

# **WaterAid America, Inc.**

## ***SINGLE AUDIT REPORT***

**MARCH 31, 2021 AND 2020**

# WaterAid America, Inc.

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# SECTION 1

**WaterAid America, Inc.**

***FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
(SINGLE AUDIT)***

**MARCH 31, 2021**

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# WaterAid America, Inc.

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Board of Directors  
WaterAid America, Inc.  
New York, New York**

We have audited the accompanying consolidated financial statements of WaterAid America, Inc. (the “*Organization*”), which comprise the statement of financial position as of March 31, 2021 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management 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***

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 organization’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 Organization’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 WaterAid America, Inc. as of March 31, 2021, 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.

Board of Directors  
WaterAid America, Inc.  
New York, New York

***Report on Summarized Comparative Information***

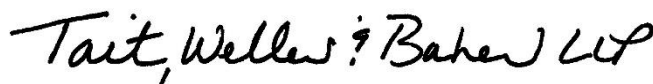
We have previously audited WaterAid America, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 24, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2021, on our consideration of WaterAid America, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WaterAid America, Inc.'s internal control over financial reporting and compliance.



TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania  
September 23, 2021, except for the  
Schedule of Expenditures of Federal Awards  
for which the date is January 20, 2022

# WaterAid America, Inc.

## STATEMENTS OF FINANCIAL POSITION

March 31, 2021 And 2020

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	ASSETS	
	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,741,322	\$ 3,285,786
Grants receivable	2,270,586	1,894,939
Prepaid expenses and other assets	276,142	86,670
Investments <i>(Note 3)</i>	420,877	390,742
Property and equipment (net) <i>(Note 5)</i>	66,042	84,171
Security deposit	<u>62,235</u>	<u>6,255</u>
<b>Total Assets</b>	<u>\$ 10,837,204</u>	<u>\$ 5,748,563</u>
	<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 708,157	\$ 473,805
Grants payable	3,748,751	1,624,414
Line of credit	-	200,000
Refundable advance <i>(Note 11)</i>	409,190	-
Deferred lease credit	<u>102,557</u>	<u>103,330</u>
<b>Total Liabilities</b>	<u>4,968,655</u>	<u>2,401,549</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,652,782	548,645
With donor restrictions <i>(Note 4)</i>	<u>4,215,767</u>	<u>2,798,369</u>
<b>Total Net Assets</b>	<u>5,868,549</u>	<u>3,347,014</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 10,837,204</u>	<u>\$ 5,748,563</u>

# WaterAid America, Inc.

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended March 31, 2021 And 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021</u>	<u>2020</u>
<b>REVENUE</b>				
Contributions –				
Foundations and corporations	\$ 6,845,322	\$ 4,067,481	\$ 10,912,803	\$ 10,354,482
Individuals and others	1,453,432	1,167,188	2,620,620	1,552,728
In-kind	115,398	-	115,398	-
Seed funding from WaterAid U.K.	820,913	-	820,913	1,975,056
Government grants	3,181,302	-	3,181,302	2,345,209
Investment income	13,135	-	13,135	19,991
Miscellaneous income	2,801	-	2,801	4,432
Released from restriction	<u>3,817,271</u>	<u>(3,817,271)</u>	<u>-</u>	<u>-</u>
<b>Total revenue</b>	<u>16,249,574</u>	<u>1,417,398</u>	<u>17,666,972</u>	<u>16,251,898</u>
<b>EXPENSES</b>				
Program services	<u>12,365,898</u>	<u>-</u>	<u>12,365,898</u>	<u>12,242,943</u>
Support services				
Management and general	1,930,753	-	1,930,753	1,857,267
Fundraising	<u>879,414</u>	<u>-</u>	<u>879,414</u>	<u>1,022,501</u>
<b>Total supporting services</b>	<u>2,810,167</u>	<u>-</u>	<u>2,810,167</u>	<u>2,879,768</u>
<b>Total expenses</b>	<u>15,176,065</u>	<u>-</u>	<u>15,176,065</u>	<u>15,122,711</u>
<b>Excess of revenue     over expenses</b>	<u>1,073,509</u>	<u>1,417,398</u>	<u>2,490,907</u>	<u>1,129,187</u>
<b>NONOPERATING CHANGES</b>				
Realized and unrealized gain on investment securities	10,963	-	10,963	503
Foreign currency gain (loss)	<u>19,665</u>	<u>-</u>	<u>19,665</u>	<u>(88,779)</u>
<b>Total nonoperating changes</b>	<u>30,628</u>	<u>-</u>	<u>30,628</u>	<u>(88,276)</u>
<b>Change in net assets</b>	1,104,137	1,417,398	2,521,535	1,040,911
<b>Net Assets</b>				
Beginning of year	<u>548,645</u>	<u>2,798,369</u>	<u>3,347,014</u>	<u>2,306,103</u>
End of year	<u>\$ 1,652,782</u>	<u>\$ 4,215,767</u>	<u>\$ 5,868,549</u>	<u>\$ 3,347,014</u>

