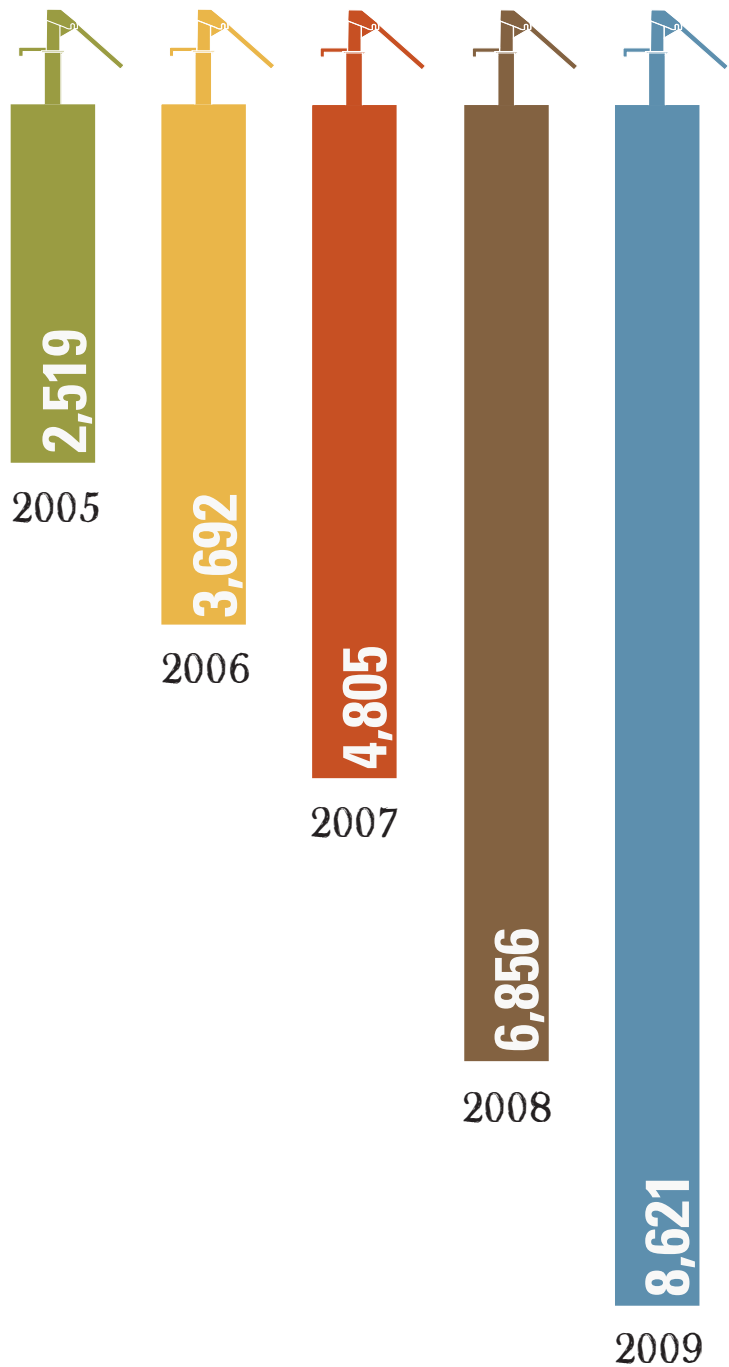


LIVING
WATER
INTERNATIONAL
2009
ANNUAL
REPORT



PROJECTS COMPLETED

From boreholes to spring boxes, well repairs to rainwater harvesting, Living Water International implements a variety of water solutions to thirsty communities around the world. Here's a cumulative look at the work God has graciously allowed Living Water to be part of.





A MESSAGE TO OUR SUPPORTERS

Thank you for entering into the story of the thirsty. God is at work in our world, bringing about redemption and restoration. Living Water International is called to play a small part in that story, and we are delighted that you have chosen to join us.

