**Financial Statements** 

# 2017 Edge Outreach, Inc. d/b/a Waterstep, Inc.

December 31, 2017 and 2016



**Financial Statements** 

# Edge Outreach, Inc. d/b/a Waterstep, Inc.

December 31, 2017 and 2016

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Strothman and Company

Certified Public Accountants and Advisors 1600 Waterfront Plaza 325 West Main Street Louisville, KY 40202 502 585 1600



Independent Auditors' Report

Board of Directors Edge Outreach, Inc. Louisville, Kentucky

We have audited the accompanying financial statements of Edge Outreach, Inc. d/b/a Waterstep, Inc. (the "Organization"), which are comprised of the statements of financial position as of December 31, 2017 and 2016 and the related statements of activities, functional expenses and cash flows for the years 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 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 the audits 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 auditors consider internal control relevant to the Organization'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 Organization'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.

www.strothman.com

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Edge Outreach, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Change in Accounting Principle

As discussed in Note B to the financial statements, in 2017 the Organization adopted new accounting guidance retrospectively which required that its statement of cash flows explain the change during the year in its total cash, including restricted cash held in escrow accounts. Our opinion is not modified with respect to this matter.

May 25, 2018

Sturtung and Company PSC

# Edge Outreach, Inc. d/b/a Waterstep, Inc.

	Decer	nber 3	1
	 2017		2016
Assets			
Current Assets			
Cash	\$ 387,929	\$	173,092
Accounts receivable Restricted cash in escrow account	25,204 416		196,785
Unconditional promises to give, less allowance for	410		190,785
uncollectable amounts			14,725
Inventories	 123,149		100,558
Total Current Assets	536,698		485,160
Property and Equipment, net of accumulated depreciation	1,003,674		782,437
Other Assets	 4,000		
Total Assets	\$ 1,544,372	\$	1,267,597
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	\$ 8,006	\$	11,586
Deferred revenue	900		2,800
Current portion of note payable	 5,459		5,238
Total Current Liabilities	14,365		19,624
Long-Term Debt, less current maturities	 15,232		20,654
Total Liabilities	29,597		40,278
Net Assets			
Unrestricted	1,358,198		959,293
Temporarily restricted	 156,577		268,026
Total Net Assets	 1,514,775		1,227,319
Total Liabilities and Net Assets	\$ 1,544,372	\$	1,267,597

See Notes to Financial Statements

Edge Outreach, Inc. d/b/a Waterstep, Inc.		Year En	Year Ended December 31, 2017	2017	
	'n	Unrestricted	Temporarily Restricted		Ĕ
Revenues and Support					
Program Service Revenues					
Product sales	Ф	304,078		φ	.,
Safe water trips		53,500			

Statements of Activities

Year Ended December 31, 2016

	Unrestricted	-	Temporarily Restricted	Total		Unrestricted	Temporarily Restricted		Total
Revenues and Support Program Service Revenues Product sales Safe water trips Training and education	\$ 304,078 53,500 5,300			\$ 304 53	078 500 300	\$ 90,383 69,000 3,064		φ	90,383 69,000 3,064
Support Shoes for water Contributions In-kind contributions Grants Fundratsing events, net of direct expenses Investment income Miscellaneous income	203,855 394,7267 147,267 20,878 351 10,595	,855 ,726 ,267 ,878 351 ,595	273,717 142,300	203 668 147 142 20 20 10	203,855 668,443 147,267 142,300 20,878 351 10,595	222,803 342,516 55,835 12,632 607 10,135	\$ 17,718 89,000		222,803 360,234 55,835 89,000 12,632 607 10,135
	1,140,550	50	416,017	1,556,567	,567	806,975	106,718		913,693
Net Assets Released from Restrictions Net assets release from restrictions	527,466	99	(527,466)		ĺ	180,910	(180,910)		
Total Revenues and Support	1,668,016	16	(111,449)	1,556,567	,567	987,885	(74,192)	~	913,693
Expenses Program services Cost of product sales Safe water trips Safe water project Disaster relief Safe water training/education	315,646 315,646 121,823 122,918 261,179 261,179	46 23 79		315 121 122 261 77	315,646 121,823 122,918 261,179 77,679	141,474 132,095 147,420 81,745 87,581			141,474 132,095 147,420 81,745 87,581
Total Program Services	899,245	45		899	899,245	590,315			590,315
General and administrative Fundraising	162,042 207,824	42 24		162 207	162,042 207,824	156,723 235,118			156,723 235,118
Total Expenses	1,269,111	1		1,269,111	,111	982,156			982,156
Changes in Net Assets	398,905	05	(111,449)	287	287,456	5,729	(74,192)	~	(68,463)
Net Assets at Beginning of Year	959,293	93	268,026	1,227,319	,319	953,564	342,218		1,295,782
Net Assets at End of Year	\$ 1,358,198	98 \$	156,577	\$ 1,514,775	.,775	\$ 959,293	\$ 268,026	ல	1,227,319

