,084      |
| Materials and supplies            | 197,518                        | 42,418                          | \$ 57,659                     | 297,595                               | 22,076                            | 34,522             | 354,193      |
| Professional fees                 | 35,764                         |                                 |                               | 35,764                                | 53,225                            | 43,855             | 132,844      |
| Contract labor                    | 146,242                        | 133                             |                               | 146,375                               |                                   |                    | 146,375      |
| License permits and fees          | 90,728                         | 40                              |                               | 90,768                                | 24,892                            | 4,009              | 119,669      |
| Depreciation                      | 47,281                         |                                 |                               | 47,281                                | 40,806                            | 19,141             | 107,228      |
| Postage and shipping              | 84,124                         | 229                             |                               | 84,353                                | 3,022                             | 14,718             | 102,093      |
| Repairs and maintenance           | 20,765                         | 667                             |                               | 21,432                                | 13,727                            | 4,456              | 39,615       |
| Printing and reproduction         | 23,151                         | 201                             |                               | 23,352                                | 4,837                             | 28,780             | 56,969       |
| Insurance                         | 35,017                         | 1,420                           |                               | 36,437                                | 3,884                             | 6,330              | 46,651       |
| Leases and rentals                | 101,720                        |                                 |                               | 101,720                               | 8,490                             | 6,523              | 116,733      |
| Telephone                         | 41,437                         |                                 |                               | 41,437                                | 5,776                             | 10,604             | 57,817       |
| Utilities                         | 23,693                         |                                 |                               | 23,693                                | 10,345                            | 7,891              | 41,929       |
| Interest and finance charges      |                                |                                 |                               |                                       | 63,488                            |                    | 63,488       |
| Dues and subscriptions            | 6,500                          |                                 |                               | 6,500                                 | 2,850                             | 4,137              | 13,487       |
| Direct mail and related expenses  |                                |                                 |                               |                                       |                                   | 409,810            | 409,810      |
| Other                             | 12,855                         |                                 |                               | 12,855                                | 3,811                             | 384                | 17,050       |
| Total expenses                    | \$ 7,452,404                   | \$ 114,561                      | \$ 57,659                     | \$ 7,624,624                          | \$ 611,634                        | \$ 1,055,558       | \$ 9,291,816 |

See accompanying notes to financial statements.

## Living Water International

### Statements of Cash Flows for the years ended December 31, 2008 and 2007

|  | <u>2008</u>         | <u>2007</u>         |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:  |                     |                     |
| Changes in net assets  | \$ 2,255,807        | \$ 2,654,238        |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: |                     |                     |
| Depreciation   | 132,091             | 107,228             |
| Contributions restricted for building purchase   |                     | (2,203,988)         |
| Contributions of property and equipment  |                     | (5,500)             |
| Forgiveness of notes receivable  | 336,768             |                     |
| Changes in operating assets and liabilities:   |                     |                     |
| Accounts receivable  | 96,121              | (71,721)            |
| Pledges receivable   | (1,372,767)         | (249,603)           |
| Prepaid expenses and other assets  | 26,134              | (187,498)           |
| Accounts payable   | 3,098               | 358,156             |
| Accrued expenses   | 35,518              | 38,916              |
| Other liabilities  | (11,636)            |                     |
| Deferred government grant revenue  |                     | (258,219)           |
| Net cash provided by operating activities  | <u>1,501,134</u>    | <u>182,009</u>      |
| CASH FLOWS FROM INVESTING ACTIVITIES:  |                     |                     |
| Purchase of property and equipment   | (81,660)            | (2,725,360)         |
| Proceeds from collection of note receivable  |                     | 53,612              |
| Net cash used by investing activities  | <u>(81,660)</u>     | <u>(2,671,748)</u>  |
| CASH FLOWS FROM FINANCING ACTIVITIES:  |                     |                     |
| Proceeds from notes payable  | 26,990              | 1,035,859           |
| Repayments of notes payable  | (80,034)            | (1,211,882)         |
| Proceeds of contributions restricted for building purchase                                   |                     | 2,203,988           |
| Net cash provided (used) by financing activities   | <u>(53,044)</u>     | <u>2,027,965</u>    |
| NET CHANGE IN CASH AND CASH EQUIVALENTS  | 1,366,430           | (461,774)           |
| Cash and cash equivalents, beginning of year   | <u>1,989,942</u>    | <u>2,451,716</u>    |
| Cash and cash equivalents, end of year   | <u>\$ 3,356,372</u> | <u>\$ 1,989,942</u> |
| <i>Supplemental disclosure of cash flow information:</i>                                     |                     |                     |
| Interest paid  | \$20,092            | \$65,720            |
| Equipment purchased with a note payable  |                     | \$26,000            |
| Contribution of marketable securities  | \$157,000           | \$832,000           |

