

Financial Statements

2022

Edge Outreach, Inc.  
d/b/a Waterstep

December 31, 2022 and 2021



Financial Statements

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

December 31, 2022 and 2021

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**Financial Statements**

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## **Independent Auditors' Report**

Board of Directors  
Edge Outreach, Inc.  
Louisville, Kentucky

### **Opinion**

We have audited the accompanying financial statements of Edge Outreach, Inc. d/b/a Waterstep (the "Organization"), which are comprised of the statements of financial position as of December 31, 2022 and 2021 and the related statements of activities, functional expenses and cash flows for the years 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 Edge Outreach, Inc. as of December 31, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits. 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 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.

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' Responsibility 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 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 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 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.

### **Change in Accounting Principle**

As discussed in Note B, the Organization adopted the requirements of Financial Accounting Standards Board Accounting Standards Updates No. 2016-02, *Leases* (Topic 842) and No. 2020-07 *Not-for-Profit Entities* (Topic 958). Our opinion is not modified with respect to these matters.

*Strothman and Company*

Louisville, Kentucky  
June 1, 2023

Statements of Financial Position

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 369,168	\$ 196,524
Restricted cash	171,648	216,577
Accounts receivable	8,399	74,541
Employee Retention Credit receivable		41,382
Inventories	304,925	207,416
Prepaid expenses and other assets	15,897	14,873
<b>Total Current Assets</b>	<b>870,037</b>	<b>751,313</b>
<b>Property and Equipment</b> , net of accumulated depreciation	859,977	926,358
<b>Other Intangible Assets</b> , net of accumulated amortization of \$3,358 (2022) and \$2,269 (2021)	15,162	16,251
<b>Total Assets</b>	<b>\$ 1,745,176</b>	<b>\$ 1,693,922</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 78,237	\$ 16,953
Current maturities of long-term debt	16,393	15,726
<b>Total Current Liabilities</b>	94,630	32,679
<b>Long-Term Debt</b> , less current maturities	244,509	260,894
<b>Total Liabilities</b>	339,139	293,573
<b>Net Assets</b>		
Without donor restriction	1,234,389	1,183,772
With donor restriction	171,648	216,577
<b>Total Net Assets</b>	<b>1,406,037</b>	<b>1,400,349</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,745,176</b>	<b>\$ 1,693,922</b>

See Notes to Financial Statements

Statements of Activities

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

	<u>Year Ended December 31, 2022</u>			<u>Year Ended December 31, 2021</u>		
	<u>Net Assets Without Donor Restriction</u>	<u>Net Assets With Donor Restriction</u>	<u>Total</u>	<u>Net Assets Without Donor Restriction</u>	<u>Net Assets With Donor Restriction</u>	<u>Total</u>
<b>Revenues and Support</b>						
Program Service Revenues						
Product sales	\$ 415,657		\$ 415,657	\$ 112,180		\$ 112,180
Shoe program	120,450		120,450	112,367		112,367
Support						
Contributions	760,656	\$ 335,839	1,096,495	725,734	\$ 294,235	1,019,969
In-kind contributions	115,280		115,280	128,085		128,085
Grants		5,000	5,000		15,000	15,000
Fundraising events	\$ 138,848			\$ 92,208		
Less direct fundraising expenses	<u>39,710</u>			<u>19,657</u>		
Rental income	95,267	3,871	99,138	72,551		72,551
Miscellaneous income	24,600		24,600	25,800		25,800
	<u>1,642</u>		<u>1,642</u>	<u>702</u>		<u>702</u>
	1,533,552	344,710	1,878,262	1,177,419	309,235	1,486,654
<b>Net Assets Released from Restrictions</b>	<u>389,639</u>	<u>(389,639)</u>		<u>141,180</u>	<u>(141,180)</u>	
<b>Total Revenues and Support</b>	1,923,191	(44,929)	1,878,262	1,318,599	168,055	1,486,654
<b>Expenses</b>						
Program Services	1,584,854		1,584,854	1,024,988		1,024,988
General and administrative	150,855		150,855	126,061		126,061
Fundraising	<u>136,920</u>		<u>136,920</u>	<u>165,088</u>		<u>165,088</u>
<b>Total Expenses</b>	1,872,629		1,872,629	1,316,137		1,316,137
<b>Other Income</b>						
Employee Retention Credit income				41,382		41,382
Interest income	55		55	<u>2,229</u>		<u>2,229</u>
<b>Changes in Net Assets</b>	50,617	(44,929)	5,688	46,073	168,055	214,128
<b>Net Assets at Beginning of Year</b>	<u>1,183,772</u>	<u>216,577</u>	<u>1,400,349</u>	<u>1,137,699</u>	<u>48,522</u>	<u>1,186,221</u>
<b>Net Assets at End of Year</b>	<u>\$ 1,234,389</u>	<u>\$ 171,648</u>	<u>\$ 1,406,037</u>	<u>\$ 1,183,772</u>	<u>\$ 216,577</u>	<u>\$ 1,400,349</u>

