  
**The Water  
Project**  
2009 Annual Report



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**LEFT:**

Students at the Eva Marie Girls school in Perambalur, India look on as fellow students gather at a new well. Before this well and distribution systems were constructed, the school children would have to leave the grounds to access public taps or they would use a small amount of water which the school was forced to purchase from a “water cart”. Improving access to water means more time in class, less danger traveling outside of school grounds, and far better access to proper sanitation, a huge issue for a girls school.

**OUR MISSION:**

The Water Project, Inc. is a 501(c)(3) non-profit organization that’s bringing relief to communities around the world who suffer needlessly from a lack of access to clean water.

We help raise both awareness and the funds needed to provide the most basic and life-sustaining need of people . . . safe, clean water.

We believe that providing water restores hope by enabling our partners to make a life-changing impact through their broader development activity.

We work closely with partners around the world who identify, implement, report on and follow up on each project. We share this information with our supporters through innovative tools online that inspire confidence in the work being done and the impact it has.

# Letter From The President



Dear Friends,

We love sharing this story. The story of clean, safe water changing hundreds of lives in a developing community is one full of hope and love. The story of our partners working in difficult conditions to help their own people is compelling. The story of our supporters coming up with creative ways to get people involved and to raise money for this incredibly important work is inspiring. We love sharing this team effort from the moment someone learns about the desperate thirst of nearly a billion people, to the splashes and laughs of Kenyan children playing in clean and safe water pouring from a brand new well. We hope you enjoy sharing in it too.

This past year has been a story of growth. We're reaching more people with the story of water and helping more people find access to it each day. The Water Project revenue grew by five times last year and over fifty water projects moved through the development cycle, with many more funded and ready to construct at year's end. We welcomed new implementing partners in new countries, enlisted the help of tens of thousands of students, and continued to innovate in how we share it all online every day. In fact, our website has become such a key resource for people learning about water scarcity and how to help that through some sophisticated tracking, we estimate nearly a half-million words are copied from it in some form each month. The story is spreading.

None of this could be possible without the help of countless individuals, small groups, churches and schools who step up to get involved. As can be seen on our online project directory, most every water project is funded by a collection of people, each doing their part. Together we are able to accomplish a great good.

We continue to believe that the connecting people to the lives of those they're helping is essential. From day one, we've been passionate about showing every donor exactly where their money went. It's a commitment not as much about the accountability it brings as it is about making sure everyone understands that together we're truly helping our neighbors. Our neighbors in Kenya, Sudan, Sierra Leone and India are folks just like you and me, worthy of dignity, hope and love. We've chosen to embrace that truth by helping provide safe water. It's not always easy, but we sincerely believe it is foundational to relieving poverty, hunger, sickness and injustice. And it's part of our growth as well. When we each begin to understand that every person, everywhere is worthy of love, our slogan will really mean something . . . and everything changes.

If you're already playing a role in all of this, thank you. We can't wait to share in the next chapter. If you're just getting to know us . . . join in. Become part of the story of hope.

Sincerely,

R. Peter Chasse  
President & Founder





# Kenya



## **ABOVE CENTER:**

Students play in the water from their new well at Vashele Primary School in Western Kenya, near Kakamega. The new well serves the school's 632 students and the surrounding community.

## **ABOVE BOTTOM:**

Children from the Musungururu community collect dirty water from a stream in Central Butso in Western Kenya. This community of about 740 people now has a source of clean, safe water thanks to a new well, completed in 2009.

## **LEFT:**

Children from the Kenyan community of Lower Kogembo test out the pump of their new well.

The former water source at Lower Kogembo was a hand dug well only 30 feet deep. The new, protected well serves a community of over 400 people.





#### ABOVE:

Children from the Nabongo Primary School play in water from their new well as classmates watch. The school children used to gather water from a small stream contaminated with raw sewage from latrines located nearby.

Our implementing partner said, “The school’s response was so positive and with joy. The students promised to do well in their studies with this new water source near them. Most of them said they will be [sic] best positions in their end year exams. They were happy that their level of hygiene has been enhanced. They are very thankful to The Water Project.”

This school serves 1,630 pupils and 57 staff members.

## Growing in Kenya

If it were easy, it’d be done already.

Water projects cost more than wells. And water wells simply don’t last very long when they are not part of a complete water project. The data supporting that statement<sup>1</sup> has been around a while, but it seems that many are now realizing that doing this work the right way takes time and effort . . . far more than simply digging a hole.