God has been faithful in the midst of the worst economic crisis since the Great Depression. We at Living Water have been inspired by your courageous generosity during a time of financial uncertainty and have resolved to do even more with every dollar we receive.

During 2009, Living Water teams worked to help hundreds of thousands of people across four continents gain access to safe, clean water. By God's grace many lives were saved, and day by day we saw communities transformed by the life-giving gospel of Jesus Christ.

In the pages to follow, you will find just a few examples of villages, schools, and regions where clean water and the gospel have turned things upside-down. It was hard to pick just a few, but as you read, know that each community mentioned represents hundreds of stories that remain untold.

The 1,765 water projects that were completed across 25 countries in 2009 brought our 20-year cumulative total to 8,621—and we still have a long way to go. Every day, thousands of children die because they lack safe water; we must strive with even greater passion to save more lives and restore hope where it is threatened by despair.

You and I have been so richly blessed, yet the world remains so thirsty. I believe that God has brought us into relationship in order to achieve his unique purpose by growing the breadth of the work he has given us and deepening its impact around the world.

I am grateful for your unwavering support.



A black and white image of a handwritten signature, which appears to be 'Mike Mantel', written in a cursive style.

Mike Mantel
President & CEO

OUR WORK IN 2009

787 PEOPLE WENT ON
91 MISSION TRIPS

PEOPLE TRAINED IN
HEALTH & HYGIENE: 191
PUMP REPAIR: 30
WELL DRILLING: 99
BIBLE STORYING: 270

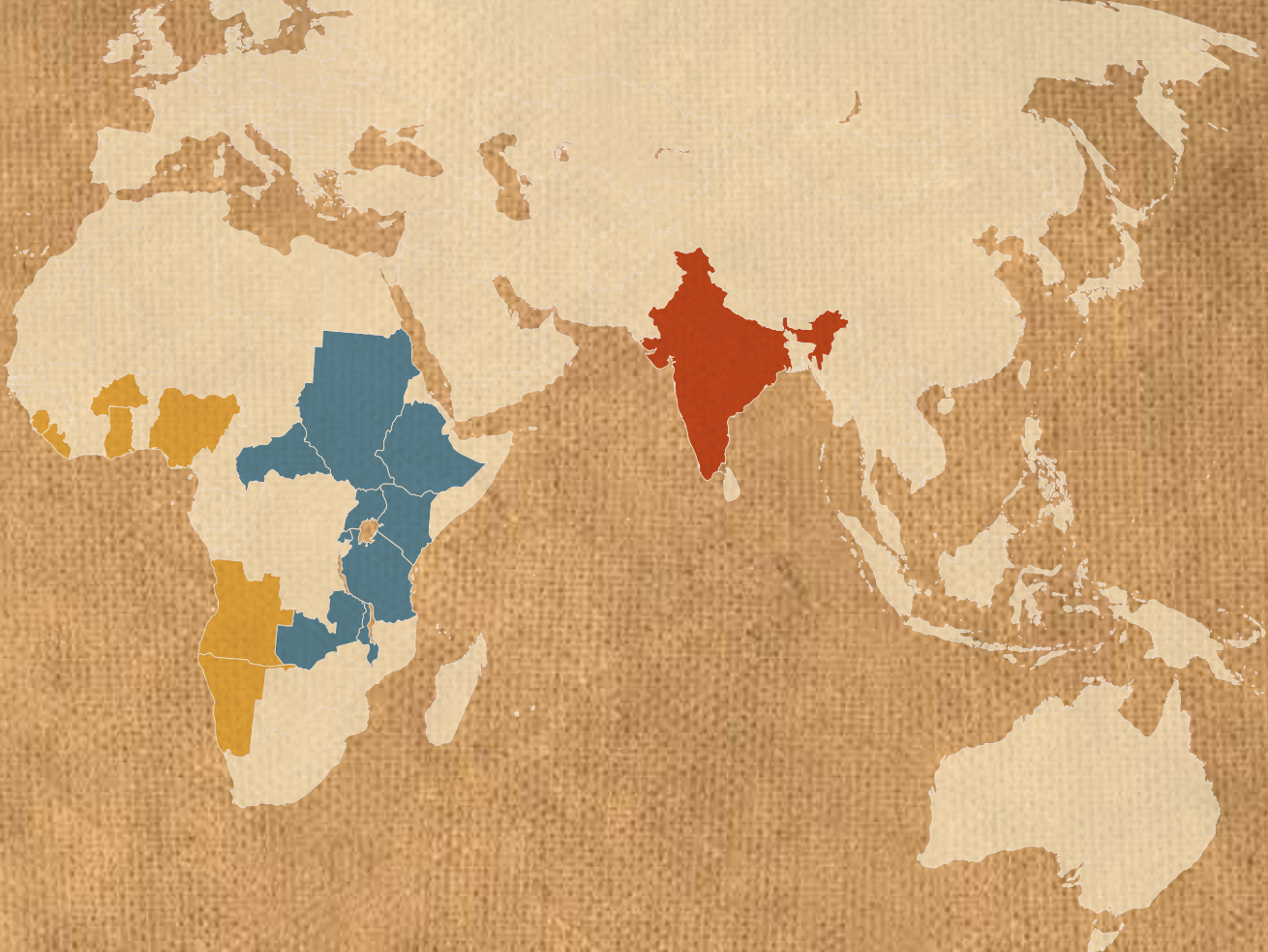


LATIN AMERICA & THE CARIBBEAN

Brazil	New Wells	22
El Salvador	New Wells	34
	Well Rehabs	4
Guatemala	New Wells	37
	Well Rehabs	6
Haiti	Well Rehabs	240
Honduras	New Wells	17
	Well Rehabs	55
Mexico	New Wells	73
	Well Rehabs	18