See Notes to Financial Statements

Statement of Functional Expenses

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

Year Ended December 31, 2022

	Program Activities				Supporting Activities			Total Expenses
	Safe Water	Disaster Relief	Shoe Program	Program Subtotal	General and Administrative	Fundraising	Supporting Subtotal	
Salaries	\$ 317,270	\$ 78,550	\$ 73,399	\$ 469,219	\$ 74,833	\$ 75,633	\$ 150,466	\$ 619,685
Payroll taxes	16,203	4,669	5,328	26,200	5,491	5,215	10,706	36,906
Employee benefits	19,785	7,267	3,466	30,518	4,804	8,241	13,045	43,563
<b>Total Salary and Related Expenses</b>	<b>353,258</b>	<b>90,486</b>	<b>82,193</b>	<b>525,937</b>	<b>85,128</b>	<b>89,089</b>	<b>174,217</b>	<b>700,154</b>
Safe water supplies	146,448	24,937		171,385				171,385
Safe water products	479,344	41,401		520,745				520,745
Professional fees	6,720	2,240	2,240	11,200	12,766		12,766	23,966
Travel	9,791	3,913	1,682	15,386	6,867		6,867	22,253
Supplies			13,768	13,768				13,768
Printing and advertising	13,919	4,640	4,640	23,199	2,378	17,932	20,310	43,509
Meals	8,818	2,939	3,514	15,271				15,271
Postage and shipping	608	203	1,077	1,888	1,013	1,013	2,026	3,914
Insurance	8,904	2,968	2,968	14,840	3,982	870	4,852	19,692
Utilities	18,631	6,210	6,210	31,051	654	981	1,635	32,686
Building supplies and equipment	8,696	2,899	2,899	14,494	304	458	762	15,256
Service contracts	10,319	3,440	3,440	17,199	361	543	904	18,103
Auto expense	619	206	8,982	9,807	1,031	1,031	2,062	11,869
Banking and finance fees	2,408	803	803	4,014	8,644		8,644	12,658
Repairs and maintenance	2,285	762	762	3,809	79	120	199	4,008
Interest expense	6,385	2,128	2,128	10,641	225	336	561	11,202
Information technology	27,776	9,259	9,259	46,294	5,786	5,787	11,573	57,867
Office expense	8,371	2,790	2,790	13,951	8,401	8,399	16,800	30,751
Telephone expense	1,495	498	498	2,491	2,492	2,491	4,983	7,474
Depreciation	60,438	20,146	20,146	100,730	2,121	3,181	5,302	106,032
Amortization	1,089			1,089				1,089
Loss on disposal of asset	4,317	1,439	1,439	7,195	151	227	378	7,573
Membership dues	2,677	892	892	4,461	4,464	4,462	8,926	13,387
Conferences and conventions	2,405	802	802	4,009	4,008		4,008	8,017
	<b>\$ 1,185,721</b>	<b>\$ 226,001</b>	<b>\$ 173,132</b>	<b>\$ 1,584,854</b>	<b>\$ 150,855</b>	<b>\$ 136,920</b>	<b>\$ 287,775</b>	<b>\$ 1,872,629</b>