See Notes to Financial Statements

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							Year Ended December 31	December 31						
			2(	2017						2016				
	Program	ů Ŭ	General and					Program	General and					
	Expenses	Admii	Administrative	Ъ	Fundraising		Total	Expenses	Administrative	I	Fundi	Fundraising		Total
Salaries Payroll taxes Employee benefits	\$ 162,189 10,922 23,218	ф	74,310 5,208 5,123	φ	112,371 8,257 9,044	θ	348,870 24,387 37,385	<pre>\$ 156,245 10,366 24,508</pre>	\$ 68,757 5,145 5,568	57 \$ 45 68		121,971 8,435 9,064	φ	346,973 23,946 39,140
Total Salary Related Expenses	196,329		84,641		129,672		410,642	191,119	79,470	20	<del>~</del>	139,470		410,059
Cost of product sales	141.645						141.645	42,433						42,433
Safe water supplies	134,489						134 489	104 030						104,030
Safe water products	190,334						190.334	71.025						71.025
Consultant fees					615		615					30,250		30,250
Professional fees	8,400		9,250				17,650		9,491	91				9,491
Travel	71,788				3,280		75,068	52,353				3,048		55,401
Supplies					21,741		21,741					16,029		16,029
Printing and advertising			20,469		725		21,194		21,856	56		887		22,743
Meals	2,937		2,937		2,937		8,811	1,717	1,716	16		1,717		5,150
Postage and shipping	1,158		1,158		5,627		7,943	527	5	526		3,774		4,827
Direct mail solicitation					1,736		1,736					4,527		4,527
Insurance	12,500		2,243		7,209		21,952	12,414	3,471	71		5,239		21,124
Utilities	18,997		399		600		19,996	15,756	e	331		498		16,585
Equipment	3,602		75		114		3,791	2,563		54		81		2,698
Service contracts	10,716		226		338		11,280	8,580	~	180		271		9,031
Auto expense	511		511		11,163		12,185	277	0	277		8,337		8,891
Banking and finance fees			8,738				8,738	2,071	7,349	49		2,071		11,491
Repairs and maintenance	2,550		53		81		2,684	3,491		74		110		3,675
Interest expense			1,105				1,105		4	479				479
Information technology	16,753		6,980		11,169		34,902	8,361	8,361	61		8,361		25,083
Office expense	6,152		6,152		6,152		18,456	5,436	5,436	36		5,436		16,308
Telephone expense	2,701		2,701		2,701		8,103	3,256	3,256	56		3,256		9,768
Depreciation	62,180		1,308		1,964		65,452	55,600	1,171	71		1,756		58,527
Bad debt expense	11,505						11,505	9,306						9,306
Membership dues			13,096				13,096		9'6	9,625				9,625
Conferences and conventions	3,998					I	3,998		3,600	8				3,600
	\$ 899,245	÷	162,042	Ь	207,824	φ	1,269,111	\$ 590,315	\$ 156,723	23 \$		235,118	ф	982,156

See Notes to Financial Statements

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Schedule of Functional Expenses

Edge Outreach, Inc. d/b/a Waterstep, Inc.

