

GLOBAL WATER CENTER

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 2023

GLOBAL WATER CENTER

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
<i>Statements of Financial Position,</i> September 30, 2023 And 2022	3
<i>Statement of Activities and Changes in Net Assets,</i> Year Ended September 30, 2023 With Summarized Information For 2022	4
<i>Statement of Functional Expenses,</i> Year Ended September 30, 2023 With Summarized Information For 2022	5
<i>Statements of Cash Flows,</i> Years Ended September 30, 2023 And 2022	6
<i>Notes to Financial Statements</i>	7-11

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Global Water Center (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, 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 Global Water Center as of September 30, 2023, and the changes in 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 Global Water Center 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 Global Water Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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.

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

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 Global Water Center'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 Global Water Center'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.

Report on Summarized Comparative Information

We have previously audited Global Water Center's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 5, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP
TAIT, WELLER & BAKER LLP

**Philadelphia, Pennsylvania
February 20, 2024**

GLOBAL WATER CENTER

STATEMENTS OF FINANCIAL POSITION

September 30, 2023 And 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 4,122,161	\$ 2,508,444
Account receivable	7,458	10
Prepaid expenses and other assets	18,573	15,671
Property and equipment, net	121,566	165,526
Assets of discontinued operations	<u>-</u>	<u>3,754,858</u>
Total Assets	<u>\$ 4,269,758</u>	<u>\$ 6,444,509</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 131,113	\$ 114,737
Accrued expenses	<u>47,559</u>	<u>15,013</u>
Total Liabilities	<u>178,672</u>	<u>129,750</u>
NET ASSETS		
Without donor restrictions		
Undesignated	3,842,398	5,094,831
Invested in property and equipment	<u>121,566</u>	<u>165,526</u>
	3,963,964	5,260,357
With donor restriction	<u>127,122</u>	<u>1,054,402</u>
Total Net Assets	<u>4,091,086</u>	<u>6,314,759</u>
Total Liabilities and Net Assets	<u>\$ 4,269,758</u>	<u>\$ 6,444,509</u>

GLOBAL WATER CENTER

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended September 30, 2023 With Summarized Information For 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023</u>	<u>2022</u>
SUPPORT AND REVENUE				
Contributions	\$ 2,971,537	\$ 19,100	\$ 2,990,637	\$ 4,015,397
Gifts-in-kind	50,987	-	50,987	14,495
Service income	27,403	-	27,403	54,179
Other income	8,293	-	8,293	1,400
Release from restriction	<u>946,380</u>	<u>(946,380)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>4,004,600</u>	<u>(927,280)</u>	<u>3,077,320</u>	<u>4,085,471</u>
EXPENSES				
Program services:	<u>1,369,561</u>	<u>-</u>	<u>1,369,561</u>	<u>1,591,138</u>
Supporting activities:				
Management and general	421,981	-	421,981	316,061
Fund-raising	<u>327,548</u>	<u>-</u>	<u>327,548</u>	<u>439,173</u>
	<u>749,529</u>	<u>-</u>	<u>749,529</u>	<u>755,234</u>
Total expenses	<u>2,119,090</u>	<u>-</u>	<u>2,119,090</u>	<u>2,346,372</u>
Change in net assets – operating activities	1,885,510	(927,280)	958,230	1,739,099
NON-OPERATING ACTIVITIES				
Loss on discontinued operations	<u>(3,181,903)</u>	<u>-</u>	<u>(3,181,903)</u>	<u>(1,314,158)</u>
Change in Net Assets	(1,296,393)	(927,280)	(2,223,673)	424,941
NET ASSETS				
Beginning of year	<u>5,260,357</u>	<u>1,054,402</u>	<u>6,314,759</u>	<u>5,889,818</u>
End of year	<u>\$ 3,963,964</u>	<u>\$ 127,122</u>	<u>\$ 4,091,086</u>	<u>\$ 6,314,759</u>

GLOBAL WATER CENTER

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2023 With Summarized Information For 2022

		SUPPORTING ACTIVITIES				
	<u>Program Services</u>	<u>Management And General</u>	<u>Fund-Raising</u>	<u>Total Supporting Activities</u>	<u>2023 Total Expenses</u>	<u>2022 Total Expenses</u>
Salaries and benefits	\$ 739,705	\$ 220,571	\$ 120,238	\$ 340,809	\$ 1,080,514	\$ 1,247,710
Professional services	335,549	120,417	137,225	257,642	593,191	671,260
Supplies	43,289	44,833	20,537	65,370	108,659	56,325
Occupancy	-	4,125	4,125	8,250	8,250	688
Travel and meetings	170,997	15,273	2,027	17,300	188,297	168,413
Cost of sales	-	-	-	-	-	15,106
Advertising	1,199	12,398	43,239	55,637	56,836	18,336
Depreciation	43,960	-	-	-	43,960	43,960
Other expenses	<u>34,862</u>	<u>4,364</u>	<u>157</u>	<u>4,521</u>	<u>39,383</u>	<u>124,574</u>
Total expenses	<u>\$1,369,561</u>	<u>\$ 421,981</u>	<u>\$ 327,548</u>	<u>\$ 749,529</u>	<u>\$ 2,119,090</u>	<u>\$ 2,346,372</u>