A water project has three essential phases: preparing and mobilizing the local community, construction, and long term follow-up and evaluation. Without all three phases, construction being the easiest, a project will not serve as many or have as profound an impact on people’s lives as it should. We’re committed to seeing all three phases done with excellence, every time.

In Kenya, we work very closely with our implementing partner, The Bridge Water Project to make this a reality. Our support has enabled this local Kenyan

organization to grow in technical expertise and in the soft skills needed to implement holistic water projects. The path to get there has been rocky and full of some difficult trials. But if we had given up, we would have missed an incredibly important opportunity to help prove that this water crisis can and must be solved from the inside out. We believe local, permanently placed NGO partners must be empowered to lead the way, whenever possible. It’s hard work. It’s worth it.

This year we welcomed Jack Owen, a WATSAN professional from the U.K., to our team in Kenya. He embedded himself in the day-to-day workings of Bridge Water Project, supporting and training them so that together they might discover and implement best practices in the sector to bring safe water to their own local communities. Jack’s work revealed many challenges and even more opportunities. He found a core team committed to the hard work of helping others who simply lacked some needed tools. Today, through his commitment and with the funding of The Water Project, this team is dramatically improving the quality of their work, while returning to and upgrading projects they constructed last year.

Through the support of generous donors, 29 new projects were completed in 2009. Tens of thousands of people are enjoying clean, safe water as a result. Schools, churches and community centers hosted sanitation and hygiene training. Water committees of men and women were formed to oversee projects. And every community knows that Bridge Water is there for the long-term, making sure the initial investment of time, money and energy lasts for a very long time.

1 *IRC Source Bulletin*, 56, May 2009



# Sudan



## ABOVE CENTER:

A boy draws water from a new well in the village of Muresuk, Kigwo in Southern Sudan. This well was funded through a new partnership with Water Harvest International. The drilling team was unable to find ample water after digging the first hole, but a more abundant source was found at the second site. Village elders were considering moving the entire village if the second attempt had failed.

## ABOVE BOTTOM:

Women observe the progress of the drilling team in Muresuk.

## LEFT:

Workers prepare the borehole for the new well.







#### ABOVE:

Children look on as drillers work on a well in the village of Muresuk, Kigwo in Southern Sudan. Before the completion of the well, villagers drank from a small stream that would regularly dry up.

#### THE IMPORTANCE OF SANITATION TRAINING

The Water Project seeks to not only provide access to safe water, but to also educate those we serve on the importance of proper hygiene and sanitation. Our implementers in the field provide education on the importance of washing before meals, understanding the risks of drinking and using dirty water, how to properly use a latrine and the prevention of cross contamination when eating. According to a report by the World Bank Human Development Network, hygiene promotion and water treatment in the home are among the most effective preventions of childhood mortality in developing countries.

## New Partners in Sudan

The Water Project launched our Wells for Sudan program in 2009 with our implementing partner Water Harvest International (WHI).

WHI focuses on drilling wells in remote villages of Southern Sudan with less than 400 inhabitants. Many of these villagers were displaced during the country's 22-year civil war. Today, most of the water in these villages comes from open holes or streams. Water-borne illnesses such as cholera, trachoma, diarrhea, and river blindness are major problems. Once the villagers have access to safe drinking water and proper sanitation training, these diseases should be greatly reduced.

Water is especially important in war-ravaged South Sudan. International aid groups cite chronic poverty as a factor in the country's ongoing violence. Water is key to the type of development that will overcome this poverty. Development will also play a crucial role in preventing further violence and maintaining the fragile peace that has existed since the 2005 peace agreement between the North and South. As with all of the projects we fund, we

expect access to safe water to improve education, health and overall development.

Fresh water wells in South Sudan cost an average of \$4,000 each, though wells placed at churches are currently subsidized by WHI, and can be fully funded for \$2,500.

Our partner takes a holistic approach to water projects, helping to ensure their sustainability. The process begins with thorough site surveys and the establishment of a local water committee to oversee well use and maintenance. Each community also receives sanitation training, educating them on the dangers of drinking dirty water and the need for proper hand washing. Project leaders receive training in pump repair to ensure that the well remains operational when simple problems arise. WHI then commits to regularly check up on each project to ensure functionality and fair use.

#### About Water Harvest International



We are proud to partner with Water Harvest International on our Wells for Sudan program. Water Harvest International drills in rural communities, usually with 10-50 households. WHI focuses specifically on South Sudan, since this area has been especially ravaged by the country's civil war. Most villagers are originally from this area, but were forced to leave during the long years of war, and have only recently returned to their ancestral lands. There is little development in South Sudan; in fact, one report recently stated that there are no more than six miles of paved roads in the area. Safe water is key to development in this region.