Nicaragua	New Wells	17
	Well Rehabs	96
Peru	New Wells	42
	Well Rehabs	23

WEST AFRICA

Angola	New Wells	15
	Well Rehabs	12
Burkina Faso	Well Rehabs	2
Ghana	New Wells	8
	Well Rehabs	22
Liberia	New Wells	46
	Well Rehabs	67
Namibia	New Wells	21
	Well Rehabs	19
Nigeria	New Wells	20
Sierra Leone	Well Rehabs	93



EAST AFRICA

Central African Republic

New Wells 34
Well Rehabs 165

Ethiopia

New Wells 19

Kenya

New Wells 26
Well Rehabs 5

Malawi

Well Rehabs 151

Rwanda

New Wells 45

Sudan

Well Rehabs 24

Tanzania

New Wells 16
Well Rehabs 25

Uganda

New Wells 17
Well Rehabs 20

Zambia

New Wells 15
Well Rehabs 58

INDIA

India

New Wells 115
Well Rehabs 21

1,765

PROJECTS
COMPLETED
IN 2009



india

India is one of our longest-standing areas of ministry, and is a very complex society. Our three operations there serve people who speak different languages and come from different religious traditions. In August we gathered some 50 Indian pastors we worked with in Varanasi. One by one, they shared how water gave life to their ministries. With overwhelming joy, we listened to testimonies of churches doubling and tripling in size after they literally became a source of life. Many attributed their church's very existence to their Living Water well.

Such work has not been without hardship, though. One of our Indian crews was physically attacked for their Christian witness in 2009. They called on us to pray for their protection—they wanted to go back to love and serve those who had attacked them.

The team drilled 10 wells in Uttarakhand, the state in which they had been attacked. Then they drilled 10 more wells in north Indian regions where persecution is still a daily reality. A pastor named Sanjiv witnessed firsthand the transformation that happens when we love our way through persecution. "Everyone wants to use our well," Sangiv said, "and we are happy to share. We give water to our neighbors—Hindus, Muslims, Sikhs—and we do it in the name of Jesus Christ. We meet at the well. Visapuram is a different place now."

