Well Aware, Inc.

Independent Auditor's Report

and

Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Well Aware, Inc.

I have audited the accompanying financial statements of Well Aware, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 auditor's 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Well Aware, Inc. as of December 31, 2016, 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.

James J Morano

Austin, Texas
August 18, 2017

Well Aware, Inc.
Statement of Financial Position
December 31, 2016

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	72,357
Grant receivable		50,000
Prepaid expenses		20,616
Total current assets		**142,973**
EQUIPMENT		
Project equipment		10,732
Less accumulated depreciation		(4,791)
		5,941
OTHER ASSETS		
Security deposit		**1,800**
TOTAL ASSETS	**$**	**150,714**

LIABILITIES AND NET ASSETS

LIABILITES		
Current liabilities		
Accounts payable	$	4,374
Accrued payroll expense		1,017
Accrued expenses		324
Due to grantor		14,000
Total current liabilities		**19,715**
TOTAL LIABILITIES		**19,715**
NET ASSETS		
Unrestricted net assets		109,480
Temporarily restricted net assets		21,519
Total net assets		**130,999**
TOTAL LIABILITIES AND NET ASSETS	**$**	**150,714**

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

Well Aware, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	$ 129,407	$ 30,701	$ -	$ 160,108
Grant	50,000	-	-	50,000
Special events	239,079	-	-	239,079
Program related sales	468	-	-	468
Contributed goods and services	24,818	-	-	24,818
Interest and dividends	1	-	-	1
Net assets released from restrictions	10,338	(10,338)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	**454,111**	**20,363**	**-**	**474,474**
EXPENSES				
Program services	248,459	-	-	248,459
Supporting services				
Management and general	24,796	-	-	24,796
Fund raising	118,970	-	-	118,970
TOTAL EXPENSES	**392,225**	**-**	**-**	**392,225**
CHANGE IN NET ASSETS	**61,886**	**20,363**	**-**	**82,249**
NET ASSETS, Beginning of year	47,594	1,156	-	48,750
NET ASSETS, End of year	**$ 109,480**	**$ 21,519**	**$ -**	**$ 130,999**

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

Well Aware, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2016

	Program Services	Supporting Services: Management and General	Supporting Services: Fund Raising	Total
Compensation and related expenses				
Compensation	$ 57,633	$ 14,173	$ 37,930	$ 109,736
Payroll expenses	5,308	835	2,234	8,377
	62,941	15,008	40,164	118,113
Contract services	113,192	6,284	32,054	151,530
Occupancy	11,344	2,790	7,466	21,600
Insurance	863	212	568	1,643
Telephone	308	64	169	541
Equipment rental	623	-	2,058	2,681
Printing and production	1,231	58	5,262	6,551
Postage and delivery	102	17	1,662	1,781
Supplies	2,996	169	3,004	6,169
Dues and subscriptions	67	17	491	575
Travel	31,470	21	872	32,363
Bank and merchant services	367	78	8,870	9,315
Computer service	2,055	41	12,579	14,675
Food and refreshments	818	37	482	1,337
Donated goods	18,549	-	3,269	21,818
Depreciation	1,533	-	-	1,533
	$ 248,459	**$ 24,796**	**$ 118,970**	**$ 392,225**

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

Well Aware, Inc.

Statement of Cash Flows
For the Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$	82,249
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation		1,533
Increase (decrease) in cash from:		
Grant receivable		(49,985)
Prepaid expenses		(18,386)
Accounts payable		4,374
Accrued payroll expenses		(1,530)
Accrued expenses		(532)
Due to grantor		14,000
Net Cash Provided By Operating Activities		31,723
INCREASE IN CASH		31,723
CASH AND CASH EQUIVALENTS, Beginning of year		40,634
CASH AND CASH EQUIVALENTS, End of year	**$**	**72,357**
Cash paid during the year for:		
Interest	**$**	-
Income taxes	**$**	-

There were no non-cash investing and financing activities for the year ended 2016.

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

Well Aware, Inc.
Notes to Financial Statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The mission of Well Aware, Inc. is to provide innovative and sustainable solutions to water scarcity and contamination in Africa. It funds and implements life-saving water systems to drive economic development and build self-sufficient communities.

Well Aware, Inc. was incorporated June 5, 2006 under the laws of the State of Texas in accordance with the provisions of the Texas Non-profit Corporation Act as a Domestic Nonprofit Corporation.

Program Services

Well Aware operates in Kenya and Tanzania implementing water systems in rural, impoverished areas. The types of systems we install include new drilling projects (drilling, casing, pump, power, distribution, etc.), borehole (water well) rehabilitation (restoring/replacing/recycling broken water wells), rainwater harvesting and purification systems, and gravity-driven pipelines from natural water sources.

