

The Thirst Project

Financial Statements

December 31, 2023

The Thirst Project

Table of Contents
December 31, 2023

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

Independent Auditors' Report

To the Board of Directors
The Thirst Project

Opinion

We have audited the accompanying financial statements of The Thirst Project (the Organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in its net assets of and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

Los Angeles, California

October 15, 2024, (except for restated amounts as presented in Note 5, which are as of February 27, 2025)

The Thirst Project

Statement of Financial Position

December 31, 2023

Assets

Current Assets

Cash	\$ 48,789
------	-----------

Total current assets	48,789
----------------------	--------

Related-Party Receivable

515,513

Other Assets

11,345

Total assets	\$ 575,647
--------------	------------

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 6,000
------------------	----------

Total current liabilities	6,000
---------------------------	-------

Net Assets

Net assets without donor restrictions	569,647
---------------------------------------	---------

Total liabilities and net assets	\$ 575,647
----------------------------------	------------

See notes to financial statements

The Thirst Project

Statement of Activities

Year Ended December 31, 2023

	Without Donor Restrictions
Revenue	
Donations	\$ 708,932
Contributed nonfinancial assets	<u>1,890</u>
Total revenues	<u>710,822</u>
Expenses	
Program services	875,463
Management and general	20,036
Fundraising	<u>19,549</u>
Total expenses	<u>915,048</u>
Change in net assets	(204,226)
Net Assets, Beginning	<u>773,873</u>
Net Assets, Ending	<u><u>\$ 569,647</u></u>

See notes to financial statements

The Thirst Project

Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Total
Programs paid by related party	\$ 489,330	\$ -	\$ -	\$ 489,330
Water project expenses, as restated	238,740	-	-	238,740
In-country field staff, as restated	145,641	-	-	145,641
Fundraising expenses	-	-	12,390	12,390
Bank and finance charges	-	9,815	-	9,815
Legal and professional fees	-	7,106	-	7,106
Media film creation	-	-	5,407	5,407
Rent and parking	1,404	1,404	1,404	4,212
Interest expense	-	1,113	-	1,113
Information technology	348	348	348	1,044
Dues and subscription	-	250	-	250
Total expenses	<u>\$ 875,463</u>	<u>\$ 20,036</u>	<u>\$ 19,549</u>	<u>\$ 915,048</u>

See notes to financial statements

The Thirst Project

Statement of Cash Flows

Year Ended December 31, 2023

Cash Flows From Operating Activities

Change in net assets	\$ (204,226)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Programs paid by related party	489,330
Changes in operating assets and liabilities:	
Related-party receivable	(223,268)
Other assets	(8,022)
Accounts payable	(6,998)
	<hr/>
Net cash provided by operating activities	46,816
	<hr/>
Net increase in cash	46,816
	<hr/>
Cash, Beginning	1,973
	<hr/>
Cash, Ending	<u><u>\$ 48,789</u></u>

See notes to financial statements

The Thirst Project

Notes to Financial Statements

December 31, 2023

1. Nature of Organization

The Thirst Project (the Organization) is a 501(c)(3) nonprofit organization incorporated under the laws of the state of California on May 6, 2008. The Organization's mission is to raise awareness of the global water crisis through the implementation of programs aiming to provide practical solutions for developing nations and impoverished communities. The Organization has active projects to provide clean water to communities in Swaziland, Uganda, Kenya and El Salvador.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations. These funds may also be designated for specific purposes by action of the Board of Directors. The Organization did not have any net assets designated by the Board of Directors at December 31, 2023.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time, and net assets to be held in perpetuity as directed by donors. The Organization did not have any net assets with donor restrictions at December 31, 2023.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash accounts and short-term investments with a maturity of three months or less to be cash equivalents. The Organization had no cash equivalents as of December 31, 2023.

Revenue Recognition

Contributions

Unconditional contributions and grants are recognized as revenue when the promise to give is made by the donor. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending upon the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are excluded from revenues until the conditions are substantially met. At December 31, 2023, there were no conditional promises to give.

Contributed Nonfinancial Assets

Contributed services are recognized as in-kind revenues at their estimated fair value if they require specialized skills that would need to be purchased if they are not donated. Contributed goods are recognized as in-kind revenues at their estimated fair value.

The Thirst Project

Notes to Financial Statements

December 31, 2023

Functional Allocation of Expenses

Costs of providing program and supporting services have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on usage.

Income Taxes

The Organization is exempt from federal and state Income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, it has not provided for income taxes in these financial statements.

Each year, management considers whether any material tax position the Organization has taken is more likely than not to be sustained upon examination by the applicable taxing authority. Management believes that any positions the Organization has taken are supported by substantial authority and, hence, do not need to be measured or disclosed in these financial statements.

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 reported period. Actual results can differ from those estimates.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts; these balances may exceed federally insured limits at various times throughout the year. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Subsequent Events

The Organization has evaluated events through October 15, 2024, which is the date the financial statements were approved and available to be issued.

3. Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization's primary source of liquidity is cash and related party receivables. As of December 31, 2023, the Organization had a cash balance of \$48,789.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Organization receives substantial agency donations through its related party, Legacy Youth Leadership (see Note 4), which covers general expenditures.

4. Related-Party Receivable

The Organization's related party through common board membership, Legacy Youth Leadership, received donations for The Thirst Project from donors and sponsors. As such, the Organization recognizes a related party receivable that does not accrue interest in its books as of year-end. As of December 31, 2023, the remaining balance of \$515,513 was classified as a noncurrent receivable.

The Thirst Project

Notes to Financial Statements
December 31, 2023

5. Correction of Error

Subsequent to the date of the Independent Auditor's Report, a reallocation of functional expenses was made to move \$16,432 from In-country field staff to Water project expenses to correct an error in reporting. The amounts remain within program services.