



# **BREAD AND WATER FOR AFRICA<sup>®</sup>, INC.**

## **Financial Statements**

*For the Year Ended June 30, 2020*

*(With Summarized Financial Information for the Year Ended June 30, 2019)*



**and  
Report Thereon**



**BREAD AND WATER FOR AFRICA, INC.**

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**For the Year Ended June 30, 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Bread and Water for Africa, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Bread and Water for Africa, Inc. (the Organization), an affiliate of Christian Relief Services Charities, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Continued

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## **Opinion**

In our opinion, the 2020 financial statements referred to above present fairly, in all material respects, the financial position of Bread and Water for Africa, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Report on the Summarized Comparative Financial Statements*

We have previously audited the Organization's 2019 financial statements, and in our report dated November 5, 2019, we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Marcum LLP*

Washington, DC  
October 26, 2020

**BREAD AND WATER FOR AFRICA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2020**  
**(With Summarized Financial Information as of June 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash	\$ 207,606	\$ 93,806
Contributions receivable, net	52,548	54,695
Accounts receivable	962	1,045
Investments	<u>592,517</u>	<u>564,607</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 853,633</u></u>	<u><u>\$ 714,153</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 11,235	\$ 6,219
Due to affiliates	<u>36,054</u>	<u>17,810</u>
<b>TOTAL LIABILITIES</b>	<u>47,289</u>	<u>24,029</u>
<b>Net Assets</b>		
Without donor restrictions	422,618	299,251
With donor restrictions	<u>383,726</u>	<u>390,873</u>
<b>TOTAL NET ASSETS</b>	<u>806,344</u>	<u>690,124</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 853,633</u></u>	<u><u>\$ 714,153</u></u>

The accompanying notes are an integral part of these financial statements.

**BREAD AND WATER FOR AFRICA, INC.**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2020**

**(With Summarized Financial Information for the Year Ended June 30, 2019)**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE AND SUPPORT</b>				
Noncash contributions from affiliate	\$ 26,718,138	\$ -	\$ 26,718,138	\$ 11,764,916
Cash contributions from affiliate	400,000	-	400,000	200,000
Other cash contributions	32,488	63,462	95,950	91,388
Workplace campaign contributions	-	56,012	56,012	64,073
Investment income, net	18,404	-	18,404	29,594
Net assets released from restrictions:				
Satisfaction of time restrictions	58,159	(58,159)	-	-
Satisfaction of purpose restrictions	68,462	(68,462)	-	-
	27,295,651	(7,147)	27,288,504	12,149,971
<b>TOTAL REVENUE AND SUPPORT</b>				
<b>EXPENSES</b>				
Program Services:				
International programs	27,143,821	-	27,143,821	12,104,843
	27,143,821	-	27,143,821	12,104,843
<b>Total Program Services</b>				
Supporting Services:				
Management and general	23,461	-	23,461	25,274
Development and fundraising	5,002	-	5,002	6,170
	28,463	-	28,463	31,444
<b>Total Supporting Services</b>				
	27,172,284	-	27,172,284	12,136,287
<b>TOTAL EXPENSES</b>				
<b>CHANGE IN NET ASSETS</b>	123,367	(7,147)	116,220	13,684
<b>NET ASSETS, BEGINNING OF YEAR</b>	299,251	390,873	690,124	676,440
<b>NET ASSETS, END OF YEAR</b>	\$ 422,618	\$ 383,726	\$ 806,344	\$ 690,124

The accompanying notes are an integral part of these financial statements.

