

**WORLD SERVE INTERNATIONAL**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

# **WORLD SERVE INTERNATIONAL**

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FELIX & GLOEKLER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

2306 Peninsula Drive • Erie, Pennsylvania 16506

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## **Independent Auditor's Report**

To the Board of Directors  
Worldserve International

### **Opinion**

We have audited the accompanying financial statements of Worldserve International (a nonprofit organization), which comprise the statement of financial position as of December 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Worldserve International as of December 31, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Worldserve International 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 Worldserve International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Independent Auditor's Report**  
**Continued**

**Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Worldserve International'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 Worldserve International'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

*Felix and Gloekler, P.C.*

Felix and Gloekler, P.C.

Erie, Pennsylvania  
August 6, 2021

**WORLD SERVE INTERNATIONAL**  
**Statement of Financial Position**  
December 31, 2020

<b>ASSETS</b>	<u>2020</u>
Current Assets	
Cash and Cash Equivalents	<u>\$ 910,606</u>
Total Current Assets	<u>910,606</u>
Fixed Assets	
Property and Equipment	81,527
Accumulated Depreciation	<u>(81,527)</u>
Fixed Assets, Net	<u>-</u>
Total Assets	<u><u>\$ 910,606</u></u>
 <b>LIABILITIES &amp; EQUITY</b>	
Current Liabilities	
Accounts Payable	\$ 53,199
PPP Loan	43,300
Line of Credit	<u>600,000</u>
Total Current Liabilities	<u>696,499</u>
Total Liabilities	<u>696,499</u>
Net Assets	
Net Assets Without Donor Restrictions	<u>214,107</u>
Total Liabilities and Equity	<u><u>\$ 910,606</u></u>

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

# WORLD SERVE INTERNATIONAL

## Statement of Activities

For the Year Ended December 31, 2020

<b>Support and Other Revenue</b>	<u>2020</u>
Public Support	
Fundraising Events	\$ 78,225
Fundraising Event Costs	<u>(151,277)</u>
Net Fundraising Event Income	(73,052)
Contribution Income - Other	<u>3,821,884</u>
<b>Total Public Support</b>	<u>3,748,832</u>
<b>Expenses</b>	
Program Service Expenses	3,667,833
Administrative Expenses	181,491
Fundraising Expenses	<u>486,175</u>
<b>Total Expenses</b>	<u>4,335,499</u>
<b>Change in Net Assets from Operations</b>	<u>(586,667)</u>
<b>Non-Operating Revenues / (Expenses)</b>	
Contribution of Fixed Assets - Majitech	(453,137)
Bad Debt Expense	(130,606)
Interest Income	<u>673</u>
<b>Total Non-Operating Revenues / (Expenses)</b>	<u>(583,070)</u>
<b>Change in Net Assets Without Donor Restrictions</b>	(1,169,737)
<b>Net Assets at Beginning of Year</b>	<u>1,383,844</u>
<b>Net Assets at End of Year</b>	<u>\$ 214,107</u>

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

# WORLD SERVE INTERNATIONAL

## Statement of Cash Flows

For the Year Ended December 31, 2020

	<u>2020</u>
<b>Cash Flows From Operating Activities</b>	
Net Income (Loss) from Operations	<u>\$ (586,667)</u>
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	7,712
(Increase) Decrease in Accounts Receivable	513,947
(Increase) Decrease in Prepaid Expenses	1,193
Increase (Decrease) in Accounts Payable	(113,629)
Increase (Decrease) in Accrued Expenses	<u>(14,172)</u>
Total Adjustments	<u>395,051</u>
Net Cash Flows Provided by Operating Activities	<u>(191,616)</u>
<b>Cash Flows From Investing Activities</b>	
Changes in Investment in Carpenter Fund	5,000
Changes in Investment in Majitech, Net Contributed Fixed Assets - Majitech	(453,137)
Interest Income	453,137
	<u>673</u>
Net Cash From Investing Activities	<u>5,673</u>
<b>Cash Flows From Financing Activities</b>	
Borrowing on Line of Credit	600,000
Repayment on Line of Credit	(250,000)
PPP Loan Proceeds	43,300
	<u>393,300</u>
Net Cash From (Used In) Financing Activities	<u>393,300</u>
<b>Net Increase in Cash</b>	<u>207,357</u>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>703,249</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 910,606</u>
<u>Supplemental Disclosures</u>	
Cash Paid During the Year for:	
Interest	<u>\$ 3,139</u>