See Notes to Financial Statements

Statement of Functional Expenses

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

Year Ended December 31, 2021

	Program Activities				Supporting Activities			Total Expenses
	Safe Water	Disaster Relief	Shoe Program	Program Subtotal	General and Administrative	Fundraising	Supporting Subtotal	
Salaries	\$ 167,994	\$ 36,947	\$ 81,304	\$ 286,245	\$ 62,936	\$ 96,844	\$ 159,780	\$ 446,025
Payroll taxes	9,610	2,598	5,908	18,116	4,774	6,759	11,533	29,649
Employee benefits	16,936	5,435	10,069	32,440	4,223	8,780	13,003	45,443
<b>Total Salary and Related Expenses</b>	194,540	44,980	97,281	336,801	71,933	112,383	184,316	521,117
Safe water supplies	87,150	4,455		91,605				91,605
Safe water products	267,344	39,820		307,164				307,164
Professional fees	3,245	1,082	1,082	5,409	14,307	2,006	16,313	21,722
Travel	1,510	200	570	2,280				2,280
Supplies			6,100	6,100		4,940	4,940	11,040
Printing and advertising	14,245	4,748	4,823	23,816		9,077	9,077	32,893
Meals	1,886	629	1,045	3,560	3,142	3,143	6,285	9,845
Postage and shipping	775	258	758	1,791	1,292	1,291	2,583	4,374
Direct mail solicitation						5,872	5,872	5,872
Insurance	7,634	2,545	2,545	12,724	3,773	653	4,426	17,150
Utilities	15,095	5,032	5,032	25,159	529	794	1,323	26,482
Building supplies and equipment	2,892	964	964	4,820	101	152	253	5,073
Service contracts	9,325	3,108	3,108	15,541	328	491	819	16,360
Auto expense	505	168	9,884	10,557	842	842	1,684	12,241
Banking and finance fees	2,784	928	928	4,640	7,574		7,574	12,214
Repairs and maintenance	1,571	524	524	2,619	55	83	138	2,757
Interest expense	6,985	2,328	2,328	11,641	245	368	613	12,254
Information technology	21,684	7,228	7,228	36,140	4,518	4,517	9,035	45,175
Office expense	5,428	1,809	1,809	9,046	9,125	9,046	18,171	27,217
Telephone expense	1,366	455	455	2,276	2,277	2,276	4,553	6,829
Depreciation	64,524	21,508	21,508	107,540	1,175	3,396	4,571	112,111
Amortization					1,089		1,089	1,089
Membership dues	2,255	752	752	3,759	3,756	3,758	7,514	11,273
	<u>\$ 712,743</u>	<u>\$ 143,521</u>	<u>\$ 168,724</u>	<u>\$ 1,024,988</u>	<u>\$ 126,061</u>	<u>\$ 165,088</u>	<u>\$ 291,149</u>	<u>\$ 1,316,137</u>

See Notes to Financial Statements



Statements of Cash Flows

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

	<b>Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash Flows From Operating Activities</b>		
Changes in net assets	\$ 5,688	\$ 214,128
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	106,031	112,111
Amortization	1,089	1,089
Loss on disposal of equipment	7,573	
Changes in operating assets and liabilities		
Accounts receivable	66,142	(72,822)
Employee Retention Credit receivable	41,382	(41,382)
Inventory	(97,509)	720
Prepaid expenses	(1,024)	(5,441)
Accounts payable	61,284	(1,737)
	<u>190,656</u>	<u>206,666</u>
<b>Net Cash Provided By Operating Activities</b>	190,656	206,666
<b>Cash Flows From Investing Activity</b>		
Purchases of property and equipment	(47,223)	
<b>Cash Flows From Financing Activity</b>		
Net payments on long-term debt	(15,718)	(15,080)
	<u>127,715</u>	<u>191,586</u>
<b>Net Increase in Cash</b>	127,715	191,586
<b>Cash Beginning of Year</b>	<u>413,101</u>	<u>221,515</u>
	<u>\$ 540,816</u>	<u>\$ 413,101</u>
<b>Cash at End of Year</b>	<u>\$ 540,816</u>	<u>\$ 413,101</u>
Cash	\$ 369,168	\$ 196,524
Restricted cash	171,648	216,577
	<u>\$ 540,816</u>	<u>\$ 413,101</u>
<b>Cash at End of Year</b>	<u>\$ 540,816</u>	<u>\$ 413,101</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	<u>\$ 11,202</u>	<u>\$ 12,254</u>

See Notes to Financial Statements

Notes to Financial Statements

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

December 31, 2022 and 2021

**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, sanitation and basic needs to communities in need. The Organization is dependent on contributions from supporters and revenues from mission projects, product sales and community education and engagement program services.