*See accompanying notes to financial statements.*



## Living Water International

Notes to Financial Statements for the years ended December 31, 2008 and 2007

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### 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 health and hygiene training, 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 that are expected to be collected after one year are discounted to estimate the present value of future cash flows, if material.

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.

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.

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.

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.

Reclassifications – Certain reclassifications have been made to the prior year financial statements to conform to current year presentations.

## NOTE 2 – FAIR VALUE MEASUREMENTS

Effective January 1, 2008, LWI adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157), which provides a framework for measuring fair value of certain assets and liabilities and expands disclosures about fair value measurements. Fair value is the price that would be received to sell assets or paid to transfer a liability in an orderly transaction between market participants at the reporting date. SFAS 157 establishes a three-tier hierarchy that prioritizes the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy defined by SFAS 157 are as follows:

- *Level 1* – Quoted prices in active markets for identical assets or liabilities as of the reporting date.
- *Level 2* – Pricing inputs other than quoted prices included in Level 1, which are either directly observable or that can be derived or supported from observable data as of the reporting date.
- *Level 3* – Pricing inputs include those that are from objective sources and are generally less observable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

The inputs or methodology used to measure investments are not necessarily indicative of the risk of investing in a particular security.

Assets measured at fair value at December 31, 2008:

|                    | <u>Level 1</u>      | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>        |
|--------------------|---------------------|----------------|----------------|---------------------|
| Money market funds | \$ 2,380,930        |                |                | \$ 2,380,930        |
| Total              | <u>\$ 2,380,930</u> | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 2,380,930</u> |

### NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

|                                 | <u>2008</u>         | <u>2007</u>         |
|---------------------------------|---------------------|---------------------|
| Demand deposits                 | \$ 975,442          | \$ 735,515          |
| Money market funds              | <u>2,380,930</u>    | <u>1,254,427</u>    |
| Total cash and cash equivalents | <u>\$ 3,356,372</u> | <u>\$ 1,989,942</u> |

Bank deposits exceed the federally insured limits per depositor per institution.

### NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2008 are expected to be collected as follows:

|                          |                     |
|--------------------------|---------------------|
| 2009                     | \$ 1,471,948        |
| 2010                     | 415,741             |
| 2011                     | <u>276,682</u>      |
| Total pledges receivable | <u>\$ 2,164,371</u> |

### NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

|                                       | <u>2008</u>         | <u>2007</u>         |
|---------------------------------------|---------------------|---------------------|
| Land                                  | \$ 310,000          | \$ 310,000          |
| Building and improvements             | 2,401,313           | 2,353,567           |
| Drilling equipment                    | 225,815             | 225,815             |
| Office and computer equipment         | 116,174             | 116,062             |
| Vehicles                              | 89,593              | 70,865              |
| Furniture and fixtures                | <u>111,405</u>      | <u>96,331</u>       |
| Total property and equipment, at cost | 3,254,300           | 3,172,640           |
| Accumulated depreciation              | <u>(379,795)</u>    | <u>(247,704)</u>    |
| Property and equipment, net           | <u>\$ 2,874,505</u> | <u>\$ 2,924,936</u> |

#### NOTE 6 – NOTES PAYABLE

Notes payable consist of the following:

|   | <u>2008</u>       | <u>2007</u>       |
|---|-------------------|-------------------|
| Note payable to the Overseas Private Investment Corporation payable in semi-annual installments, with an interest rate of 5.47%, due June 2017. | \$ 157,894        | \$ 178,947        |
| Note payable to the Overseas Private Investment Corporation payable in semi-annual installments, with an interest rate of 5.72%, due June 2016. | 157,894           | 178,947           |
| Other equipment financing arrangements.   | <u>22,881</u>     | <u>33,819</u>     |
| Total   | <u>\$ 338,669</u> | <u>\$ 391,713</u> |