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

## WORLD SERVE INTERNATIONAL

### Statement of Functional Expenses

For the Year Ended December 31, 2020

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Drilling and Other Program Costs	\$ 3,196,608	\$ -	\$ -	\$ 3,196,608
Office Expense	15,913	15,538	6,012	37,463
Payroll Expenses	-	-	89,722	89,722
Officer Payroll	114,988	30,000	20,292	165,280
Employee Benefits/Payroll Taxes	52,567	6,170	19,304	78,041
Travel	115,568	-	13,078	128,646
Meals and Entertainment	18,004	-	3,155	21,159
Telephone/Internet	4,065	5,417	1,154	10,636
Bank Fees	-	5,363	2,327	7,690
Professional Fees - Accounting	-	25,120	-	25,120
Conferences and Trips	-	-	44,975	44,975
Consultants Fees and Costs	179,620	55,000	146,759	381,379
Advertising	-	327	33,418	33,745
Insurance	-	954	39	993
Depreciation	-	7,712	-	7,712
Interest Expense	-	3,139	-	3,139
Board Travel and Expenses	-	18,215	-	18,215
Miscellaneous	-	8,536	-	8,536
Website Administration	-	-	11,454	11,454
Donation Processing	-	-	3,322	3,322
Promotional Materials	-	-	61,664	61,664
<b>Total Expense</b>	<b>\$ 3,697,333</b>	<b>\$ 181,491</b>	<b>\$ 456,675</b>	<b>\$ 4,335,499</b>

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



**WORLD SERVE INTERNATIONAL**  
**Notes to the Financial Statements**  
December 31, 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

A. Organization

These financial statements include the financial position and activity of Worldserve International. The Organization provides clean water, economic and agricultural assistance to the third world, primarily in East Africa, in the hopes of alleviating poverty and suffering. Its activities are primarily funded by donor contributions. Many of the Organization’s fundraising activities are conducted under the d/b/a Africa6000.

B. Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting, which generally recognizes revenue when earned and expenses when incurred.

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. During 2020, the Company had no net assets with donor restrictions. In addition, the Organization presents a statement of cash flows.

C. Cash Balances, Cash Equivalents and Concentration of Risk

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Bank accounts were insured by the Federal Deposit Insurance Corporation up to \$250,000, per financial institution, at December 31, 2020. At December 31, 2020, bank balances included:

	2020
Domestic accounts - FDIC insured	\$ 559,873
Domestic accounts - in excess of FDIC insurance	1,801,527
	\$2,361,400

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. During 2020, no restricted contributions were received. All amounts are considered to be collectible within one year of the Statement of Financial Position date.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

### E. Concentration of Credit Risk

The Organization grants credit to its customers for drilling-related fees in the course of business, conducts periodic evaluations and generally requires no collateral. The subsidiaries' cash receipts come generally from well-drilling in Tanzania and Kenya. Customers include government-type entities and not-for-profit organizations.

The maximum amount of loss due to credit risk, based on the gross fair value of the accounts receivable balance the Organization would incur if parties failed to perform according to the terms of the contracts, is limited to the balance in the accounts receivable account.

### F. Property and Equipment

The Organization generally capitalizes property and equipment at cost. Expenditures for renewals and betterments greater than \$1,000 are generally capitalized; repairs and maintenance are expensed. Donated equipment is capitalized at its estimated fair value upon receipt. Depreciation of depreciable fixed assets is computed using the straight-line method over estimated useful lives beginning when the assets are placed in service.