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

Basis of Accounting--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 ("FASB") is the sole source of authoritative generally accepted accounting principles.

Basis of Presentation--The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Organization classifies mission trip revenue as net assets with donor restrictions until the related mission trip is taken. The Organization reports contributions as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, net assets with donor restrictions are reported in the statements of activities as net assets released from restrictions. Certain contributions and grants received and earned within the same year are recorded as support without donor restrictions in the accompanying statements of activities.

Use of Estimates--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.

Program Service Revenues and Accounts Receivable--The Organization sells water chlorination and sanitation devices and related materials. Items are recognized as revenue when shipped and the Organization records these amounts as receivables. The Organization does not anticipate any issues with collectability of accounts receivable, therefore an allowance for doubtful accounts was not considered necessary at December 31, 2022 or 2021.

Inventories--Inventories of chlorination and sanitation devices and related materials are recorded at the lower of cost (average cost method) or net realizable value. Reserves for obsolete inventory are recorded when an impairment of value is identified. No reserves were recorded at December 31, 2022 or 2021.

Continued

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

December 31, 2022 and 2021

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

Property and Equipment--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 the statements of activities.

Other Intangible Asset--The Organization has a patent-related intangible asset recorded on the statements of financial position. The patent was internally developed and carried at the legal and filing costs associated with obtaining and defending the patent. The patent is amortized on a straight-line basis over its estimated useful life at 17 years. Amortization expense was \$1,089 for the years ended December 31, 2022 and 2021.

Management evaluates the useful life of the patent-related intangible asset and reviews for potential impairment annually whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable.

Impairment of Long-Lived Assets--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 2022 or 2021.

In-Kind Contributions--The Organization receives a substantial amount of services donated by volunteers, equipment, and supplies in carrying out the Organization's mission. Such in-kind contributions are recorded as support and program expenses in the accompanying statements of activities at their fair value, in accordance with accounting principles generally accepted in the United States of America. Contributed manufacturing labor is recorded at an hourly rate determined by average volunteer national and state hourly rates. Contributed manufacturing supplies and shipping are recorded at fair value based on the cost of comparable goods and services.

The Organization also receives some free non-technical services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statements of activities because these services do not meet the criteria for recording as in-kind support and expenses.

Income Taxes--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, 2022 and 2021. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Continued

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

December 31, 2022 and 2021

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

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, 2022 and 2021, 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.

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

Contributions--Unconditional promises to give contributions 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.

Advertising Costs--Advertising costs are expensed as incurred. Total advertising expense was \$43,509 and \$32,893 for the years ended December 31, 2022 and 2021, respectively.

Functional Expenses--The costs of providing the various programs and other activities have been summarized in the statements of functional expenses. 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.

New Accounting Pronouncements--During the year ended December 31, 2022, the Organization adopted the requirements of Financial Accounting Standards Board ("FASB"), Accounting Standards Update ("ASU") No. 2020-07, *Not-for-Profit Entities* (Topic 958). The standard is intended to increase transparency for contributed nonfinancial assets through enhancements to presentation and disclosure. Nonfinancial assets include property and equipment, use of property and equipment or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets.

The Organization adopted the requirements of the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This new standard is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their balance sheets the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. The Organization adopted the guidance in the ASU as of January 1, 2022, however, adoption did not materially impact the financial statements.

Reclassifications--Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Notes to Financial Statements--Continued

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

December 31, 2022 and 2021

**Note C--Employee Retention Credits**

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") established a refundable payroll tax credit for retaining employees and continuing to pay compensation to them. The credit is also known as the employee retention credit. The 2021 Consolidation Appropriations Act introduced changes to the employee retention credit to allow companies who applied for, and received, Paycheck Protection Program ("PPP") loan proceeds to apply for employee retention credits for wages not paid with PPP funds. The Organization applied for \$41,382 of employee retention credits in 2021. The credit was received in May 2022, therefore there was no balance remaining on the statement of financial position as receivable for the year ended December 31, 2022.