Living Water started working in India in 1998, so our teams there must take special care to visit wells drilled years ago. From the day a well is drilled, village leaders are invited to contact our in-country teams for support; but even if they don't our goal is to revisit every one. This can be a daunting task. In Central India alone, our team faces the task of visiting and inspecting 500 wells. When they recently visited the village of Bodicherla, where a well was drilled eight years ago, they found it working as well as it had when it was installed.

A new well was drilled in Bodicherla in 2002 to provide water to some 150 villagers. Two years later, two government wells in the surrounding area dried up. Severe drought in subsequent years caused water sources in neighboring communities to dry up as well, forcing more than 500 people to depend on this one well. "The people told us what this well had given them," reported Living Water's Central India Director. "Infants, children, adults, and the elderly had clean water to drink for all these years. They asked us, 'What would we have done without this well?'"

Questions like that have caused us to be even more diligent in our well maintenance programs, and to take greater joy in our ongoing relationship with the communities we serve.

latin america & the caribbean

The words “water crisis” are usually associated with Africa, but some of the world’s most desperate water needs are very close to home. In the international Water Poverty Index, for example, Haiti ranks dead last.

In 2009, Living Water restored water to some 240 Haitian villages, providing more clean water in Haiti than we had in any previous year. Little did we know we were gearing up to respond to the most horrific natural disaster in our hemisphere’s history.

It was also a year of terrible heartache. One of our most faithful servants, Tommy Head, died in a tragic motorcycle accident in Peru. He is sorely missed, but it has been inspiring beyond words to see his vision carried on by his wife, Angela, and his best friend, Jorge Alvarez. They continue to change the lives of previously untouched people groups in the Amazon jungle, and we could not be more humbled by them or have more confidence in their expertise.

In Brazil, Living Water helped partners venture up the Amazon to serve people whose only previous water source had been the contaminated river itself. In Mexico, four regional Living Water ministries touched lives through planting churches, drilling wells, and creating spring-fed gravity water systems that are managed by local communities.

Living Water’s heart is not only concerned with giving to the thirsty, but with loving them. That is why in 2009 we hosted nearly 800 people on more than 90 mission trips to experience our ministry firsthand. Volunteer missionaries in El Salvador, Honduras, Guatemala, Nicaragua, and Haiti personally and tangibly demonstrated God’s love to thirsty people there. Once participants have joined us in drilling wells, repairing hand pumps, teaching health and hygiene courses, and witnessing God’s love to the thirsty, they tell us their lives are changed forever.

One such life-changing experience took place in Los Bahiles, Guatemala, where the only available drinking water was tainted by volcanic ash. People told us they had pleaded for God to provide them with clean water. Living Water mission teams traveled to this highland community and attempted to drill twice, but both times equipment complications left their prayers unanswered.

The people of Los Bahiles patiently continued to pray. Living Water sent a third team to try again, and this time, prayers were answered. The children splashing in the cool, clean water, the smiles and laughter, the hugs and handshakes of that day will never be forgotten. “The work wasn’t easy,” recalls volunteer Rachael Turken, “but God is faithful. The trip changed my heart.” Indeed, Living Water owes its very existence not to the drilling of water wells, but to the changing of hearts.





west africa

Look at any poverty index and you will find West African countries at the bottom of the list. They've been plagued by war, and are some of the world's most underdeveloped nations. Work in this part of the world is challenging to say the least, and we are proud of our staff, who bear witness to God's love in desperate situations. Our team members in West Africa have risked their personal safety, suffering through painful diseases such as malaria; one of our staff families even had their lives threatened as they came under the fire of AK-47 assault rifles brandished by criminals who invaded their home. Necessary safety measures were taken, and then they returned to work—because they feel God's love is worth risking their lives for.

In 2009, Living Water's West Africa programs successfully completed 325 community water projects—both new wells and rehabilitations—in Liberia, Sierra Leone, Burkina Faso, Ghana, Nigeria, Angola, and Namibia.