**BREAD AND WATER FOR AFRICA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2020**  
**(With Summarized Financial Information for the Year Ended June 30, 2019)**

	2020				2019
	International Programs	Management and General	Development and Fundraising	Total	Total
Donated relief materials	\$ 26,718,138	\$ -	\$ -	\$ 26,718,138	\$ 11,764,916
Cash grants	240,597	-	-	240,597	253,348
Wages and fringe benefits	139,682	-	-	139,682	57,567
Office supplies, dues and subscriptions	15,538	9,907	5,002	30,447	17,671
Provision for doubtful accounts	12,875	-	-	12,875	16,056
Professional and consulting	-	10,390	-	10,390	16,135
Payroll taxes	9,051	-	-	9,051	3,812
Meetings and travel	6,595	-	-	6,595	1,840
Rent and utilities	-	2,257	-	2,257	3,069
General insurance	-	907	-	907	586
Telephone	698	-	-	698	405
Printing and production	510	-	-	510	323
Postage	137	-	-	137	-
Bank charges	-	-	-	-	476
Miscellaneous	-	-	-	-	83
<b>TOTAL EXPENSES</b>	<b>\$ 27,143,821</b>	<b>\$ 23,461</b>	<b>\$ 5,002</b>	<b>\$ 27,172,284</b>	<b>\$ 12,136,287</b>

The accompanying notes are an integral part of these financial statements.

**BREAD AND WATER FOR AFRICA, INC.**

**STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2020**

**(With Summarized Financial Information for the Year Ended June 30, 2019)**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 116,220	\$ 13,684
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for doubtful accounts	1,790	663
Unrealized losses on investments	6,828	837
Realized gains on investments	(11,885)	(16,650)
Noncash contributions from affiliate	(26,718,138)	(11,764,916)
Donated relief materials	26,718,138	11,764,916
Changes in assets and liabilities:		
Contributions receivable	357	(3,320)
Accounts receivable	83	(1,045)
Due from affiliate	-	119,256
Accounts payable and accrued expenses	5,016	3,048
Due to affiliates	18,244	(52,103)
	<u>136,653</u>	<u>64,370</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	117,769	34,786
Purchase of investments	(140,622)	(47,056)
	<u>(22,853)</u>	<u>(12,270)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		
	<u>113,800</u>	<u>52,100</u>
<b>NET INCREASE IN CASH</b>		
	<u>93,806</u>	<u>41,706</u>
<b>CASH, BEGINNING OF YEAR</b>		
	<u>\$ 207,606</u>	<u>\$ 93,806</u>
<b>CASH, END OF YEAR</b>		

The accompanying notes are an integral part of these financial statements.



# BREAD AND WATER FOR AFRICA, INC.

## NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2020

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### 1. Organization and Summary of Significant Accounting Policies

#### **Organization**

Bread and Water for Africa, Inc. (the Organization) was incorporated in 1997 and is a subordinate unit under the group exemption of Christian Relief Services Charities, Inc. (CRSC), a nonprofit 501(c)(3) organization. The Organization promotes positive change in Africa by supporting and strengthening grassroots initiatives for self-sufficiency, health and education, and assisting in the development of alternative energy sources, agricultural techniques, conservation programs, educational programs, medical programs and water resources.

The Organization received 99% of its support in the form of cash and noncash contributions from Christian Relief Services, Inc. (CRSI), an affiliate of CRSC, and the remaining 2% of its support from the public through participation in the workplace campaign or direct donations.

#### **Basis of Accounting and Presentation**

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

#### **Investments**

Investments are recorded in the accompanying statement of financial position at 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. Investment income, including net realized and unrealized gains (losses), is reflected in the statement of activities as an increase (decrease) in net assets without donor restriction, unless the investment income use is restricted by explicit donor stipulation for a specific purpose or law. Interest and dividend income is recorded on the accrual basis.

#### **Fair Value Measurement**

In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, the Organization has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

# BREAD AND WATER FOR AFRICA, INC.

## NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2020

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### 1. Organization and Summary of Significant Accounting Policies (continued)

#### **Fair Value Measurement (continued)**

*Level 2* – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

*Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

As of June 30, 2020, only the Organization's investments, as described in Note 3 of these financial statements, were measured at fair value on a recurring basis.