# Sierra Leone



#### ABOVE CENTER:

Students at the DC Mahera Primary School in the Port Loko district of Sierra Leone celebrate their new well. When the drilling team began repairing this well, they found that the original contractor had used faulty components. Now the community well has a brand new pump.

#### ABOVE BOTTOM:

A student from the SLMB Primary School gathers water from a dirty river. These students were forced to drink river water after their old well's pump cylinder fell into disrepair, leading to sicknesses such as dysentery, typhoid and malaria. Now, thanks to a recent well rehabilitation funded by The Water Project, the students are again drinking clean water.

#### LEFT:

Community members in Port Loko in Sierra Leone pose for pictures in front of their rehabilitated well.





#### ABOVE:

Students at the Naomi Memorial Pre-Primary School gather around their rehabilitated well. Before our team arrived, the children drank from an open well, which caused illnesses such as malaria and dysentery.

Esther F.F. Kamara-Onwuma, the 38-year old headmistress of the school spoke with the team about the water needs for the school and community. She said, "Having this well sealed up is a lot safer for the children. The water is more pure. It is healthy. It is wonderful! I can't even explain".

The new well will serve 700 people, including students at a nearby Islamic Secondary School who are awaiting the rehabilitation of their broken well.

## Well Repair Program in Sierra Leone

In 2009, The Water Project partnered with Living Water International to fund a series of well rehabilitations in Sierra Leone. Sierra Leone suffers from the same lack of access to safe water as do the other countries we serve. But in Sierra Leone, the path to a solution is a bit different. Today, there are hundreds of broken hand pumps on existing wells, rendering them useless. Many more open pit wells are simply unsafe. These wells were drilled or dug before the country's civil war. When the original drillers' contracts expired and they no longer had a presence in the country, the wells fell into disrepair and communities lost their only source of safe water.

Rather than building new wells, it is much more cost-effective to repair broken wells. In fact, the cost of well repair averages about \$3,000 per project. In many cases, the community simply needs a new hand pump. Some projects require teams to case and cap unprotected hand dug wells, which are otherwise easily contaminated. Both rehabs result in a clean and safe water source.

Keeping with our goal of utilizing local management and labor whenever possible, our implementer works to train former child soldiers and women who were victimized during the hostilities of the recent civil war. They are being equipped to rehabilitate broken-down wells and educate villagers in basic health and hygiene practices. Hope is restored for everyone involved.

Work is taking place primarily in Koya District, Port Loko District, Western Area Rural, Bombali District and Tonkolili District. As word has gotten out, the teams now regularly receive requests for assistance. Then, survey trips help identify all the nearby wells that need work too.

In every case, the technical work is combined with community training and follow-up to ensure the work is sustainable. Community members are taught proper hygiene and basic well maintenance. At schools, the teams are even able to install toilets, providing a complete water and sanitation solution. These projects are regularly monitored to ensure that the wells remain operational. When you put it all together, an effective and lasting solution is put in place. Lives change.

### From Soldiers to Drillers



In Sierra Leone, we have partnered with Living Water International. Living Water International's Sierra Leone program launched in the wake of the nation's civil war. The operation trains ex-child soldiers and women who were victimized during the hostilities, equipping them to rehabilitate broken-down wells and educate villagers in basic health and hygiene practices.

Living Water International exists to demonstrate the love of God by helping communities acquire desperately needed clean water. Founded in 1990, LWI has completed over 9,000 water projects in 26 countries.



# India



## ABOVE CENTER:

Two boys from the Adi Dravidar Street community. Before receiving a well, these dalit families had no access to public taps, and drew water from a highly polluted agricultural pond.

## ABOVE BOTTOM:

Female students from Meetpar School, a Catholic high school of over 500 students, enjoy water from their new well.

## LEFT:

Women draw water from a new well in the Indian village of Mettupatti. This village over 1,000 people is made up of agriculture workers who had no reliable water source. Now the people have their own water tank which will give them safe water throughout the day and eliminate the need for extended travel to find sufficient water.





#### ABOVE:

Women draw water from a new well in the village of Mettupatti.

This is one of three projects funded by Performers for Progress, a group of high school students from Orinda, California that produces and organizes student talent shows to benefit charities of the organization's choosing.

#### RIGHT:

Two boys from the Adi Dravidar Street Community watch as their neighborhood's new well is dedicated.

## Working In India

In 2009, The Water Project continued our partnership with Wells for Life, completing 14 projects with DWPA, a local Indian NGO that works to bring clean water to the poorest communities.