Nearly 100 of these projects were completed in Sierra Leone, the country with the second highest infant mortality rate in the world. But saving babies' lives is about more than providing a safe water source. That is why our team in Sierra Leone works to educate people and empower them to take control of their own health and the health of their families. As a result, we see villages come together to build their own latrines. We engage school systems to teach proper hygiene practices to children, then train those schoolchildren to teach their families and communities in turn.

Through the School Led Total Sanitation (SLTS) approach, Living Water's Sierra Leonean staff trained the teachers, the teachers trained students, and students took what they learned at school back to their families and communities—sensitizing them to things as complex as disease transmission, or as simple as the need to use latrines instead of the common practice of open defecation. It has been amazing to see even children empowered to change their communities.

Where appropriate, our Sierra Leonean team constructed flush toilets and hand washing sinks at schools in addition to providing a source of safe water. "I used to send home 10 to 12 students a day with illness before Living Water came," explained Father Collins of Saint Augustine's Agricultural Secondary School, "but Living Water teaches healthy living in all aspects, especially spiritual, which is most important in this country." With equal enthusiasm, the school's principal, Father Thomas, added, "And we have the best toilets in all of Sierra Leone!"

east africa

Living Water was born in East Africa 20 years ago. A glance at the region today reveals how Living Water has grown from a group of Christians who wanted to drill a well for a single Maasai village in Kenya to a robust Christian presence in the region, partnering with governments, schools, nonprofits, and churches on both sides of the world to provide clean water in Jesus' name.

Partnerships are key to what we do in East Africa. In 2009, we began to drill wells in coordination with World Vision Zambia. In Rwanda we work closely with Rwanda Clean Water on projects that are further enhanced through our relationship with Saddleback Church, whose community development, health and hygiene curriculum, and evangelistic efforts fill out the gospel message for the people we serve.

In the Central African Republic, our well-drilling partner ICDI takes a unique approach in their work by using short-wave radio to reinforce their hygiene teaching and spread the gospel as well as communicating about AIDS prevention and well repair.

In Kenya, our work with charity: water has yielded a model in which clean water, health care, and private enterprise mutually support one another. Underpaid workers at understaffed health care facilities cannot go out into the communities as they would like. Of the people coming to them, some 65% to 80% have water-related complaints. With a proper well, health care facilities now sell water for a mere two or three shillings (pennies) per five-gallon jerry can, and clinics find they can help heal people by advertising their well. This way they treat fewer patients, generate income, and address health care needs more effectively.

An estimated 443 million school days are missed each year due to water-related disease, a sizable portion of those in East Africa. In 2009, we became acutely aware of water-related school absenteeism in Uganda, and began to work with a number of schools in the country's southern district of Ruhaama. We visited the region to find teacher after teacher disheartened by the struggle of watching their students fall behind due to water-related illness. They described cases of typhoid, diarrhea, parasites, and diseases they couldn't even name. They spoke of carrying children from the classroom to the hospital only to see them die. At Ngoma Primary School, a child fell into an open well and died. But the students at Ngoma will never have to use their open well again. Living Water's Schools for Schools campaign is helping provide safe water wells for Ngoma Primary and 49 other Ugandan schools in Ruhaama. So far, 27 have been completed, forever changing the lives of schoolchildren, and making Uganda's future a little brighter.



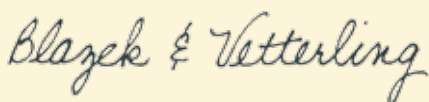
2009 INDEPENDENT AUDITORS REPORT

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, 2009 and 2008 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, 2009 and 2008 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.