Well Aware also conducts community training in project communities in sanitation and hygiene, water system maintenance, community governance, and accounting and money management (for the water system maintenance). Our team carries out project impact evaluations in project areas, as well as awareness campaigns in the U.S. to promote attention to global water issues.

Basis of Accounting

The summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to the generally accepted accounting principles and have been consistently applied in the preparation of the accompanying financial statements.

Income Taxes

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes, continued

The organization has adopted FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. That standard prescribes minimum threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in financial statements. It also provides guidance for de-recognition, classification, interest, and penalties, accounting in interim periods, disclosure, and transition. There were no uncertain tax positions identified.

Financial Statement Presentation

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.

> *Unrestricted net assets*—Net assets that are not subject to donor-imposed stipulations.
>
> *Temporarily restricted net assets*—Net assets that are subject to donor-imposed stipulations that require the passage of time or the occurrence of a specific event.
>
> *Permanently restricted net assets*—Net assets required to be maintained in perpetuity, with only the income to be used for the Board's activities, due to donor-imposed restrictions.

As permitted by FASB ASC 958, *Financial Statements of Not-for-Profit Organizations*, the Organization does not use fund accounting.

Use of Estimates

The preparation of financial statements in conformity with the United States of America generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash and cash equivalents as cash and money market funds held in the bank with a maturity of three months or less.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to credit risk principally consist of cash and money market funds that may exceed federally insured limits of $250,000 during the year.

Well Aware receives significant funding from various sources. Failure to procure this funding in the future could adversely affect its operations.

Support and Revenue

The Organization receives its support and revenue through contributions, grants, and two major annual fund-raising events, the Shower Strike and The Village. All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor or grantor. Under FASB ASC 958 contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Contributions and grants are reported as temporarily 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 reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions and grants that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Restricted contributions by donors are recorded as permanently restricted net assets. Investment earnings on restricted contributions that are available for distribution are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

FASB ASC 958 requires contributions of donated noncash assets be recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of the contributions or specific promises made. Accounts are charged against the allowance when management deems them to be uncollectible. At year end, no allowance is considered necessary.

Joint Costs that Include Fund Raising Activities

The costs of various administrative activities, including wages and salaries and rent expense, have been allocated to fund-raising activities.

Functional Allocation of Expenses

Expenses are categorized by function in the statement of activities as either (1) program services or (2) supporting services. Supporting services include management and general expenses and fundraising expenses. Expenses that are specifically identifiable to a function are allocated entirely to that function. Expenses that are not specifically identifiable to a function are allocated based on management's estimate of time and resources devoted to that function.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over $1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over three to fifteen years. Maintenance and repairs are charged to expense as incurred.

Advertising

The Organization expenses advertising costs as incurred. Total advertising costs for 2016 were $-0-.

NOTE 2 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

- Cash and cash equivalents, receivables, and payables: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

The estimated fair values of the Organization's financial instruments, none of which are held for trading purposes, are as follows:

	2016	
	Carrying Amount	Fair Value (Level 1)
Financial assets:		
Cash and cash equivalents	$ 72,357	$ 72,357
Receivables	50,000	50,000
Financial liabilities:		
Payables	5,715	5,715

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

As of December 31, temporarily restricted net assets consist of the following:

Community Foundation grant for rent and event space rental	$ 8,000
Alamach grant for the Alamach water project in Kenya	6,980
Whiskey for Water grant for the Ndovoini water project in Kenya	6,539
	$ 21,519

NOTE 4 – DONATED GOODS AND SERVICES

In-kind donations of goods that would have otherwise have been purchases include tools, solar equipment, supplies, and installation costs totaling $24,818 and were recorded in the statement of activities.

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization in its programs and fund-raising events. These services do not meet the criteria for recognition as contributed services in accordance with FASB ASC 958. The Organization received approximately 3,400 volunteer hours from 110 volunteers in 2016.

NOTE 5 – LEASE AGREEMENTS

The Organization leases office space under a non-cancellable operating lease with a one-year term. Future minimum lease payments as of December 31, 2016 and for the eight month period ending August 31, 2017 total $14,400. The Organization has exercised an option to renew this one-year office lease agreement beginning September 1, 2017 for $1,800 a month.

Total rent expense for 2016 was $21,600.

NOTE 6 – RELATED PARTIES

The Organization entered into an arms-length operating lease agreement for office space for $1,800 a month for the year ending August 31, 2017 with a company whose co-owner is on the Board of Directors. This agreement will be renewed beginning September 1, 2017 with the same terms.

The founder and executive director of the Organization is also the founder and CEO of Aurora Global (a for-profit organization) established in July 2016 and began operations in 2017. As a consultant for Aurora Global, the founder collaborates with other non-government organizations worldwide to guide their water infrastructure projects.

NOTE 7 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 18, 2017, the date which the financial statements were available to be issued.

The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2014, 2015, and 2016 are subject to examination by the IRS, generally for three years after it was filed.