#### **Net Assets**

The net assets of the Organization are classified as follows:

- Net assets without donor restrictions represent funds that are available for support of the Organization's operations.
- Net assets with donor restrictions represent amounts that are subject to donor-imposed restrictions to be used for various programs or within a specific time period. These donor restrictions can be temporary in nature in that they will be met by the Organization's activities or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor stipulated that the funds must be maintained in perpetuity. As of June 30, 2020, the Organization had no net assets with donor restrictions that were required to be maintained in perpetuity.

#### **Revenue and Support Recognition**

Unconditional gifts and grants of cash and other assets are recognized as revenue and support at their net realizable value when an unconditional promise to give is received by the Organization. The Organization reports unconditional gifts and grants of cash and other assets as increases in net assets without donor restrictions and available for general operations unless specifically restricted by the donor.

The Organization reports unconditional gifts of cash and other assets as having donor restrictions if they are received with donor stipulations that limit the use of the donated assets for purpose or time. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Workplace campaign contributions with payments due in future years are reported as increases in net assets with donor restrictions in the accompanying statement of activities. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization had no conditional grants as of June 30, 2020.

# BREAD AND WATER FOR AFRICA, INC.

## NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2020

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### 1. Organization and Summary of Significant Accounting Policies (continued)

#### **Revenue and Support Recognition (continued)**

Revenue and support recognized on unconditional contributions that have been committed to the Organization but have not been received is reflected as contributions receivable in the accompanying statement of financial position. Contributions receivable are reported net of an allowance for doubtful accounts. The allowance is based on historical collection experience and a review of the current status of contributions receivable. A provision for doubtful accounts is made when collection of the full amount is no longer probable.

#### **Noncash Contributions**

Noncash contributions from an affiliate represent contributions of school supplies, books, agriculture equipment, medicine, medical equipment and medical supplies that were made to CRSI, an affiliate of the Organization, a portion of which was then donated to the Organization for its international programs. The donated items are recorded as revenue and expenses at their estimated fair value at the date of donation. 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 Organization's programs are furthered by a substantial number of nonprofessional volunteers who have contributed their services to the Organization. The value of these services is not reflected in the accompanying financial statements because the contributed services do not meet the necessary criteria for recognition under GAAP.

#### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to a specific functional area of the Organization are reported as expenses of those functional areas. Salaries and benefits that benefit multiple CRSC affiliates have been allocated among the CRSC affiliates based on estimates determined by management to be equitable. Occupancy and depreciation expense are allocated by the square footage used by each affiliate. All other shared costs are recorded in the parent company and not allocated since the amounts are not significant to the financial statements of the affiliates.

#### **Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **New Accounting Pronouncement**

In June 2018, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958)*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions

**BREAD AND WATER FOR AFRICA, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

1. Organization and Summary of Significant Accounting Policies (continued)

**New Accounting Pronouncement (continued)**

(nonreciprocal transactions) or as exchange (reciprocal) transactions, subject to other guidance, and determining whether a contribution is conditional. The Organization adopted ASU 2018-08 on July 1, 2019, using the modified prospective basis and the adoption of the standard did not result in a material change to the financial statements or the timing of revenue recognition for the Organization's grants and contributions.

2. Contributions Receivable

Contributions receivable represent unconditional promises to give and are recorded at their net realizable value. All receivables are expected to be received within one year. The Organization has recorded an allowance for doubtful accounts of \$16,199 as of June 30, 2020.

3. Investments and Fair Value Measurement

The following table summarizes the Organization's investments measured at fair value on a recurring basis as of June 30, 2020, aggregated by the fair value hierarchy level within which those measurements were made:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Exchange-traded funds	<u>\$ 592,517</u>	<u>\$ 592,517</u>	<u>\$ -</u>	<u>\$ -</u>

The Organization values the exchange-traded funds using the quoted prices for identical assets in active markets.