Blazek & Vetterling LLP

May 17, 2010



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

STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 2009 (WITH COMPARATIVE TOTALS FOR 2008)

	2009	2008
Assets		
Cash and cash equivalents (Notes 2 and 3)	\$ 2,425,764	\$ 3,356,372
Accounts receivable	19,471	37,700
Prepaid expenses and other assets	448,669	242,601
Pledges receivable (Note 4)	847,654	2,164,371
Property and equipment, net (Note 5)	3,061,579	2,874,505
Total Assets	\$ 6,803,137	\$ 8,675,549
Liabilities And Net Assets		
Liabilities:		
Accounts payable	\$ 298,407	\$ 462,560
Accrued expenses	239,076	145,313
Notes payable (Note 6)	282,681	338,669
Total liabilities	\$ 820,164	\$ 946,542
Net assets:		
Unrestricted	3,490,820	4,469,934
Temporarily restricted (Note 7)	2,492,153	3,259,073
Total net assets	\$ 5,982,973	\$ 7,729,007
Total Liabilities And Net Assets	\$ 6,803,137	\$ 8,675,549

See accompanying notes to financial statements.

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2009 (WITH COMPARATIVE TOTALS FOR 2008)

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total
Revenue:				
Contributions	\$ 5,530,164	\$ 4,860,008	\$ 10,390,172	\$ 13,474,527
Special events	1,710,852	98,425	1,809,277	1,807,954
Rental income	77,821		77,821	137,036
Training fees	68,326		68,326	51,003
Government grants	9,594		9,594	27,741
Other income	97,845		97,845	37,450
Total revenue	7,494,602	4,958,433	12,453,035	15,535,711
Net assets released from restrictions:				
Program expenditures	5,725,353	(5,725,353)		
Total	13,219,955	(766,920)	12,453,035	15,535,711
Expenses:				
Program expenses:				
Water well programs	11,408,632		11,408,632	11,094,973
Training and hygiene	107,250		107,250	124,908
Total program expenses (Note 9)	11,515,882		11,515,882	11,219,881
Management and general	971,155		971,155	704,546
Fundraising:				
Direct donor benefits	97,477		97,477	86,373
Other fundraising	1,614,555		1,614,555	1,269,104
Total fundraising	1,712,032		1,712,032	1,355,477
Total expenses	14,199,069		14,199,069	13,279,904
Changes in net assets	(979,114)	(766,920)	(1,746,034)	2,255,807
Net assets, beginning of year	4,469,934	3,259,073	7,729,007	5,473,200
Net assets, end of year	\$ 3,490,820	\$ 2,492,153	\$ 5,982,973	\$ 7,729,007

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2009 (WITH COMPARATIVE TOTALS FOR 2008)

	2009	2008
Cash Flows From Operating Activities:		
Changes in net assets	\$ (1,746,034)	\$ 2,255,807
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	136,428	132,091
Forgiveness of note receivable		336,768
Changes in operating assets and liabilities:		
Accounts receivable	18,229	96,121
Prepaid expenses and other assets	(206,068)	26,134
Pledges receivable	1,316,717	(1,372,767)
Accounts payable	(164,153)	3,098
Accrued expenses	93,763	23,882
Net cash provided (used) by operating activities	(551,118)	1,501,134
Cash Flows From Investing Activities:		
Purchase of property and equipment	(323,502)	(81,660)
Net cash used by investing activities	(323,502)	(81,660)
Cash Flows From Financing Activities:		
Repayments of notes payable	(55,988)	(80,034)
Proceeds from notes payable		26,990
Net cash used by financing activities	(55,988)	(53,044)
Net Change In Cash And Cash Equivalents	(930,608)	1,366,430
Cash and cash equivalents, beginning of year	3,356,372	1,989,942
Cash and cash equivalents, end of year	\$ 2,425,764	\$ 3,356,372
Supplemental disclosure of cash flow information:		
Interest paid	\$ 17,083	\$ 20,092
Contribution of marketable securities	\$ 151,000	\$ 157,000