# Edge Outreach, Inc. d/b/a Waterstep, Inc.

Cash Flows From Operating Activities Changes in net assets Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities Depreciation Changes in operating assets and liabilities Unconditional promises to give Accounts previable Invertory Accounts receivable      287,456      \$      (68,463)        Changes in operating activities Depreciation Accounts previous in operating assets and liabilities Unconditional promises to give Accounts payable      65,452      58,527        Changes in operating assets and liabilities Unconditional promises to give Accounts payable      17,725      20,167        Accounts receivable      (3,580)      (33,082)      2400        Deferred revenue      (1,900)      2,400      (1,900)      2,400        Tax lien payable      (1,900)      2,400      (7,337)        Net Cash Provided By (Used In) Operating Activities      314,358      (29,679)        Cash Flows From Investing Activities Purchases of property and equipment Decrease in restricted grant receivable      (28,689)      (79,304)        Net Cash Used In Investing Activities      (28,089)      (25,029)        Cash Flow From Financing Activities Payments on note payable      (5,201)      25,892        Net Increase (Decrease) in Cash      18,468      (28,816)        Cash Beginning of Year      369,877      386,933			Year Ended	Dece	mber 31
Changes in net assets\$287,456\$(68,463)Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities65,45258,527Increase (decrease) in allowance for doubtful accounts(3,000)250Changes in operating assets and liabilities17,72520,167Accounts receivable(25,204)4,014Inventory(22,591)(6,145)Accounts receivable(3,580)(33,092)Defered revenue(1,900)2,400Tax lien payable(1,900)2,400Tax lien payable(1,900)2,400Tax lien payable(286,689)(79,304)Decrease in restricted grant receivable(286,689)(25,029)Other assets(290,689)(25,029)Cash Flows From Investing Activities(290,689)(25,029)Cash Flows From Financing Activities(5,201)(2,108)Proceeds from note payable(5,201)25,892Net Cash Provided By (Used In) Financing Activities(5,201)25,892Net Increase (Decrease) in Cash18,468(28,816)Cash at End of Year369,877398,693Cash at End of Year388,3453 369,877Supplemental Disclosure of Cash Flow Information Cash paid during the year for interest\$ 3,87,929\$ 173,092Supplemental Disclosure of Noncash Investing Activities\$ 388,345\$ 369,877					
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities Depreciation65,45258,527Increase (decrease) in allowance for doubtful accounts(3,000)250Changes in operating assets and liabilities Unconditional promises to give17,72520,167Accounts receivable(22,204)4,014Inventory(22,204)4,014Inventory(22,501)(6,145)Accounts payable(3,580)(33,092)Deferred revenue(1,900)2,400Tax lien payable(1,900)2,400Tax lien payable(1,900)2,400Tax lien payable(286,689)(79,304)Decrease in restricted grant receivable(290,689)(25,029)Cash Flows From Investing Activities(290,689)(25,029)Cash Flows From Financing Activities(290,689)(25,029)Cash Flows From Financing Activities(5,201)(2,108)Payments on note payable(5,201)25,892Net Cash Vised In Investing Activities(5,201)25,892Net Cash Provided By (Used In) Financing Activities(5,201)25,892Net Increase (Decrease) in Cash18,468(28,816)Cash at End of Year369,877398,693Cash at End of Year388,345369,877Cash at End of Year388,345369,877Supplemental Disclosure of Cash Flow Information Cash paid during the year for interest\$ 1,105\$ 479Supplemental Disclosure of Noncash Investing Activities\$ 1,105<	Cash Flows From Operating Activities				
provided by (used in) operating activities Depreciation65,452 (3,000)58,527 (3,000)Changes in operating assets and liabilities Unconditional promises to give17,725 (25,204)20,167 (4,014)Accounts receivable(25,204)4,014 (22,591)(6,145) (33,092) (24,000)Accounts proceivable(25,204)4,014 (22,591)(6,145) (33,092) (7,337)Net Cash Provided By (Used In) Operating Activities314,358(29,679)Cash Flows From Investing Activities314,358(29,679)Purchases of property and equipment Decrease in restricted grant receivable(286,689) (79,304)(79,304) (54,275)Other assets(4,000)(25,029)Cash Flows From Financing Activities Payments on note payable(5,201) (25,029)(25,029)Cash Flows From Financing Activities Proceeds from note payable(5,201) (2,108)(2,108) (2,108)Proceeds from note payable(5,201) (2,108)25,892 (2,209)Net Cash Provided By (Used In) Financing Activities Cash at End of Year(5,201) (2,209)25,892 (2,209)Cash at End of Year369,877 (388,345)369,877 (398,693)Cash Restricted Cash in Escrow Account\$ 387,929 (416)\$ 173,092 (196,785)Cash at End of Year388,345 (388,345)369,877Supplemental Disclosure of Cash Flow Information Cash paid during the year for interest\$ 1,105 (4,105)479Supplemental Disclosure of Noncash Investing Activities\$ 1,105 (4,106)479		\$	287,456	\$	(68,463)
