

Statements of Financial Position as of December 31, 2008 (UNAUDITED)

	<u>2008</u>
ASSETS	
Current Assets	
Contributions Receivable	\$ 5,738
Cash and cash equivalents	<u>\$ 16,542</u>
TOTAL ASSETS	<u>\$ 22,280</u>
LIABILITIES & NET ASSETS	
Net Assets	
Unrestricted	\$ 6,532
Temporarily Restricted	
Pending Water Projects	<u>\$ 15,748</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 22,280</u></u>

Statements of Financial Activities
January 1, 2008 - December 31, 2008

(UNAUDITED)

REVENUE	<u>2008</u>		
	Unrestricted	Temporarily Restricted	Total
Contributions	\$ 19,746	\$ 64,197	\$ 83,943
Net Assets Released from Restrictions			
Water Project Grants	48,449	(48,449)	
Total Revenue	\$ 68,195	\$ 15,748	\$ 83,943
EXPENSES			
Program Expenses:			
Water Project Grants			
Kenya Water Project	\$ 22,000		
Thirst Relief: Cameroon, Zambia, India	19,243		
The Sharing Way: Kenya	6,767		
Bridge Water Project	439		
Total Water Project Grants	\$ 48,449		
Travel Expenses	1,505		
Awareness & Education	8,739		
Total Program Expenses	\$ 58,693		
Operational Expenses:			
Fundraising	1,069		
Business Expenses	750		
Admin. Expenses	636		
Other Costs	515		
Total Operational Expenses	\$ 2,970		
Total Expenses	\$ 61,663		
Net Income	\$ 22,280		

Notes to the Financial Statements – December 31, 2008

1. Organization and Purpose:

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 have two simple and related goals.

1. Spread the word about the lack of access to clean water and about the relatively easy solutions to the problem in places like Kenya, Zambia, India and Cameroon.
2. Compel those who hear the story of water to act and bring about change by sharing their own resources (time & money) and engaging their own networks of influence to get involved.

2. Summary of Significant Accounting Policies:

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

a. Accrual Basis Financial Statements

The accompanying financial statements have been prepared on the accrual basis and conform to generally accepted accounting principles in accordance with the principles of not-for-profit accounting.

b. Net Assets

The net assets of TWP and changes therein are classified and reported as follows:

- Unrestricted net assets include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the organization to utilize funds in furtherance of its mission.
- Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because certain actions are taken by the organization which fulfill the restrictions or because of the passage of time. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

c. Cash and Cash Equivalents

Cash and cash equivalents include all unrestricted cash on hand and in banks. TWP also considers all highly liquid unrestricted investments with a maturity of three months or less when purchased to be cash equivalents.

2. Summary of Significant Accounting Policies: (continued)

d. Contributions Receivable

It is the policy of TWP to record for the period contributions considered to be in transit at the close of the period, that is, those dated in December and received during January, as contributions receivable.

e. Contributions

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges). Contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

f. Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the organization. These services are valued based on the estimated cost of services that would have otherwise had to have been purchased.

TWP also receives a significant amount of donated services from unpaid volunteers who assist in various other program and supporting services. No amounts have been recognized in the statement of activities for these other unpaid volunteers because the criteria for recognition under generally accepted accounting principles have not been satisfied.

g. Allocation of Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Development and Public Relations and Management and General expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

h. Tax Exempt Status

TWP is exempt from tax under Section 501(c)(3) of the Internal Revenue Code and from state and local taxes under comparable laws.

i. Use of Estimates

The preparation of financial statements conform with generally accepted accounting principles requiring management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Contributions Receivable

Contributions receivable totaling \$5,738.00 were received in the following year.

4. Contributions

TWP is underwritten by donors who support the advertising, public relations, 3rd party fundraising expenses and administrative costs of the organization through unrestricted donations, as well as through sponsorships and in-kind gifts. As a specific example, private individuals pay all costs associated with "The Water Challenge" fundraiser. These private donors pay for the bracelets and postage to mail them to participating groups. This allows 100% of the money raised by groups and individuals giving toward water projects to directly fund freshwater projects, wells and basic sanitation projects in the poorest communities in Africa and India. Currently, these funds support operations in Kenya, Cameroon, India, and Zambia. Other donors have donated the cost of advertising, web site hosting, legal fees and travel expenses.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

General Water Projects	– \$ 10,118.30
Well Repair: Zambia	– \$ 500.00
Road to Change: Kalimani Well	– \$ 2,128.93
Wells for Life: India	– \$ 3,000.00

These funds are being released for their intended purposes during 2009 through grants made to TWP's partner organizations.

6. Concentration of Risk

TWP's cash accounts are located in multiple institutions. As of December 31, 2008, no amount deposited in any institution exceeded the \$100,000 federal depository insurance limit.

The Water Project, Inc.

Board of Directors

R. Peter Chasse
President & Founder

Michael D. Ballou
Secretary

Andrew Scott
Volunteer

In 2008, The Water Project, Inc. was a 100% volunteer organization. We had no paid staff.

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