# WaterAid America, Inc.

## STATEMENTS OF CASH FLOWS

Years Ended March 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ 2,521,535	\$ 1,040,911
<i>Adjustments to reconcile change in net cash provided by (used for) operating activities</i>		
Depreciation	22,364	23,375
Net realized and unrealized gains on investments	(10,963)	(503)
(Increase) decrease in		
Grants receivable	(375,647)	467,781
Prepaid expenses and other assets	(189,472)	52,670
Security deposit	(55,980)	-
Increase (decrease) in		
Accounts payable and accrued expenses	234,352	25,941
Grants payable	2,124,337	(1,891,402)
Deferred lease credit	(773)	4,325
Refundable advance	<u>409,190</u>	<u>-</u>
<b>Net cash provided by (used for) operating activities</b>	<u>4,678,943</u>	<u>(276,902)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(244,374)	(863,386)
Proceeds from sales of investments	225,202	849,523
Purchase of furniture, fixtures and equipment	<u>(4,235)</u>	<u>(31,102)</u>
<b>Net cash used for investing activities</b>	<u>(23,407)</u>	<u>(44,965)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment on line of credit	<u>(200,000)</u>	<u>-</u>
<b>Net cash used for financing activities</b>	<u>(200,000)</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	4,455,536	(321,867)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>3,285,786</u>	<u>3,607,653</u>
End of year	<u>\$ 7,741,322</u>	<u>\$ 3,285,786</u>

# WaterAid America, Inc.

## STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended March 31, 2021 With Summarized Information For 2020

	2021			2020	
	<u>Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries and benefits	\$ 1,272,279	\$ 1,079,728	\$ 401,703	\$ 2,753,710	\$ 3,229,643
Program and grant expenses	10,739,540	-	-	10,739,540	10,510,643
Outside services and professional fees	230,412	391,481	167,334	789,227	353,063
Communications, marketing, and outreach	-	104,515	229,443	333,958	217,487
Office and administrative	17,439	155,196	14,754	187,389	317,948
Occupancy	54,334	107,544	45,968	207,846	234,468
Travel	6,756	4,511	2,000	13,267	152,010
Insurance	1,575	3,118	1,333	6,026	8,782
Telecommunications and internet	16,456	32,572	13,923	62,951	47,660
Dues, subscriptions and service fees	16,970	40,169	2,648	59,787	27,632
Depreciation	<u>10,137</u>	<u>11,919</u>	<u>308</u>	<u>22,364</u>	<u>23,375</u>
<b>Total expenses - 2021</b>	<b><u>\$ 12,365,898</u></b>	<b><u>\$ 1,930,753</u></b>	<b><u>\$ 879,414</u></b>	<b><u>\$ 15,176,065</u></b>	
<b>Total expenses - 2020</b>	<b><u>\$ 12,242,943</u></b>	<b><u>\$ 1,857,267</u></b>	<b><u>\$ 1,022,501</u></b>		<b><u>\$ 15,122,711</u></b>

# WaterAid America, Inc.

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021 And 2020

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### (1) ORGANIZATION

WaterAid America, Inc. (the *“Organization”*) was incorporated under the laws of Delaware on January 9, 2003 and currently has an office in New York, NY, as well as foreign office locations in Nicaragua and Colombia.

The Organization’s mission is to transform lives by improving access to clean water, hygiene and sanitation in the world’s poorest communities. WaterAid works with local partners and influence decision-makers to maximize their impact.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *ACCRUAL BASIS OF ACCOUNTING*

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting and conform to generally accepted accounting principles as applicable to not-for-profit organizations.

#### *INCOME TAXES*

WaterAid America, Inc. is a not-for-profit organization exempt from U.S. Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been recognized as a public charity under Section 509(a)(1) of the Internal Revenue Code.