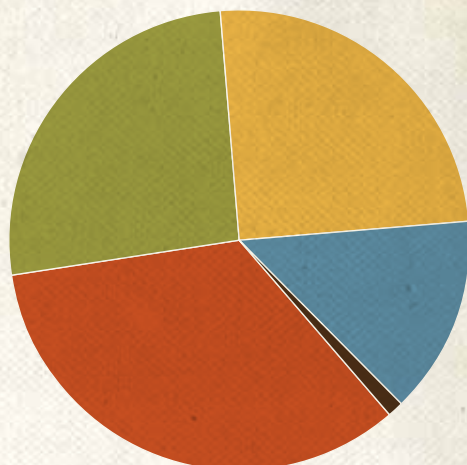
See accompanying notes to financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2009 (WITH COMPARATIVE TOTALS FOR 2008)

Expenses	Water Well Programs	Training & Hygiene	Total Program Expenses	Management & General
Water projects and other programs	\$ 7,647,319		\$ 7,647,319	
Salaries and related benefits	1,216,228	\$ 55,776	1,272,004	\$ 677,082
Travel, meals, and lodging	1,051,561	45,524	1,097,085	6,376
Professional fees	215,786		215,786	55,040
Materials and supplies	260,133		260,133	15,445
License permits and fees	192,176		192,176	47,507
Contract labor	220,173	1,300	221,473	26,090
Postage and shipping	187,956	2,310	190,266	4,084
Depreciation	54,315		54,315	54,950
Printing and reproduction	4,185	2,340	6,525	799
Insurance	97,301		97,301	10,760
Leases and rentals	95,557		95,557	7,678
Repairs and maintenance	66,984		66,984	15,423
Telephone	51,788		51,788	7,875
Utilities	24,205		24,205	18,329
Dues and subscriptions	13,965		13,965	3,742
Interest and finance charges				17,083
Other	9,000		9,000	2,892
Total expenses	\$ 11,408,632	\$ 107,250	\$ 11,515,882	\$ 971,155

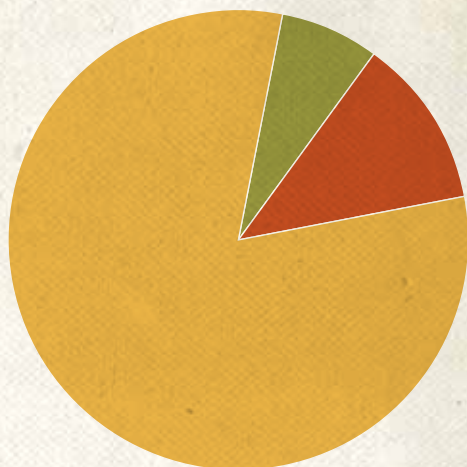
See accompanying notes to financial statements.



2009 REVENUE: \$12,453,035

- 34% Individuals
- 26% Foundations
- 25% Churches & Schools
- 14% Corporations
- 1% Other

Fundraising	2009 Total	2008 Total
	\$ 7,647,319	\$ 7,414,151
\$ 926,192	2,875,278	2,436,807
196,469	1,299,930	1,373,433
110,674	381,500	272,181
68,888	344,466	618,566
74,215	313,898	164,359
49,494	297,057	214,430
40,970	235,320	120,949
27,163	136,428	132,091
123,467	130,791	78,496
14,065	122,126	75,612
5,265	108,500	74,855
13,020	95,427	98,372
24,882	84,545	68,247
14,523	57,057	57,952
9,756	27,463	13,777
	17,083	20,092
12,989	24,881	45,534
\$ 1,712,032	\$ 14,199,069	\$ 13,279,904



2009 EXPENSES: \$14,199,069

- 81% Programs
- 12% Fundraising
- 7% Administration

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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 serves all people, regardless of religion, race, ethnicity or gender. LWI's services are provided in developing countries. The goal is to provide services by establishing independent nonprofit organizations (NGO) in the country being served. In countries where LWI has not yet established a relationship with an established NGO, LWI provides support to individuals or groups who work to further the ministries.

Federal income 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).

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 40 years.

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.