The effects of water scarcity are growing more desperate in India than in many other countries. This is due in part to population growth, social structures that promote injustice, and overuse of water resources.

These three factors can be seen in the case of the Dalit families in the Adi Dravidar Street community in India. For these community members, water scarcity was a reality of daily life. The community, with a population of over 400, is made up of mostly landless agricultural laborers who scrape by on their daily wages.

The only source of clean, safe water in the area was a shared overhead water tank. But, as the lowest members in the caste system, the Dalit community members rarely had access to this water. When they were able to access the tank, they would often find it empty. As a result, they would draw water from a nearby agricultural pond,

which is highly polluted and unsafe for drinking.

Their lives were changed when our implementing partner came to their village. Now everyone has access to clean water, regardless of their rank in the caste system. Not only will the water help prevent illness, but it is also more convenient for the community to use, freeing up time to participate in more productive activities. The Adi Dravidar Street community has been changed by clean, safe drinking water.



### Wells for Life



The Water Project partners with Wells for Life for our India program. Wells for Life exists to provide safe water for people in need in order to create a lasting impact for generations to come. The organization utilizes the expertise of Indian professionals trained in engineering, hydrogeology, and construction as well as the help of the receiving community to carry out the project. They also establish the location of each project on property that will afford equal access to all those within the village or community, regardless of one's faith or caste.



# The Water Challenge

The Water Challenge, our most popular fundraising program for groups of all sizes, continues to be the easiest way for people to connect to the story of water scarcity around the world and make a difference. Over 350 groups signed up to take the Challenge this year, and we shipped out over 50,000 “I’m Giving Water” wristbands to participants. Here are what some of them had to say about their project:

*“It was a rewarding experience for us, and the student body demonstrated their support and interest in learning about the difficulties many areas experience due to a lack of available water.”* - A Midwestern High School’s Culture Club

*“The water project has changed my life thinking of all those poor children who drink water with bacteria and other things. I thank my family and God for giving me these wonderful things and gifts. Hopefully we can do this project again. I feel better helping others. Thank you!”* - Lauren, 6th Grade Water Challenge Participant

*“I was personally shocked at how much we raised being a small elementary school. My students learned a lot and have a better understanding of citizenship because of this project.”* - Amanda C., Elementary School Teacher

*“We are honored to have participated in such a noble effort to help provide water and hope to people in Kenya.”* - Devika B., College Student



## Camp Takes Challenge

The American Girl Camp at the Middleburg Community Center took part in The Water Challenge last summer to learn about water issues around the world.

The girls painted posters to bring home and place by the water faucet they used most. They wore their Water Challenge bracelets all week to remind them how fortunate they are every time they turn on the tap or drink a clean glass of water. All of the girls dug into their piggy banks to bring coins for the “water bucket,” and one even received permission to bring in her dad’s big glass jar of coins.

## Vessel Drinkware Partnership



The Water Project was pleased to partner with Vessel Drinkware Inc. in 2009 to offer stainless steel water bottles as part of our online Gear Shop. Thanks to Vessel’s generosity, The Water Project was able to use 100% of the proceeds from the sale of special edition Vessel Drinkware bottles (right) to help fund our work around the world.





# Featured Fundraisers

At The Water Project, we continue to be impressed by the creativity of our supporters. Each year, we get emails, phone calls, letters and posts on our Facebook page from our friends around the globe who got creative in the ways they raised money for clean water. Some work hard at our Water Challenge, giving up any beverage but water for two weeks. Others host dinners, concerts, races and more to show their love to those without water. These are just a few of the many fundraisers that caught our eye in 2009.



## OktoberfeAst

For the California-based nonprofit Who Will We Will, a “feast” is more than a meal, it’s an opportunity to raise money to support underfunded international causes.

On November 21, 2009, the group held an “OktoberfeAst” with a four-piece polka band, 65 pounds of Bratwurst and six kegs of German beer. Over 150 people attended and raised more than enough to drill a well in Southern Sudan. Their marketing slogan for the event? “Drink Beer. Give Water. Save Lives. Have a Blast.” Thanks to their creativity, a community in Sudan will be drinking clean water for years to come.

## The Road to Change

Charles Hurst has been known to pick up change while running. But one day, after he picked up \$5.41, he had the idea to turn that change into change by running the Arkansas Traveler 100-mile race to fund a well in Kalimani, Kenya. After a year of training and preparation, he began running on Saturday October 3, 2009 and finished the race over 28 hours later on Sunday morning. Charles rallied his friends and raised \$5,791.45.