Management has reviewed the tax positions for the open tax years (2018 – 2020) or expected to be taken in the Organization’s 2021 tax return and has concluded that there are no significant uncertain tax position that could require recognition in the financial statements.

#### *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.

#### *FUNCTIONAL ALLOCATION OF EXPENSES*

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated included depreciation and utilities, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

#### *CONCENTRATION OF CREDIT RISK*

The Organization 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.

#### *CASH AND CASH EQUIVALENTS*

The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash and cash equivalents.

# WaterAid America, Inc.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2021 And 2020

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### **INVESTMENTS**

Investments are recorded at fair value with the resulting gains and losses reported in the statement of activity as increases in unrestricted net assets unless the use of the assets or proceeds from the sale of assets is limited by donor-imposed restrictions.

### **PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost, less accumulated depreciation. The Organization's policy is to capitalize property and equipment with a cost of \$1,000 or more with a useful life of two years or more.

### **REVENUE RECOGNITION**

The Organization recognizes contributions when cash, securities or other assets, and unconditional promise to give, or a notification of a beneficial interest is received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before the Organization 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 Organization 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 assets released from restrictions.**" The Organization records unconditional promises to give (pledges) as a receivable and revenue in the year pledged.

### **GRANTS RECEIVABLE**

Grants and contracts receivable consist of grants from government agencies and various private organizations. At March 31, 2021 and 2020, all amounts are to be received within one year, and as management considers all grants and contracts fully collectible, no allowance for uncollectible grants and contracts is recorded.

### **NET ASSETS**

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported 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 mission of the Organization.

**With donor restrictions** – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization 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, including gifts, endowment, pledges and investment returns on "true" endowment funds. Expirations of restrictions of net assets with donor restrictions are reported as net assets released from restriction.

### **ACCOUNTING PRONOUNCEMENTS - ADOPTED**

During fiscal 2021, the Organization adopted Accounting Standards Update ("ASU") 2014-09 – Revenue from Contracts with Customers (Topic 606), as amended. This guidance provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and not-for-profit entities. Analysis of the various provisions of the standard resulted in no significant changes in the way the Organization recognizes revenue.

# WaterAid America, Inc.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2021 And 2020

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### **ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED**

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The FASB issued ASU 2020-05 in June of 2020 that deferred the effective date of ASU 2016-02 by a year thus the effective date is for fiscal years beginning after December 15, 2021. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. The Organization plans to adopt the new ASU at the required implementation date.

### **(3) INVESTMENTS**

Cost and market values at March 31 are summarized as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Money Market	<u>\$ 420,877</u>	<u>\$ 420,877</u>	<u>\$ 390,742</u>	<u>\$ 390,742</u>

The Organization utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Organization's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

As of March 31, 2021 and 2020, all investments were considered Level I in the fair value hierarchy.

### **(4) NET ASSETS**

Net assets with donor restrictions are available for the following purposes at March 31:

	<u>2021</u>	<u>2020</u>
<b>Subject to expenditure for a special purpose:</b>		
Program services	<u>\$4,215,767</u>	<u>\$2,798,369</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors in the amount of \$3,817,271 and \$3,514,207 for the year ended March 31, 2021 and 2020, respectively.

# WaterAid America, Inc.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2021 And 2020

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### (5) PROPERTY AND EQUIPMENT

At March 31, 2021 and 2020, property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Furniture, computers and software	\$ 292,107	\$ 294,543
Less: accumulated depreciation	<u>(226,065)</u>	<u>(210,372)</u>
	<u>\$ 66,042</u>	<u>\$ 84,171</u>

### (6) COMMITMENTS

The Organization leases office space in New York under a noncancelable leases ending September 2026. The Organization also leases office equipment under an operating lease expiring in September 2021. The Organization received free rent in connection with this lease and rent is being recorded on a straight-line basis over the term of the lease. A deferred lease credit of \$102,557 and \$103,330 is included in liabilities at March 31, 2021 and 2020, respectively. In connection with this lease, the Organization has a security deposit of \$62,235, held by the landlord. For the year ended March 31, 2020, the Organization had a letter of credit related to the security deposit, outstanding in the amount of \$62,235, which was closed in fiscal 2021. The minimum rental commitments on these noncancelable leases are as follows:

<u>Year Ending March 31,</u>	<u>Office Space</u>	<u>Office Equipment</u>	<u>Total</u>
2022	\$ 192,900	\$ 2,100	\$ 195,000
2023	197,700	-	197,700
2024	205,200	-	205,200
2025	210,900	-	210,900
2026	216,600	-	216,600
2027 and thereafter	<u>110,300</u>	<u>-</u>	<u>110,300</u>
	<u>\$ 1,133,600</u>	<u>\$ 2,100</u>	<u>\$ 1,135,700</u>

The Organization rents space for its Colombia office under a lease which ended May 2, 2020. This lease is currently on a month-to-month basis. The Organization also rented space for its Washington D.C. office through an agreement which ended in April 2020. Total rent expense for all locations for the year ended March 31, 2021 and 2020 was approximately \$198,000 and \$227,000, respectively.

### (7) CONDITIONAL PROMISES TO GIVE

At March 31, 2021 the Organization has received conditional promises to give, which are subject to donor-imposed conditions including barriers that must be overcome by the Organization and a right of release of donor from their obligation to transfer any future payments, as follows:

<u>Year Ending March 31,</u>	
2022	\$ 7,174,764
2023	3,845,620
2024	99,553
2025	<u>99,553</u>
	<u>\$ 11,219,490</u>

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# WaterAid America, Inc.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2021 And 2020

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### (8) RETIREMENT PLAN

The Organization has a defined contribution pension plan which covers full time employees after one full year of service. Employees may contribute up to 5% of their gross annual salary on a voluntary basis. The Organization will match each employee's voluntary contribution up to a maximum of 5% of the employee's gross annual salary. The plan is administered by Nationwide. Contributions to this plan for the years ended March 31, 2021 and 2020 totaled approximately \$71,000 and \$77,400, respectively.

### (9) GRANTS

During the years ended March 31, 2021 and 2020, the Organization awarded grants and incurred program costs for water sanitation and hygiene projects, as follows:

	<u>2021</u>	<u>2020</u>
Australia	\$ 626,408	\$ 543,714
Bangladesh	54,545	393,000
Burkina Faso	3,159	102,144
Canada	-	20,000
Colombia	475,630	360,232
Eswatini	320,294	406,714
Ethiopia	282,553	415,793
Global Advocacy	401,089	-
India	1,397,795	2,055,523
Japan	-	18,000
Liberia	245,833	130,435
Madagascar	964,027	951,119
Malawi	287,883	-
Mali	141,085	1,255,474
Nepal	-	75,000
Nicaragua	1,386,429	985,910
Niger	749,889	323,675
Nigeria	374,488	135,454
Pakistan	174,300	-
Sierra Leone	507,395	-
Southern Africa	-	313,500
Swaziland	121,925	232,735
Tanzania	43,281	67,619
Timor Leste	24,539	34,440
U.K. Advocacy	300,498	-
U.K. General Support	47,590	78,117
U.S. Advocacy	53,044	64,423
West Africa	-	88,000
Zambia	1,755,861	1,459,622
Total	<u>\$10,739,540</u>	<u>\$10,510,643</u>

# WaterAid America, Inc.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2021 And 2020

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### (10) LINE-OF-CREDIT

The Organization has established a liquidity access line-of-credit with a bank. The amount available to the Organization is based on a portion of the market value of its investments held as collateral. There was no amount due on the line-of-credit at March 31, 2021, while the amount due on the line-of-credit at March 31, 2020 was \$200,000. The base interest rate on the line-of-credit is 3.5% plus the 30 day LIBOR (London Inter-Bank Offered Rate), reset daily (.10% and .99% at March 31, 2021 and 2020). Interest expense for the years ended March 31, 2021 and 2020 was \$7,453 and \$11,126, respectively.

### (11) REFUNDABLE ADVANCE

On May 20, 2020, the Organization received a \$409,190 loan under the Small Business Administration's ("SBA") Paycheck Protection Program (the "PPP Loan"). The Organization considers this to be a conditional contribution and it expects to meet the criteria for loan forgiveness. The Organization considers the incurrence of eligible expenses and the acceptance of its application for forgiveness by the SBA to be barriers in the PPP Loan agreement and as such, will recognize contribution income when these conditions are substantially met. If such conditions are not met, the Organization is required to repay the PPP Loan in two years from the date of the agreement at a 1% annual interest rate.

### (12) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Organization strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in an interest bearing cash account. As part of the Organization'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.