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. LWI received approximately \$80,000 in 2009 and \$150,000 in 2008 in contributed program supplies and materials. 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, rental income, 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 the financial statements as deferred revenue.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various 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 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2009	2008
Demand deposits	\$ 2,425,764	\$ 975,442
Money market mutual funds		2,380,930
Total cash and cash equivalents	<u>\$ 2,425,764</u>	<u>\$ 3,356,372</u>

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

NOTE 3 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- Level 2 – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- Level 3 – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at December 31, 2008 are as follows:

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

Mutual funds are valued at the reported net asset value. This valuation method may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while LWI believes its valuation method is appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2009 are expected to be collected as follows:

2010	\$ 570,972
2011	276,682
Total pledges receivable	<u>\$ 847,654</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2009	2008
Land	\$ 404,738	\$ 310,000
Building and improvements	2,595,463	2,401,313
Drilling equipment	225,815	225,815
Office and computer equipment	124,578	116,174
Furniture and fixtures	109,780	111,405
Vehicles	78,410	89,593
Total property and equipment, at cost	<u>3,538,784</u>	<u>3,254,300</u>
Accumulated depreciation	<u>(477,205)</u>	<u>(379,795)</u>
Property and equipment, net	<u>\$ 3,061,579</u>	<u>\$ 2,874,505</u>

NOTE 6 – NOTES PAYABLE

Notes payable consist of the following:

	2009	2008
Note payable to the Overseas Private Investment Corporation payable in semi-annual installments, with an interest rate of 5.47%, due June 2016.	\$ 136,842	\$ 157,894
Note payable to the Overseas Private Investment Corporation payable in semi-annual installments, with an interest rate of 5.72%, due June 2016.	136,842	157,894
Other equipment financing arrangements.	8,997	22,881
Total	<u>\$ 282,681</u>	<u>\$ 338,669</u>

Principal payments are scheduled to be paid as follows:

2010	\$ 51,103
2011	42,105
2012	42,105
2013	42,105
Thereafter	105,263
Total	<u>\$ 282,681</u>

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes and time periods:

	2009	2008
Water well programs	\$ 2,348,652	\$ 2,620,784
Time restricted	143,501	638,289
Total temporarily restricted net assets	<u>\$ 2,492,153</u>	<u>\$ 3,259,073</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 – 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:

Country	Name of Organizations
Angola	By Provision
Brazil	Amazon Outreach
Central African Republic	Integrated Community Development International
El Salvador	Agua Viva Internacional
Ethiopia	Kale Heywet Church Water Program, Salem Water is Life
Ghana	APF/Living Waters Ministries/African Assistance Plan
Guatemala	Asociación Pozos Agua Viva
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, Mission Resource International
Namibia	By Provision
Nigeria	Relief Network Ministries
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:

	2009	2008
Kenya	\$ 1,220,542	\$ 1,111,820
Rwanda	1,011,118	826,119
Central Africa Republic	938,889	800,758
United States	859,877	837,131
Liberia	764,026	1,380,745
Uganda	672,615	252,269
Ethiopia	621,030	583,643
El Salvador	525,251	534,940
Nicaragua	509,255	446,218
India	469,275	381,527
Haiti	455,657	355,661
Honduras	454,904	600,659
Guatemala	416,124	330,228
Mexico	400,055	401,342
Peru	367,921	337,847
Sierra Leone	239,683	338,451
Malawi	212,563	181,975
Tanzania	195,683	174,398
Zambia	192,722	220,110
Angola	176,568	136,095
Nigeria	173,831	178,008
Ghana	149,927	135,118
Namibia	128,057	220,795
Zimbabwe	126,097	
Brazil	67,826	56,154
Sudan	18,029	292,272
Central Asia	14,258	18,149
Mozambique	12,083	
Romania	10,967	75,940
Other	111,049	11,509
Total	<u>\$ 11,515,882</u>	<u>\$ 11,219,881</u>

NOTE 10 – RELATED PARTY TRANSACTIONS

LWI entered into contracting agreements with vendors with payments totaling approximately \$184,000 in 2009 and \$58,000 in 2008, in which the principal contractors are family members of the executive director of LWI.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 17, 2010, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.



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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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