Principal payments at December 31, 2008 are scheduled to be paid as follows:

|            |                   |
|------------|-------------------|
| 2009       | \$ 55,988         |
| 2010       | 51,103            |
| 2011       | 42,106            |
| 2012       | 42,106            |
| 2013       | 42,106            |
| Thereafter | <u>105,260</u>    |
| Total      | <u>\$ 338,669</u> |

#### NOTE 7 – TEMPORARILY RESTRICTED ASSETS

Temporarily restricted net assets are available for the following purposes:

|   | <u>2008</u>         | <u>2007</u>         |
|---|---------------------|---------------------|
| Water well projects                     | \$ 2,620,784        | \$ 1,269,773        |
| Time restricted                         | 638,289             |                     |
| Other                                   | <u></u>             | <u>5,809</u>        |
| Total temporarily restricted net assets | <u>\$ 3,259,073</u> | <u>\$ 1,275,582</u> |

#### NOTE 8 – CONCENTRATION

In 2008, LWI received contributions from two donors totaling approximately \$3,000,000, which represented 21% of contribution revenue.

## NOTE 9 – NON-CASH CONTRIBUTIONS

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

|                              | <u>2008</u>       | <u>2007</u>       |
|------------------------------|-------------------|-------------------|
| Equipment for water projects | \$ 81,770         | \$ 56,923         |
| Medical supplies             | 34,010            | 12,059            |
| Office equipment             | 23,162            | 21,044            |
| Other                        | <u>13,435</u>     | <u>10,350</u>     |
| Total non-cash contributions | <u>\$ 152,377</u> | <u>\$ 100,376</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 non-profit organizations is as follows:

| <u>Country</u>           | <u>Name of Organizations</u>                           |
|--------------------------|--|
| Angola                   | By Provision   |
| Brazil                   | Amazon Charities                                       |
| 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                   | Living Water Internacional, Puebla                     |
| 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/LWI Uganda             |
| Zambia                   | Water for the Oppressed/LWI Zambia                     |

Program expenses by country are as follows:

|                         | <u>2008</u>         | <u>2007</u>         |
|-------------------------|---------------------|---------------------|
| Liberia                 | \$ 1,380,745        | \$ 570,575          |
| Kenya                   | 1,111,820           | 1,164,098           |
| United States           | 837,131             | 522,729             |
| Rwanda                  | 826,119             | 932,013             |
| Central Africa Republic | 800,758             | 493,407             |
| Honduras                | 600,659             | 368,941             |
| Ethiopia                | 583,643             | 99,702              |
| El Salvador             | 534,940             | 567,314             |
| Nicaragua               | 446,218             | 304,128             |
| Mexico                  | 401,342             | 264,653             |
| India                   | 381,527             | 239,793             |
| Haiti                   | 355,661             | 166,372             |
| Sierra Leone            | 338,451             | 29,281              |
| Peru                    | 337,847             | 290,881             |
| Guatemala               | 330,228             | 348,576             |
| Sudan                   | 292,272             | 228,711             |
| Uganda                  | 252,269             | 173,697             |
| Namibia                 | 220,795             | 74,641              |
| Zambia                  | 220,110             |                     |
| Malawi                  | 181,975             |                     |
| Nigeria                 | 178,008             | 173,149             |
| Tanzania                | 174,398             | 225,650             |
| Angola                  | 136,095             | 77,820              |
| Ghana                   | 135,118             | 123,201             |
| Romania                 | 75,940              | 46,795              |
| Brazil                  | 56,154              | 67,696              |
| Central Asia            | 18,149              |                     |
| Indonesia               | 2,423               | 46,164              |
| Other                   | <u>9,086</u>        | <u>24,637</u>       |
| Total                   | <u>\$11,219,881</u> | <u>\$ 7,624,624</u> |

#### NOTE 11 – RELATED PARTY TRANSACTIONS

LWI entered into a contracting agreement with a vendor with payments totaling approximately \$58,000 in 2008 where the principal contractor is a family member of the executive director of LWI.