

GLOBAL WATER CENTER

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2020

GLOBAL WATER CENTER

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INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Global Water Center
North Charleston, South Carolina**

We have audited the accompanying financial statements of Global Water Center, which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, cash flows and functional expenses for the period March 10, 2020 (Inception of Operations) through September 30, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Water Center as of September 30, 2020, the changes in its net assets and cash flows for the period March 10, 2020 (Inception of Operations) through September 30, 2020, in accordance with accounting principles generally accepted in the United States of America.


TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
March 2, 2021

GLOBAL WATER CENTER

STATEMENT OF FINANCIAL POSITION

September 30, 2020

	<u>2020</u>
ASSETS	
ASSETS	
Cash and cash equivalents	\$ 300,995
Total Assets	<u>\$ 300,995</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	\$ -
Total liabilities	<u>-</u>
NET ASSETS	
Without donor restrictions	<u>300,995</u>
Total Liabilities and Net Assets	<u>\$ 300,995</u>

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STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the period March 10, 2020 (Inception of Operations) through September 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 993,305	\$ -	\$ 993,305
Total support and revenue	<u>993,305</u>	<u>-</u>	<u>993,305</u>
EXPENSES			
Program services:	<u>494,978</u>	<u>-</u>	<u>494,978</u>
Supporting activities:			
Management and general	48,821	-	48,821
Fund-raising	<u>148,511</u>	<u>-</u>	<u>148,511</u>
	<u>197,332</u>	<u>-</u>	<u>197,332</u>
Total expenses	<u>692,310</u>	<u>-</u>	<u>692,310</u>
Change in net assets	300,995		300,995
NET ASSETS			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 300,995</u>	<u>\$ -</u>	<u>\$ 300,995</u>

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STATEMENT OF FUNCTIONAL EXPENSES

For the period from March 10, 2020 (Inception of Operations) through September 30, 2020

		<u>SUPPORTING ACTIVITIES</u>			
	<u>Program Services</u>	<u>Management And General</u>	<u>Fund- Raising</u>	<u>Total Supporting Activities</u>	<u>Total Expenses</u>
Salaries and benefits	\$ 173,924	\$ 17,670	\$ 21,344	\$ 39,014	\$ 212,938
Professional services	289,403	31,151	127,167	158,318	447,721
Supplies	4,755	-	-	-	4,755
Travel and meetings	15,987	-	-	-	15,987
Product and transport	10,904	-	-	-	10,904
Other expenses	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
Total expenses	<u>\$ 494,978</u>	<u>\$ 48,821</u>	<u>\$ 148,511</u>	<u>\$ 197,332</u>	<u>\$ 692,310</u>

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STATEMENT OF CASH FLOWS

For the period from March 10, 2020 (Inception of Operations) through September 30, 2020

	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	<u>\$ 300,995</u>
Net cash provided by operating activities	<u>300,995</u>
Net change in cash and cash equivalents	300,995
CASH AND CASH EQUIVALENTS	
Beginning of year	<u>-</u>
End of year	<u>\$ 300,995</u>

GLOBAL WATER CENTER

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

(1) NATURE OF ORGANIZATION

The Global Water Center (GWC) is a collaborative platform creating a movement of millions of people and scaling the impact of safe water implementers, corporate partners, governmental agencies, and others to end the global water crisis by reaching 2.2 billion people with safe water and sanitation. The GWC Mission is to build capacity through collaboration, training, equipping, and supporting services to eradicate the global water crisis which claims over 2,300 lives every day.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

BASIS OF PRESENTATION

The GWC's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The principles require that net assets, revenue, support and expenses be classified as without donor restriction or with donor restriction based on the existence or absence of donor-imposed restrictions as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objective of GWC. These net assets may be used at the discretion of GWC.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of GWC and/or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt.

ACCOUNTING ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking and savings accounts. Accounts may, at times, exceed federally insured limits. GWC has not experienced any losses in such accounts.

CONCENTRATION OF CREDIT RISK

GWC occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification ("***ASC***") 825, "***Financial Instruments***", identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

GWC received its contributions from one donor during its first year of operations.

GLOBAL WATER CENTER

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2020

SUPPORT AND REVENUE

The GWC recognizes contributions when cash, securities or other assets, and unconditional promise to give is received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before the GWC is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. The GWC recognizes the contribution when the conditions are substantially met or explicitly waived. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as ***“net asset released from restrictions.”***

EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities are summarized on a functional basis in the statements of activities. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to program and supporting services based on various factors determined by management. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

INCOME TAXES

The GWC is a not-for-profit South Carolina corporation exempt from federal income tax under Internal Revenue Code 501(c)(3). Accordingly, no provision has been made for federal or state taxes on the excess revenue over expenses.

Management has reviewed the tax positions expected to be taken in the GWC 2020 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

(3) RELATED PARTY TRANSACTIONS

During fiscal year 2020 administrative fees and salaries and benefits under a master services agreement of approximately \$170,000, and \$213,000, respectively, were paid to a not-for-profit organization in which certain members of its board of trustees and chief executive team are members of GWC’s governing board. Additionally, all of GWC’s contributions were received from this not-for-profit organization.

(4) CONTINGENCIES

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity. The current operating environment is changing rapidly. The extent of impact that COVID-19 pandemic will have on the financial performance of Global Water Center operations is not reasonably estimable at this time.

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NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2020

(5) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

At September 30, 2020, GWC has \$300,995 of liquid financial assets in the form of cash and cash equivalents available for general expenditure.

As part of Global Water Center's liquidity-management plan, it structures its financial assets to be available as its obligations come due.

(6) SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.