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Inventory(22,591)(6,145)Accounts payable(3,680)(33,092)Deferred revenue(1,900)2,400Tax lien payable(1,900)(7,337)Net Cash Provided By (Used In) Operating Activities314,358(29,679)Cash Flows From Investing Activities(286,689)(79,304)Decrease in restricted grant receivable(4,000)54,275Other assets(4,000)(25,029)Cash Flows From Financing Activities(290,689)(25,029)Payments on note payable(5,201)(2,108)Proceeds from note payable(5,201)225,892Net Cash Provided By (Used In) Financing Activities(5,201)225,892Net Increase (Decrease) in Cash18,468(28,816)Cash Beginning of Year369,877398,693Cash at End of Year\$ 388,345\$ 369,877Cash at End of Year\$ 388,345\$ 369,877Supplemental Disclosure of Cash Flow Information Cash paid during the year for interest\$ 1,105\$ 479Supplemental Disclosure of Noncash Investing Activities\$ 1,105\$ 479			,		
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Cash Flows From Investing Activities(286,689)(79,304)Decrease in restricted grant receivable(4,000)54,275Other assets(4,000)(25,029)Net Cash Used In Investing Activities(290,689)(25,029)Payments on note payable(5,201)(2,108)Proceeds from note payable(5,201)25,892Net Cash Provided By (Used In) Financing Activities(5,201)25,892Net Increase (Decrease) in Cash18,468(28,816)Cash Beginning of Year369,877398,693Cash Reginning of Year369,877398,693Cash Restricted Cash in Escrow Account\$ 388,345\$ 369,877Cash paid during the year for interest\$ 1,105\$ 479Supplemental Disclosure of Noncash Investing Activities\$ 1,105\$ 479Supplemental Disclosure of Noncash Investing Activities\$ 1,105\$ 479	Tax lien payable				(7,337)
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Cash Flows From Financing Activities(5,201)(2,108)Payments on note payable			( ) )		
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Net Increase (Decrease) in Cash18,468(28,816)Cash Beginning of Year369,877398,693Cash at End of Year\$ 388,345\$ 369,877Cash Restricted Cash in Escrow Account\$ 387,929 416173,092 196,785Cash at End of Year\$ 388,345\$ 369,877Cash at End of Year\$ 388,345\$ 369,877Cash at End of Year\$ 388,345\$ 369,877Supplemental Disclosure of Cash Flow Information Cash paid during the year for interest\$ 1,105\$ 479Supplemental Disclosure of Noncash Investing Activities\$ 1,105\$ 479			(0,201)		
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Restricted Cash in Escrow Account416196,785Cash at End of Year\$ 388,345\$ 369,877Supplemental Disclosure of Cash Flow Information Cash paid during the year for interest\$ 1,105\$ 479Supplemental Disclosure of Noncash Investing Activities	Cash at End of Y	ear <u>\$</u>	388,345	\$	369,877
Restricted Cash in Escrow Account416196,785Cash at End of Year\$ 388,345\$ 369,877Supplemental Disclosure of Cash Flow Information Cash paid during the year for interest\$ 1,105\$ 479Supplemental Disclosure of Noncash Investing Activities	Cash	\$	387 929	\$	173 092
Cash at End of Year\$ 388,345\$ 369,877Supplemental Disclosure of Cash Flow Information Cash paid during the year for interest\$ 1,105\$ 479Supplemental Disclosure of Noncash Investing Activities		Ψ		Ψ	
Supplemental Disclosure of Cash Flow Information      Cash paid during the year for interest      \$ 1,105      \$ 1,105      \$ 1,105					,
Cash paid during the year for interest    \$ 1,105    \$ 479      Supplemental Disclosure of Noncash Investing Activities	Cash at End of Y	ear <u>\$</u>	388,345	\$	369,877
Cash paid during the year for interest    \$ 1,105    \$ 479      Supplemental Disclosure of Noncash Investing Activities	Supplemental Disclosure of Cash Flow Information				
		\$	1,105	\$	479
Value of donated equipment and improvements to building \$ 71,106 \$ 3,580					
	Value of donated equipment and improvements to building	\$	71,106	\$	3,580

See Notes to Financial Statements

Notes to Financial Statements

Edge Outreach, Inc. d/b/a Waterstep, Inc.