**Note D--Inventories**

Inventories consist of the following:

	<b>Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Raw materials	\$ 125,115	\$ 118,607
Finished goods	179,810	88,809
	<u>\$ 304,925</u>	<u>\$ 207,416</u>

**Note E--Property and Equipment**

Property and equipment consists of the following:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Land	\$ 40,320	\$ 40,320
Building	1,086,211	1,043,488
Furniture, fixtures, and equipment	330,429	380,676
Vehicles	42,802	42,802
	<u>1,499,762</u>	<u>1,507,286</u>
Less accumulated depreciation	<u>639,785</u>	<u>580,928</u>
	<u>\$ 859,977</u>	<u>\$ 926,358</u>

Notes to Financial Statements--Continued

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

December 31, 2022 and 2021

**Note F--Line of Credit**

The Organization maintains a revolving line of credit with Republic Bank which allows for borrowings up to \$175,000 and expires in July 2025. Outstanding borrowings bear interest at prime rate plus 0.5% (not to be less than 5.25%.) The bank's prime rate was 7.5% and 3.25% at December 31, 2022 and 2021, respectively. The line of credit is collateralized by the Organization's building. There were no outstanding borrowings on the line of credit as of December 31, 2022 and 2021.

**Note G--Long-Term Debt**

Long-term debt consists of the following:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Note payable to Republic Bank, requiring monthly principal and interest payments of \$2,244 through May 2030; interest at 4.10%; collateralized by the building	\$ 260,902	\$ 276,620
Less current maturities	<u>16,393</u>	<u>15,726</u>
	<u>\$ 244,509</u>	<u>\$ 260,894</u>

Future minimum payments are as follows:

<b><u>Year Ending December 31</u></b>	
2023	\$ 16,392
2024	17,059
2025	17,810
2026	18,564
2027	19,351
Thereafter	<u>171,726</u>
	<u>\$ 260,902</u>

Notes to Financial Statements--Continued

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

December 31, 2022 and 2021

**Note H--Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for specified purposes as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Restricted for Specified Purposes:		
Disaster relief	\$ 92,989	\$ 152,811
Mission projects	47,600	62,841
Equipment	30,000	
Miscellaneous	1,059	925
	<u>\$ 171,648</u>	<u>\$ 216,577</u>

Notes to Financial Statements--Continued

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

December 31, 2022 and 2021

**Note I--Liquidity and Availability of Financial Assets**

The Organization's major sources of support are corporate grants and contributions, and even though this support can fluctuate significantly from year to year, the Organization has a strong cash position to cover its monthly financial obligations.

The following table reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash	\$ 369,168	\$ 196,524
Restricted cash	171,648	216,577
Accounts receivable, to be collected in less than one year	<u>8,399</u>	<u>74,541</u>
<b>Total Financial Assets, Excluding Noncurrent Receivables</b>	549,215	487,642
Less those unavailable for general expenditure within one year, due to:		
Donor restricted for disaster relief	(92,989)	(152,811)
Donor restricted for mission projects	(47,600)	(62,841)
Donor restricted for the purchase of equipment	(30,000)	
Donor restricted for miscellaneous projects	<u>(1,059)</u>	<u>(925)</u>
<b>Financial Assets Available to Meet Cash Needs for Expenditures Within One Year</b>	<u>\$ 377,567</u>	<u>\$ 271,065</u>

**Note J--Retirement Plan**

The Organization has a Simplified Employee Pension ("SEP") Individual Retirement Account covering all full-time employees. The Organization can provide discretionary contributions each year to the individual retirement account or individual retirement annuity ("IRA"). No employer contributions were incurred for the year ended December 31, 2022 or December 31, 2021.



Notes to Financial Statements--Continued

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

December 31, 2022 and 2021

**Note K--In-Kind Contributions**

Amounts recorded as in-kind contributions consisted of the following:

	<u>December 31</u>		
	<u>2022</u>	<u>2021</u>	<u>Usage</u>
Manufacturing labor	\$ 110,000	\$ 46,000	Volunteer hours are used for the manufacturing of safe water products
Manufacturing supplies	5,280	8,085	Manufacturing of safe water products
Shipping		<u>74,000</u>	Shipping of safe water products
	<u>\$ 115,280</u>	<u>\$ 128,085</u>	

No in-kind contributions were restricted.

**Note L--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 June 1, 2023, 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 the financial statements.