

GLOBAL WATER CENTER

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 2024

GLOBAL WATER CENTER

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Global Water Center (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Global Water Center as of September 30, 2024, 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 Consolidated 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 Consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, 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 26, 2025**

GLOBAL WATER CENTER

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2024 And 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 4,120,970	\$ 4,122,161
Account receivable	47,482	7,458
Prepaid expenses and other assets	53,110	18,573
Property and equipment, net	<u>-</u>	<u>121,566</u>
Total Assets	<u>\$ 4,221,562</u>	<u>\$ 4,269,758</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 154,239	\$ 131,113
Accrued expenses	<u>88,913</u>	<u>47,559</u>
Total Liabilities	<u>243,152</u>	<u>178,672</u>
NET ASSETS		
Without donor restrictions		
Undesignated	3,232,796	3,842,398
Invested in property and equipment	<u>-</u>	<u>121,566</u>
	3,232,796	3,963,964
With donor restriction	<u>745,614</u>	<u>127,122</u>
Total Net Assets	<u>3,978,410</u>	<u>4,091,086</u>
Total Liabilities and Net Assets	<u>\$ 4,221,562</u>	<u>\$ 4,269,758</u>

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CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended September 30, 2024 With Summarized Information For 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024</u>	<u>2023</u>
SUPPORT AND REVENUE				
Contributions	\$ 1,565,667	\$ 1,280,970	\$ 2,846,637	\$ 2,990,637
Gifts-in-kind	-	-	-	50,987
Service income	253,442	-	253,442	27,403
Interest income	150,085	-	150,085	8,288
Other income	3,559	-	3,559	5
Release from restriction	<u>662,478</u>	<u>(662,478)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,635,231</u>	<u>618,492</u>	<u>3,253,723</u>	<u>3,077,320</u>
EXPENSES				
Program services:	<u>2,598,715</u>	<u>-</u>	<u>2,598,715</u>	<u>1,369,561</u>
Supporting activities:				
Management and general	372,226	-	372,226	421,981
Fund-raising	<u>338,029</u>	<u>-</u>	<u>338,029</u>	<u>327,548</u>
	<u>710,255</u>	<u>-</u>	<u>710,255</u>	<u>749,529</u>
Total expenses	<u>3,308,970</u>	<u>-</u>	<u>3,308,970</u>	<u>2,119,090</u>
Change in net assets – operating activities	(673,739)	618,492	(55,247)	958,230
NON-OPERATING ACTIVITIES				
Loss on sale of fixed assets	(57,429)	-	(57,429)	-
Loss on discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,181,903)</u>
Change in Net Assets	(731,168)	618,492	(112,676)	(2,223,673)
NET ASSETS				
Beginning of year	<u>3,963,964</u>	<u>127,122</u>	<u>4,091,086</u>	<u>6,314,759</u>
End of year	<u>\$ 3,232,796</u>	<u>\$ 745,614</u>	<u>\$ 3,978,410</u>	<u>\$ 4,091,086</u>

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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2024 With Summarized Information For 2023

		SUPPORTING ACTIVITIES				
	<u>Program Services</u>	<u>Management And General</u>	<u>Fund-Raising</u>	<u>Total Supporting Activities</u>	<u>2024 Total Expenses</u>	<u>2023 Total Expenses</u>
Salaries and benefits	\$ 1,286,783	\$ 137,205	\$ 137,715	\$ 274,920	\$ 1,561,703	\$ 1,080,514
Professional services	926,658	188,865	147,874	336,739	1,263,397	593,191
Supplies	99,296	23,327	16,365	39,692	138,988	108,659
Occupancy	826	413	138	551	1,377	8,250
Travel and meetings	205,663	11,706	20,394	32,100	237,763	188,297
Advertising	17,851	2,361	15,238	17,599	35,450	56,836
Depreciation	31,026	-	-	-	31,026	43,960
Other expenses	<u>30,612</u>	<u>8,349</u>	<u>305</u>	<u>8,654</u>	<u>39,266</u>	<u>39,383</u>
Total expenses	<u>\$ 2,598,715</u>	<u>\$ 372,226</u>	<u>\$ 338,029</u>	<u>\$ 710,255</u>	<u>\$ 3,308,970</u>	<u>\$ 2,119,090</u>

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CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended September 30, 2024 And 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (112,676)	\$(2,223,673)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Loss on sale of property and equipment	57,430	-
Depreciation expense	31,026	43,960
Decrease (Increase) in operating assets:		
Accounts receivable	(40,024)	(7,448)
Prepaid expenses and other assets	(34,537)	(2,902)
(Decrease) Increase in Operating Liabilities:		
Accounts payable	23,126	16,376
Accrued expenses	<u>41,354</u>	<u>32,546</u>
Net cash provided by operating activities – continuing operations	(34,302)	(2,141,141)
Loss on discontinued operations	<u>-</u>	<u>3,154,858</u>
Net Cash (Used in) Provided By Operating Activities	<u>(34,301)</u>	<u>1,013,717</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	<u>33,110</u>	<u>600,000</u>
Net Cash Provided by Investing Activities	<u>33,110</u>	<u>600,000</u>
Net change in cash and cash equivalents	(1,191)	1,613,717
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>4,122,161</u>	<u>2,508,444</u>
End of year	<u>\$ 4,120,970</u>	<u>\$ 4,122,161</u>

GLOBAL WATER CENTER

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

September 30, 2024

(1) NATURE OF ORGANIZATION

At Global Water Center (GWC), we believe everyone deserves access to safely managed water. Without sustainable water systems, this goal remains out of reach. That is why GWC focuses on capacity development, technical assistance, and collaboration—equipping leaders to create sustainable solutions at the scale needed to end the global water crisis. As the go-to resource for the rural water sector, we have equipped leaders in over 130 countries. Together, we are solving the global water crisis.