GLOBAL WATER CENTER

STATEMENTS OF CASH FLOWS

Years Ended September 30, 2023 And 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$(2,223,673)	\$ 424,941
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation expense	43,960	43,960
Decrease (Increase) in operating assets:		
Accounts receivable	(7,448)	15,664
Prepaid expenses and other assets	(2,902)	85,989
Inventory	-	19,444
(Decrease) Increase in Operating Liabilities:		
Accounts payable	16,376	(357,508)
Accrued expenses	<u>32,546</u>	<u>(79,818)</u>
Net cash provided by operating activities – continuing operations	(2,141,141)	152,672
Loss on discontinued operations	<u>3,154,858</u>	<u>931,724</u>
Net Cash Provided By Operating Activities	<u>1,013,717</u>	<u>1,084,396</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	600,000	-
Purchases of assets in discontinued operations	<u>-</u>	<u>(57,999)</u>
Net Cash Provided by (Used In) Investing Activities	<u>600,000</u>	<u>(57,999)</u>
Net increase in cash and cash equivalents	1,613,717	1,026,397
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>2,508,444</u>	<u>1,482,047</u>
End of year	<u>\$ 4,122,161</u>	<u>\$ 2,508,444</u>

GLOBAL WATER CENTER

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

(1) NATURE OF ORGANIZATION

Everyone deserves access to safely managed water but 1 in 4 people live without it. Global Water Center (GWC) utilizes training, technology, and relationships to create sustainable, local solutions to water problems worldwide.

GWC is becoming the go-to resource for training in the rural water sector. GWC training library will soon include everything a water technician needs to know to design, implement, and manage sustainable water projects from source to tap. Along with trainings, GWC also deploys high-quality trainers to deliver our programs and is creating a robust alumni support plan.

GWC technical services department harnesses the power of technology to make water projects more sustainable and manageable. Current projects include a monitoring and data management platform as well as developing an AI chatbot to support water technicians worldwide. These interventions will reduce water system failures and provide safe water to more communities.

Finally, GWC cannot end the water crisis alone. That's why everything we do is built on relationships. We believe in the power of collective action and strive to connect with partners and support other organizations every step of the way.

(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.

GLOBAL WATER CENTER

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023

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. See **Note 6** for additional concentrations from a related party. Additionally, in fiscal year 2023, 91% of GWC’s revenue was received from two donors.

PROPERTY AND EQUIPMENT

Property and equipment are stated at costs. GWC’s policy is to capitalize all expenditures for property and equipment with a cost greater than \$2,000. Repairs and maintenance are expensed as incurred. Depreciation is provided on a straight-line basis over the estimated useful life of the assets, which is 5 to 7 years.

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.

GLOBAL WATER CENTER

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023

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.

The GWC's federal information returns are generally subject to examination by the Internal Revenue Service for three years, the fiscal years ended September 30, 2021 and 2022, as well as the return to be filed for the fiscal year ended September 30, 2023. Management has reviewed the tax positions for each open tax year and concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

(3) DISCONTINUED OPERATIONS

GWC discontinued the operation of its mobile discovery center (MDC) as the oversight committee determined it no longer met the strategic long-term plan of the organization. As required by FASB ASC 205, Presentation of Financial Statements, the assets and operating results of the MDC are reported as discontinued operations for the years ended September 30, 2023 and the prior year financial statement comparative information is reclassified to conform to the current year presentation.

The assets of discontinued operations as of September 30, 2022 are comprised of the following:

<u>Assets</u>	<u>2022</u>
Pledge Receivable	\$ 688,268
Property and Equipment	<u>3,066,590</u>
Total Assets of Discontinued Operations	<u>\$ 3,754,858</u>

(4) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at September 30:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 231,466	\$ 231,466
Accumulated depreciation	<u>(109,900)</u>	<u>(65,940)</u>
	<u>\$ 121,566</u>	<u>\$ 165,526</u>

Depreciation expense of property and equipment was \$43,960 during each of the years ending September 30, 2023 and 2022, respectively.

GLOBAL WATER CENTER

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023

(5) NET ASSETS

Net assets with restrictions at September 30 are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Mobile Discovery Center	\$ -	\$ 688,268
Water Curriculum Ghana	<u>127,122</u>	<u>366,134</u>
	<u>\$ 127,122</u>	<u>\$ 1,054,402</u>

For the years ended September 30, 2023 and 2022, net assets of \$946,380 and \$271,547, respectively were released from donor restrictions by incurring expenditures in connection with the restricted purposes.

(6) RELATED PARTY TRANSACTIONS

GWC paid administrative fees and charges for its employees' salaries under a master services agreement to a not-for-profit organization ("Organization") in which certain members of the Organization's board of trustees and chief executive team are members of GWC's governing board. For the years ending September 30, 2023 and 2022, administrative fees of approximately \$57,000 and \$96,000, respectively, were paid to the Organization. For the years ending September 30, 2023 and 2022, salaries and benefits of approximately \$36,000 and \$1,060,000, respectively, were paid to this organization. For years ending September 30, 2023 and 2022, GWC received \$751,000 and \$100,000, respectively, without donor restricted contribution from the Organization.

The GWC received approximately \$215,000 and \$2,000,000 in contributions from board members at September 30, 2023 and 2022, respectively.

(7) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects GWC's financial assets as of September 30, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor and/or contractual restrictions.

	<u>2023</u>	<u>2022</u>
Financial Assets		
Cash and cash equivalents	\$ 4,122,161	\$ 2,508,444
Accounts receivable	7,458	10
Pledges receivable, net – current portion	<u>-</u>	<u>50,000</u>
Total financial assets	4,129,619	2,558,454
Assets restricted as to use:		
Restricted by donor with purpose or time restrictions	<u>(127,122)</u>	<u>(416,134)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,002,497</u>	<u>\$ 2,142,320</u>

As part of GWC's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

GLOBAL WATER CENTER

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023

(8) SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date February 20, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.