December 31, 2017 and 2016

#### Note A--Nature of Organization

Edge Outreach, Inc., d/b/a Waterstep, Inc., (the "Organization") acting through its Board of Directors, operates as a not-for-profit organization established to empower ordinary people to provide safe water solutions to communities in need. The Organization works with individuals and organizations to offer safe water solutions in developing countries and in disaster situations. The Organization is dependent on contributions from supporters and revenues from shoes for water, mission projects and product sales.

#### Note B--Summary of Significant Accounting Policies

<u>Basis of Accounting</u>--The financial statements of the Organization are prepared on the accrual basis of accounting. The *Accounting Standards Codification* ("ASC") as produced by the Financial Accounting Standards Board is the sole source of authoritative generally accepted accounting principles.

<u>Basis of Presentation</u>--The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization classifies mission trip revenue as temporarily restricted until the related mission trip is taken. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, temporarily restricted net assets are reported in the statements of activities as net assets released from restrictions.

<u>Use of Estimates</u>--The preparation of financial statements in accordance 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support and expenses during the reporting period. Actual results could differ from those estimates.

<u>Property and Equipment</u>--Property and equipment is stated at cost if purchased, or at fair market value if donated. Depreciation is computed using straight-line over the estimated useful lives of the assets. Renewals and betterments in excess of \$1,000 and that extend the economic useful lives of the related assets are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are reduced, and any gain or loss is included in operations.

<u>Impairment of Long-Lived Assets</u>--Management of the Organization reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition, are less than its carrying amount. There were no charges for impairment of long-lived assets during 2017 or 2016.

Edge Outreach, Inc. d/b/a Waterstep, Inc.

December 31, 2017 and 2016

#### Note B--Summary of Significant Accounting Policies--Continued

<u>In-Kind Contributions</u>--The Organization receives a substantial amount of services donated by volunteers and equipment in carrying out the Organization's mission. Contributions of professional services and equipment are recorded at fair value. The Organization received in-kind contributions valued at \$147,267 and \$55,835 that met the criteria under accounting principles generally accepted in the United States of America during 2017 and 2016, respectively. Of this amount, approximately \$71,106 and \$3,580 represented contributions of equipment. The remaining in-kind contributions were for operating expenses during the years ended December 31, 2017 and 2016.

<u>Income Taxes</u>--The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 141.010(1)(f) of the Kentucky Revised Statutes. The Organization had no unrelated business income for the years ended December 31, 2017 and 2016. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization follows generally accepted accounting principles which prescribe a comprehensive model for how an organization should measure, recognize, present and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. For the years ended December 31, 2017 and 2016, the Organization determined it did not have any uncertain tax positions and the Organization did not incur or accrue any associated interest or penalties related to those positions.

<u>Cash and Cash Equivalents</u>--The Organization considers all short-term investments purchased with maturity of three months or less to be cash equivalents.

These bank accounts and cash equivalents are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Organization had bank balances and cash equivalents exceeding its FDIC insurance by approximately \$198,000 and \$110,000 at December 31, 2017 and 2016, respectively.

<u>Program Service Revenues and Accounts Receivable</u>--The Organization sells water purification devices and related materials. Items are billed when shipped and the Organization records these amounts as receivables. The Organization uses the direct write off method for uncollectible receivables, and records bad debt expense when the associated receivable is identified as uncollectable.

<u>Promises to Give</u>--Unconditional promises to give are recognized as support when the donor makes a promise that is in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Management periodically reviews the collectability of promises to give, and any amounts where collection is questionable are reserved. There was no allowance for promises to give as of December 31, 2017. The allowance for the promises to give was \$3,000 as of December 31, 2016.

<u>Advertising Costs</u>--Advertising costs are expensed as incurred. Total advertising expense was approximately \$21,194 and \$22,743 for the years ended December 31, 2017 and 2016, respectively.