GWC operates through three core divisions to achieve its mission. The Collective Action division fosters partnerships across governments, corporations, and non-governmental organizations to solve the water crisis with a shared vision and coordinated efforts. The Learning Services division addresses the severe shortage of skilled water professionals by providing online, in-person, and hybrid courses as well as a multi-year water operator training program. Finally, the Technical Services division harnesses cutting-edge technology with innovations like Sureflow Analytics to monitor and manage water systems and a Carbon Credit Program for funding these systems.

As part of the Carbon Credit Program, Global Water Center founded two subsidiary organizations, Carbon 4 Safe Water, LLC (C4SW) and United Carbon 4 Safe Water, LLC (UC4SW). C4SW helps nonprofits navigate the carbon credit standards, methodologies, and processes to register and certify carbon projects. Once the projects are certified, they can generate carbon credits to be sold on the voluntary market, which may be used to help finance the maintenance of their safe water systems. UC4SW and C4SW also support clients with assessments as to their readiness and adequacy of resources to undertake the carbon journey, and on this basis, offer end-to-end, turn-key advisory support to developers, including the monetization of carbon credits. As of September 30, 2024 and 2023, there was no activity in UC4SW.

Collectively, GWC, C4SW and UC4SW are referred to as GWC through the presentation of the financial statements.

(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 consolidated 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.

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CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2024

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of The Global Water Center, United Carbon 4 Safe Water, LLC and Carbon 4 Safe Water, LLC. All the material inter-company transactions have been eliminated.

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.

For the year ended September 30, 2024, 71% of GWC’s contributions were received from three donors. For the year ended September 30, 2023, 88% of GWC’s contributions were 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.

CONTRIBUTIONS

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.*”

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from service income is primarily from training workshops provided by Global Water Center to its customers. The performance obligations are met upon the workshops and the customer is invoiced at which time revenue is recognized.

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CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2024

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

Under provisions of the Internal Revenue Code and the applicable income tax regulations of South Carolina, the GWC is exempt from taxes on income.

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, 2022 and 2023, as well as the return to be filed for the fiscal year ended September 30, 2024. 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.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED

In 2016, the FASB issued ASU 2016-13, Current Expected Credit Loss. The ASU requires the earlier recognition of credit losses on trade receivables and other financial instruments based on an expected loss model. The standard also requires expanded credit quality disclosures, including credit quality indicators disaggregated by vintage, as applicable. This standard was adopted effective October 1, 2023 and did not have a material impact on the financial statements.

RECLASSIFICATION

Certain reclassifications were made to the 2023 financial statements to conform to the 2024 presentation.

(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 operating results of the MDC are reported as discontinued operations for the year ended September 30, 2023.

(4) PROPERTY AND EQUIPMENT

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

	<u>2024</u>	<u>2023</u>
Equipment	\$ -	\$ 231,466
Accumulated depreciation	<u>-</u>	<u>(109,900)</u>
	<u>\$ -</u>	<u>\$ 121,566</u>

Depreciation expense of property and equipment was \$31,026 and \$43,960 in 2024 and 2023, respectively.

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CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2024

(5) NET ASSETS

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

	<u>2024</u>	<u>2023</u>
Solar Powered Water Systems Karnataka	\$ 81,789	\$ -
TVET Ghana	175,710	-
Technical Services	36,145	-
East Africa	451,970	-
Water Curriculum Ghana	<u>-</u>	<u>127,122</u>
	<u>\$ 745,614</u>	<u>\$ 127,122</u>

For the years ended September 30, 2024 and 2023, net assets of \$662,478 and \$946,380, 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, 2024 and 2023, administrative and technical support fees of approximately \$15,000 and \$57,000, respectively, were paid to the Organization. For the year ending September 30, 2023, salaries and benefits of approximately \$36,000, were paid to this organization. For years ending September 30, 2024 and 2023, GWC received approximately \$770,000 and \$751,000, respectively, without donor restricted contribution from the Organization. During the years ended September 30, 2024 and 2023, GWC made payments totaling approximately \$124,000 and \$58,000, respectively, for software and consulting fees to a company who has an employee that is a member of the board of trustees.

The GWC received approximately \$728,000 and \$215,000 in contributions from board members at September 30, 2024 and 2023, respectively.

GLOBAL WATER CENTER

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2024

(7) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects GWC's financial assets as of September 30, 2024 and 2023, 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>2024</u>	<u>2023</u>
Financial Assets		
Cash and cash equivalents	\$ 4,120,970	\$ 4,122,161
Accounts receivable	<u>47,482</u>	<u>7,458</u>
Total financial assets	4,168,452	4,129,619
Assets restricted as to use:		
Restricted by donor with purpose or time restrictions	<u>(745,614)</u>	<u>(127,122)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,422,838</u>	<u>\$ 4,002,497</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.

(8) SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date February 26, 2025, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.