A summary of investment income is as follows for the year ended June 30, 2020:

Interest and dividends, net	\$ 13,347
Unrealized losses	(6,828)
Realized gains	<u>11,885</u>
Total Investment Income	<u>\$ 18,404</u>

**BREAD AND WATER FOR AFRICA, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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4. Net Assets With Donor Restrictions

As of June 30, 2020, net assets with donor restrictions were restricted for use in programs or for future periods as follows:

International programs	\$ 331,178
Time restrictions	<u>52,548</u>
Total Net Assets With Donor Restrictions	<u>\$ 383,726</u>

5. Transactions with Affiliates

The Organization is an affiliate of CRSC, Christian Relief Services Virginia (CRS Virginia) and CRSI. A majority of the Organization's board overlaps with CRSC, CRSI and CRS Virginia's boards. CRSI acts as the fundraising arm for CRSC and its affiliates. CRSI raises both cash and noncash contributions for CRSC and its affiliates, and the contributions are distributed to the entities based on program objectives and need.

During the year ended June 30, 2020, CRSI made noncash contributions to the Organization of \$26,718,138 and cash contributions of \$400,000. The noncash and cash contributions from CRSI represent 99% of the Organization's support and revenue for the year ended June 30, 2020, and the contributions to the Organization from CRSI are dependent on support from the general public.

As of June 30, 2020, the Organization had payables due to the following affiliates, which are included in due to affiliates in the accompanying statement of financial position:

CRSC (salaries and benefits)	\$ 35,311
CRS Virginia (office expenses)	<u>743</u>
Total Due to Affiliates	<u>\$ 36,054</u>

**BREAD AND WATER FOR AFRICA, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

6. Availability of Resources and Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Organization's financial assets available within one year of the statement of financial position date for general expenditures were as follows:

Cash	\$ 207,606
Contributions receivable, net	52,548
Accounts receivable	962
Investments	<u>592,517</u>
Total Financial Assets Available as of June 30, 2020	853,633
Less:	
Amounts unavailable for general expenditures within one year due to donor's restriction with purpose restriction	<u>(331,178)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 522,455</u>

The Organization has various sources of liquidity at its disposal, including cash, receivables and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a regular basis. As a result, management is able to transfer money from affiliated organizations to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, mostly in exchange-traded funds, or to support organizational initiatives. The Organization can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs.

7. Pension Plan

Employees of the Organization are eligible to participate in a 401(k) plan sponsored by CRSC after 60 days of service. Under the terms of the defined-contribution plan, eligible employees may elect to contribute up to the federal tax limitation. The plan has the following employee deferral and matching provisions:

<u>Elective Deferral</u>	<u>Employer Matching</u>
1%	150% of employee contribution
1% – 3%	100% of employee contribution
3% – 6%	50% of employee contribution

**BREAD AND WATER FOR AFRICA, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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7. Pension Plan (continued)

On January 1, 2020, the plan was amended to increase the employer matching provisions as follows:

<u>Elective Deferral</u>	<u>Employer Matching</u>
1%	400% of employee contribution
1% – 5%	100% of employee contribution

Employees are immediately vested in employer contributions. During the year ended June 30, 2020, retirement expense related to the plan was \$7,603.

8. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes was required as of June 30, 2020, as the Organization had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertainty in tax positions taken for the year ended June 30, 2020, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of June 30, 2020, there are no audits for any tax periods pending or in progress. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in interest or income tax expense. As of June 30, 2020, the Organization had no accruals for interest and/or penalties.

9. Prior Year Summarized Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

10. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 26, 2020, the date the financial statements were available to be issued. Except as discussed below, there were no subsequent events that require recognition or disclosure in the financial statements.

**BREAD AND WATER FOR AFRICA, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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10. Subsequent Events (continued)

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic that continues to spread throughout the United States. The Organization is monitoring the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce its spread, in addition to the impact on its employees. The Organization has been able to continue operations in a remote environment; however, at this point, the extent to which COVID-19 will impact the Organization's financial condition or result of operations is uncertain and being evaluated by management and the Board.