Kalimani is a densely populated community. Over 4,000 people were in need of a reliable source of safe water. Women and children had to walk over two hours a day to fetch contaminated water from a nearby seasonal stream. When that dried out each year in early July, the walk increased to over seven kilometers. Thanks to Charles and his friends, this community is receiving a new deep water well.



## Concerts That Changes Lives

Is it possible for a high-school talent show to change the world? That is the audacious goal of the Orinda, California-based Performers for Progress. This group of high school students produce talent shows to benefit communities around the world. In October 2009, the group raised enough money to fund three wells in India.

A similar event took place on August 20, 2009 in Vancouver, BC, Canada. The group Project Hydrate set out to raise funds for The Water Project and to raise awareness of global water issues. The event featured eight talented performers, and a mix of local bands and musicians from the Greater Vancouver area. The proceeds helped to provide clean water for a school in Kenya.





# Sharing The Story

We're so committed to telling this story well, we're inventing new tools to do it. In 2009, we launched a series of initiatives online that help introduce the need for clean, safe water and then demonstrate the impact each of our supporters can have.

Whenever a donation is made online, the donor receives a unique link to track "their" water project. Donations by mail receive the same information a few weeks later.

Photos of the community, construction and completed project.

As reports come in from the field, our team updates each water project page in near-time, posting information about community mobilization and the project's construction.

**Nabongo Primary School Well - Kenya**

A new well is now operational at Nabongo Primary School.

This school serves 1,630 Pupils with 57 staff members.

The school children used to gather water from a small stream which is contaminated with raw sewage and by latrines close to the stream. The stream is also contaminated by people bathing in it. The stream dries up during the dry seasons.

The new hand pump will be managed by the school project management team which is already in place.

Our implementing partner reported that:

"The school's response was so positive and with joy. The students promised to do well in their studies with this new water source near them. Most of them said they will be best positions in their year exams. They were happy that their level of hygiene has been enhanced. They are very thankful to the Water Project."

Our partner's hygiene and sanitation manager said "The school has enough latrines for boys and girls. The latrines are washed by a man who is employed by the school management. The school compound is cleaned up by pupils. At least all children don't go bare foot in the latrines. The school has the correct disposal for rubbish. On my visit, I taught the pupils about their body hygiene and encouraged them to maintain it."

**Project Photos**

**Project Photos**

**Project Updates**

**Drilling complete in Nabongo**

Drilling began this week at the Nabongo School. Our team sent along these pictures.

They found water at 10 meters and drilled to 21 meters.

The borehole is now drilled and cased, cement works complete and it is curing at present. The Abidev handpump has been purchased and is awaiting installation.

**Sanitation training at Nabongo**

Our team in Kakamega was out recently with the students at the Nabongo Primary School preparing them for their upcoming well project.

Before a well is constructed, our partners spend time training the community or school in proper sanitation and hygiene.

Teaching why dirty water makes one sick is an important part of the process.

**Project Data**

A new well for a school

Project Type: Hand Pumped Well

Location: Near Kakamega, Kenya

Depth: 70.00

Project ID: 032010-107-419

Each "Project Snapshot" box includes the country name, GPS coordinates, the number of people served by the project, and the project status.

Explanation of how the project will serve the local community.

Satellite image of the community.