Continued

Edge Outreach, Inc. d/b/a Waterstep, Inc.

December 31, 2017 and 2016

#### Note B--Summary of Significant Accounting Policies--Continued

<u>Inventories</u>--Inventories of purification devices and related materials are recorded at the lower of cost (first-in, first-out method) or market value. Reserves for obsolete inventory are recorded when an impairment of value is identified. No reserves were recorded at December 31, 2017 or 2016, respectively.

<u>Functional Expenses</u>--The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management estimates the expense allocations based on the percentage of square footage or hours worked for the benefited programs or functions.

<u>New Accounting Pronouncement</u>--In November, 2016, FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash,* which requires that a statement of cash flows explain the change during the year in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-year and end-of-end total amounts shown on the statements of cash flows. The Organization's adoption of this guidance in 2017 was applied retrospectively and did not have a material impact on its financial statements.

#### Note C--Restricted Funds

Under the terms of a grant agreement, the James Graham Brown Foundation will match funds raised by the Organization for the renovation of its operating facility up to \$500,000. To date, the Organization has raised the full amount of the required matching funds in cash and in-kind contributions. The Organization is required to place these funds in an escrow account and are restricted for the renovation of the building. The funds available for use in the escrow account was \$416 and \$196,785 for the years ended December 31, 2017 and 2016, respectively.

#### **Note D--Inventories**

Inventories consist of the following:

	 Year Ended	Decen	nber 31
	 2017		2016
Raw materials Work in process	\$ 84,188	\$	81,179 5,867
Finished goods	 38,961	1	13,512
	\$ 123,149	\$	100,558

#### Edge Outreach, Inc. d/b/a Waterstep, Inc.

December 31, 2017 and 2016

#### Note E--Property and Equipment

Property and equipment consists of the following:

	December 31				
	2017	2	016		
Land Building Furniture, fixtures, and equipment Vehicles	\$ 40,320 717,379 315,975 20,201		40,320 575,140 287,534 20,201		
Less accumulated depreciation	1,093,875 231,210		923,195 165,758		
	862,665	7	757,437		
Construction in progress	141,009		25,000		
	\$ 1,003,674	\$	782,437		

Depreciation expense for the years ended December 31, 2017 and 2016 was \$65,452 and \$58,527, respectively.

#### Note F--Line of Credit

The Organization maintains a revolving line of credit with Republic Bank which allows for borrowings up to \$50,000 and expires in July 2019. Outstanding borrowings bear interest at prime rate plus 1%. The bank's prime rate was 4.50% and 3.75% at December 31, 2017 and 2016, respectively. The Organization had no borrowings on the line of credit as of December 31, 2017 and 2016. The line of credit is collateralized by the building of the Organization.

# Edge Outreach, Inc. d/b/a Waterstep, Inc.

December 31, 2017 and 2016

#### Note G--Note Payable

Note payable consists of the following:

	Decem	ber 31	
	2017		2016
Note payable to Republic Bank, requiring monthly principal and interest payments of \$517 through July 2021; interest at 4.07%; collateralized by the building	\$ 20,691	\$	25,892
Less current maturities	 5,459		5,238
	\$ 15,232	\$	20,654
Future minimum payments are as follows:			
<u>Year Ending December 31</u> 2018 2019 2020 2021		\$	5,459 5,688 5,926 3,618
		\$	20,691

# Note H--Temporarily Restricted Net Assets

Temporarily restricted net assets of \$156,577 and \$268,026 at December 31, 2017 and 2016, respectively, are available for various water projects and clean water initiatives. The Organization had no permanently restricted net assets at December 31, 2017 and 2016.

#### Edge Outreach, Inc. d/b/a Waterstep, Inc.

December 31, 2017 and 2016

#### Note I--Fundraising Events

Revenue generated by fundraising events is presented net of direct expenses in the accompanying statements of activities. The following represents the gross revenues and expenses for fundraising events:

	Decen	nber 3'	1
	2017		2016
Revenues Direct expenses	\$ 27,585 6,707	\$	18,830 6,198
	\$ 20,878	\$	12,632

#### Note J--Subsequent Event

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Organization through May 25, 2018, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.