### G. Contributions

Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions. Contributions with donor restrictions are required to be reported as restricted support and are then reclassified to net assets without donor restrictions upon expiration of the donor restrictions.

### H. Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization in its administrative and fundraising activities. Since the value of these services is not determinable, and since similar services are typically provided to similar organizations, these services are not recognized in the financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

I. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

J. Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is determined to be other than a private foundation.

K. Sequencing on the Statement of Financial Position

Assets are sequenced according to the nearness of conversion to cash, and liabilities are sequenced according to the nearness of their maturity and resulting use of cash.

**NOTE 2 – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2020 consists of:

	<u>2020</u>
Office Equipment	\$ 4,394
Equipment	77,133
Less: Accumulated Depreciation	<u>(81,527)</u>
Net Property, Plant, and Equipment	<u>\$ -</u>

Estimated useful lives are as follows:

Equipment	4 years
Office Furniture and Equipment	3-8 years

**NOTE 3 – LINE OF CREDIT**

The Organization has a \$300,000 line of credit with Central Bank of the Ozarks that was expanded to \$600,000 in December of 2020 to return to \$300,000 in 2021. The outstanding balance was \$600,000 as of December 31, 2020. The note is secured by the assets of the Organization. The current interest rate is 4.5%, and the entire outstanding balance is due in 2021.

#### **NOTE 4 – ALLOCATION OF EXPENSES**

Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to the Organization's program are charged directly to that function. Certain other expenses related to management and general administration or to fundraising are classified as supporting services.

Joint costs have been incurred in activities that include program activities, administration and fundraising. Certain expenses have been allocated between these functions based on management's estimate of percentage of time spent and other factors.

#### **NOTE 5 – EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through August 6, 2021, the date at which the financial statements were available to be issued.

#### **NOTE 6 – RELATED PARTY TRANSACTIONS**

The Organization has two related party transactions that are considered to be arm's length transactions, these are as follows:

The son of the President is currently a consultant and acting as Director of Operations. Amounts paid to him during 2020 amounted to \$92,400.

The Treasurer owns an LLC that handles the website maintenance of the Organization. Payments to this company during 2020 amounted to \$7,000.

There are no amounts due to or from either of the above-mentioned parties.

#### **NOTE 7 – MANAGEMENT OF FINANCIAL RESOURCES AND LIQUIDITY**

The financial statements are presented in accordance with the adoption of FASB's Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The following information is required to be disclosed in accordance with this standard:

##### Availability of Financial Assets

The Organization has \$910,606 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash of \$910,606. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of the statement of financial position.

**NOTE 7 – MANAGEMENT OF FINANCIAL RESOURCES AND LIQUIDITY  
(CONTINUED)**

Total Assets as of December 31, 2020:	\$ 910,606
Less those unavailable for general expenditure within one year:	
Fixed Assets, net accumulated depreciation	<u>-</u>
Financial Assets available for use within one year	<u><u>\$ 910,606</u></u>

Management and Liquidity of Financial Resources

The Organization has a goal to maintain unrestricted cash on hand to meet 30 days of normal operating expenses and maintains all excess cash in checking and money market accounts. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the maximum amount of \$300,000, which it has drawn upon. The line of credit was expanded to \$600,000 for December 2020 to return to \$300,00 in 2021.

**NOTE 8 – THE CARES ACT AND THE PAYCHECK PROTECTION PROGRAM**

In March 2020, the federal government passed the CARES Act (the ACT); one of the provisions of the ACT was the Paycheck Protection Program (PPP), which provided loans to eligible organizations to be used for payroll and certain other costs. If the organization meets certain requirements, the loan may be forgiven, partially or in full. The Organization received \$43,300 in PPP loan funds; at the issuance of these financial statements, the loan forgiveness has been approved in 2021. This PPP loan is classified as Current Liabilities on the Statement of Financial Position