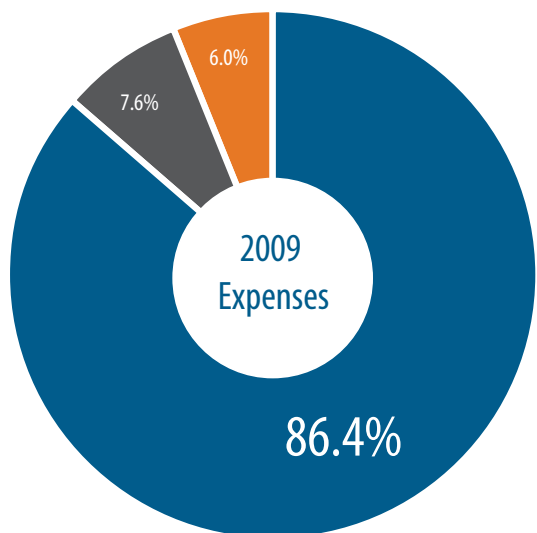
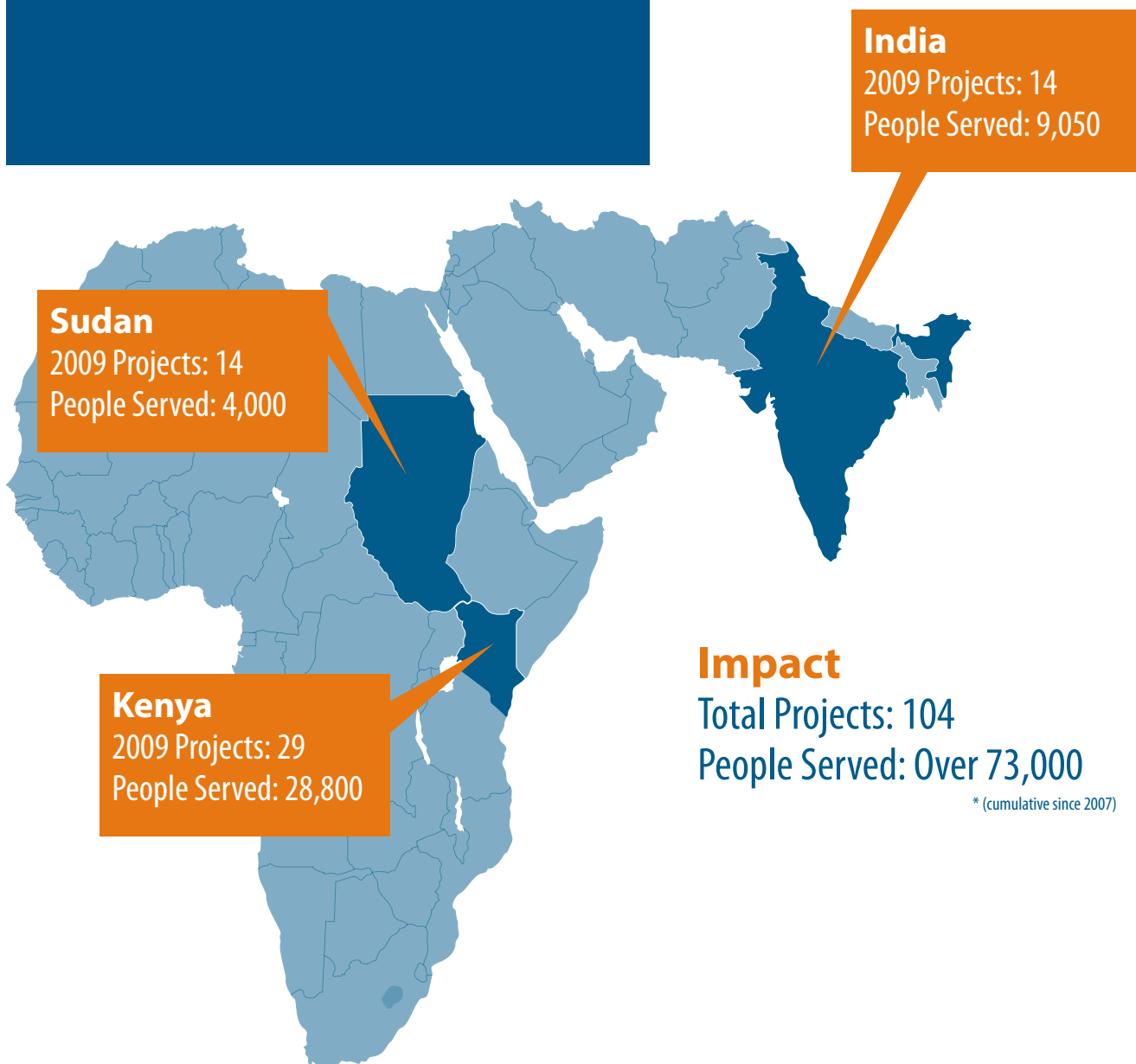
We intend to continue updating each project page in the coming years as they are monitored in the field. Some will break down and need repair, some won't. We think it's essential to share those outcomes regardless. This is hard work and we don't always get it right. Sharing the whole story helps everyone understand the efforts a little better.

## What's Next

In 2010, we'll be launching a particularly innovative and useful new advocacy toolset to help our supporters share the story of water with a much larger audience. While we're convinced that online tools like Facebook, Twitter and Google Earth are incredibly powerful, we know that it's "real-world" advocacy that truly changes things. We're focused on creating tools to bridge the gap between the inspiring invite online and the hands-on, impact-making offline work needed to help fund water projects. We've partnered with leading-edge technology providers to refine these new tools into something truly powerful and intend to continue leading the pack in harnessing every tool possible to provide clean, safe water.



# Financial



## How We Spend







## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors  
The Water Project, Inc.  
Charlotte, North Carolina

We have audited the accompanying statement of financial position of The Water Project, Inc. as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 audit provides 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 The Water Project, Inc. as of December 31, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Elliott Davis" followed by "PLLC" in a smaller, printed font.

Charlotte, North Carolina  
May 28, 2010

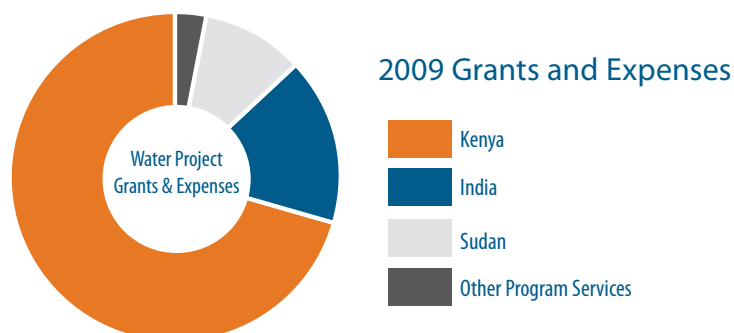


# Statement of Activities

for the year ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUES</b>				
Contributions	\$ 70,890	\$ 355,852	\$ -	\$ 426,742
Product sales	11,191	-	-	11,191
Gifts in kind	3,888	-	-	3,888
Interest income	51	-	-	51
	86,020	355,852	-	441,872
Net assets released from purpose restrictions	191,676	(191,676)	-	
Total support and revenues	277,696	164,176	-	441,872
<b>EXPENSES</b>				
Cost of product sales	3,888	-	-	3,888
Program grants	191,676	-	-	191,676
legal and professional	13,447	-	-	13,447
Travel	555	-	-	555
Postage and shipping	3,405	-	-	3,405
Printing	4,630	-	-	4,630
Facilities and equipment	1,594	-	-	1,594
Telephone and internet	2,372	-	-	2,372
Insurance	1,597	-	-	1,597
Licenses and permits	2,020	-	-	2,020
Supplies	861	-	-	861
Subscriptions and publications	80	-	-	80
Public relations and development	1,302	-	-	1,302
Bank fees	1,675	-	-	1,675
Other	105	-	-	105
Total expenses	229,207	-	-	229,207
INCREASE IN NET ASSETS	48,489	164,176	-	212,665
NET ASSETS, BEGINNING OF YEAR	6,542	15,748	-	22,290
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 55,031</b>	<b>\$ 179,924</b>	<b>\$ -</b>	<b>\$ 234,955</b>

*\*The accompanying notes are not  
an integral part of these financial  
statements.*





## Statement of Cash Flow

for the year ended December 31, 2009

### OPERATING ACTIVITIES

Increase in net assets	\$ 212,665
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Contributions receivable	(42,390)
Net cash provided by operating activities	<u>170,275</u>

**INCREASE IN CASH AND CASH EQUIVALENTS** 170,275

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 16,802

**CASH AND CASH EQUIVALENTS, END OF YEAR** \$ 187,077

## Statement of Financial Position - December 31, 2009

### CURRENT ASSETS

Cash and cash equivalents	\$ 187,077
Contributions receivable	47,878
Total current assets	<u><u>\$ 234,955</u></u>

### NET ASSETS

Unrestricted	\$ 55,031
Temporarily restricted	179,924
Permanently restricted	-
Total net assets	<u><u>\$ 234,955</u></u>

## Notes to Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES

#### Nature of operations

The Water Project (the "Organization") is a North Carolina not-for-profit corporation, which was incorporated on December 5, 2007. The Organization is an independent organization based in Charlotte, North Carolina, that aims to bring relief to communities throughout the world who suffer needlessly from a lack of access to clean water. Specifically, the Organization distributes contributed funds directly to national and international organizations that assist underdeveloped communities in gaining access to clean drinking water. The organization's major sources of support and revenue are contributions from the general public.

#### Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis.

#### Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



# Notes to Financial Statements (cont.)

## Cash and cash equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include \$13,996 of money market funds at December 31, 2009.

## Contributions receivable

Contributions receivable are recorded at the written pledged amount less an estimate made for doubtful accounts. The Company provides an allowance for doubtful collections when deemed necessary, which is based upon a review of prior collection history, type of contribution, and nature of fund-raising activity. The Organization has not recorded an allowance for uncollectible accounts at December 31, 2009. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts.

## Net Assets

The Organization is required to report information regarding its financial position according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets are composed of all resources not included in the below categories. Donor restricted contributions that are received and expended in the same year are classified as unrestricted.

Temporarily restricted net assets carry restrictions that expire upon the passage of a prescribed period or upon the occurrence of a stated event as specified by the donor. When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets are released from restriction.

Permanently restricted net assets are contributed to be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets.

## Income taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for income taxes in the accompanying financial statements.

## Contributions and unearned contributions

Contributions are recognized as revenue when received as unrestricted, temporarily or permanently restricted, depending on the existence and nature of donor restrictions. Pledges are recognized as revenue upon receipt of evidence of an unconditional promise to give. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Contributed assets are recorded at their estimated fair value when the Organization obtains possession of donated goods or evidence of an unconditional promise to give. Contributed services for voluntary donations of services are recognized in the financial statements when these services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services that would be typically purchased if not provided by donation.

## Recently adopted accounting pronouncements

Beginning in 2009, the Organization adopted an accounting pronouncement in conformity with accounting principles generally accepted in the United States of America which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. This standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This standard also provides guidance on de-recognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure, and transition. The adoption of this accounting standard had no impact on the Organization's financial statements.

## Subsequent Events

These financial statements have not been updated for subsequent events occurring after May 28, 2010, which is the date these financial statements were available to be issued.

## NOTE 2 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization maintains cash and cash equivalent accounts at various financial institutions. From time to time, the Organization's accounts at such institutions may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. The Organization has not experienced losses in such accounts and management does not believe it is exposed to significant credit risk on its cash and cash equivalents.

At December 31, 2009, \$45,000 (11 percent) of contribution revenue was contributed by one donor and \$40,000 (84 percent) of contributions receivable was due from an additional single donor.

## NOTE 3 - CONTRIBUTED GOODS

During 2009, the Organization received inventory donated by an unrelated for-profit corporation. This inventory was sold to third party consumers during the year ended December 31, 2009. The Organization recorded donations in kind for contributed product of \$3,888 and a corresponding charge to cost of product sales for the year ended December 31, 2009.

## NOTE 4 - FUNCTIONAL EXPENSES

The Organization aims to bring relief to communities throughout the world who suffer needlessly from a lack of access to clean water through partnerships with qualified and deserving not-for-profits.

Expenses related to providing these services for the year ended December 31, 2009 are summarized as follows:

Program	\$ 198,013
Management and general	17,526
Development and public relations	13,668
Total Expenses	\$ 229,207

# Board of Directors



**Michael D. Ballou**

Michael is currently serving as Senior Pastor of North Shore Baptist Church in Peabody, MA. He holds a B.S. in Mechanical Engineering and a Master of Divinity from Gordon-Conwell Theological Seminary.



**Rob Hudiburg**

Rob is currently Vice President of Sales for Lamplight, a WC Bradley owned manufacturer of Lawn & Garden products, and has an MBA in Finance & Entrepreneurship from Pepperdine University.



**David Myers**

Dave's professional background includes a graduate degree in Civil Engineering and experience helping to start and grow private companies and organizations. He is excited about applying these professional skills to The Water Project.



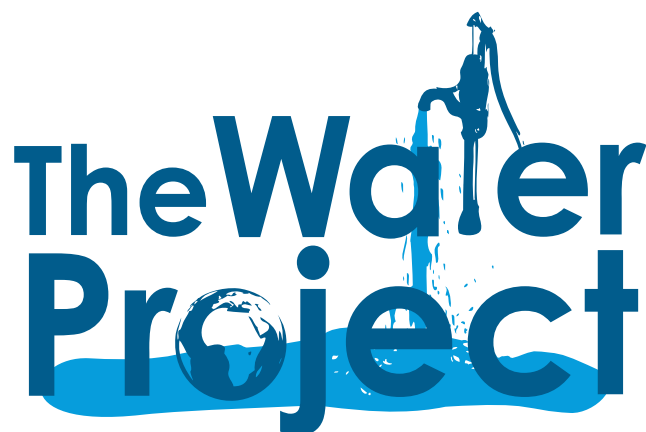
**Andrew Scott**

Andrew was part of the small group who started The Water Project. He works with youth to engage other schools and churches with the cause of clean water. Andrew has a background in social work and is currently pursuing a Master of Divinity at Acadia.



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*When water comes . . . everything changes.*



The Water Project, Inc.

PO Box 39487

Charlotte NC 28278-9602

t. 1-800-460-TWPI

e. [info@thewaterproject.org](mailto:info@thewaterproject.org)

Please visit us on the web:

[www.thewaterproject.org](http://www.thewaterproject.org)