The following table reflects the Organization's financial assets as of March 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contracted restrictions. Amounts not available to meet general expenditures within one year may include net assets with donor restrictions.

	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash and cash equivalents	\$ 7,741,322	\$ 3,285,786
Investments	420,877	390,742
Grants receivable	<u>2,270,586</u>	<u>1,894,939</u>
	10,432,785	5,571,467
Less:		
Grants payable	(3,748,751)	(1,624,414)
Line of credit	-	(200,000)
Net assets with donor restrictions	<u>(4,215,767)</u>	<u>(2,798,369)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,468,267</u>	<u>\$ 948,684</u>

# WaterAid America, Inc.

## *NOTES TO FINANCIAL STATEMENTS – (Continued)*

March 31, 2021 And 2020

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### **(13) CONTINGENCIES**

In early 2020, an outbreak of a novel strain of coronavirus (“**COVID-19**”) emerge globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity. The ultimate impact of COVID – 19 on the Organization’s operation is not reasonably estimable at this time.

### **(14) SUBSEQUENT EVENTS**

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, September 23, 2021, have been evaluated in the preparation of the financial statements.

On April 12, 2021, the Organization received a \$408,828 Paycheck Protection Program Second Draw Loan (“PPP Second Draw Loan”) under the Consolidated Appropriations Act 2021, Additional Coronavirus Response and Relief provisions. PPP Second Draw Loans are eligible for forgiveness if the Organization incurs qualifying expenses over a period of time not to exceed 24 weeks. The period of time in which qualifying expenses may be incurred commences upon receipt of the loan. Any portion of the loan not forgiven is payable over a 5-year period at an interest rate of 1%.

## **SUPPLEMENTAL INFORMATION**

# WaterAid America, Inc.

## *SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*

Year Ended March 31, 2021

<u>Federal Grantor/Program Title / Pass Through Grantor</u>	<u>Pass Through Entities Identifying Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>Awards To Subrecipients</u>
<b>UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT</b>				
USAID Foreign Assistance for Programs Overseas Passed through CARE International	AID-687-A-17-00002	98.001	\$ 1,101,468	\$ 945,071
USAID Foreign Assistance for Programs Overseas Passed through The GAP Foundation	AID-0AA-A-17-00004	98.001	592,422	497,127
USAID Foreign Assistance for Programs Overseas Passed through Mercy Corps	72062020CA00010	98.001	<u>288,505</u>	<u>237,136</u>
<b>Total USAID Foreign Assistance for Programs Overseas</b>			<u>1,982,395</u>	<u>1,679,334</u>
Food for Peace Development Assistance Program (DAP) Passed through CARE International	72DFFP19CA00004	98.007	339,121	276,543
Food for Peace Development Assistance Program (DAP) Passed through CARE International	72DFFP18CA00004	98.007	<u>826,699</u>	<u>740,824</u>
<b>Total Food for Peace Development Assistance Program (DAP)</b>			<u>1,165,820</u>	<u>1,017,367</u>
<b>Total United States Agency for International Development</b>			<u>3,148,215</u>	<u>2,696,701</u>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>				
Food for Education Passed through CARE International	FFE-472-2018-08	10.608	<u>33,087</u>	<u>24,540</u>
<b>Total United States Department of Agriculture</b>			<u>33,087</u>	<u>24,540</u>
<b>Total Federal Awards</b>			<u>\$ 3,181,302</u>	<u>\$ 2,721,241</u>

# WaterAid America, Inc.

## *NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*

Year Ended March 31, 2021

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### (1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of WaterAid America, Inc. (the “*Organization*”) under programs of the federal government for the year ended March 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Organization, it is not intended and does not present the financial position, changes in net assets, or cash flows of Organization.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### (3) INDIRECT COST RATE

The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

# SECTION 2

**INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL  
 OVER FINANCIAL REPORTING AND ON COMPLIANCE  
 AND OTHER MATTERS BASED ON AN AUDIT OF  
 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
 GOVERNMENT AUDITING STANDARDS**

**Board of Directors  
 WaterAid America, Inc.  
 New York, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of WaterAid America, Inc., (the “Organization”) which comprise the statement of financial position as of March 31, 2021, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

*A deficiency in internal control exists* when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Board of Directors  
WaterAid America, Inc.  
New York, New York**

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Tait, Weller & Baker LLP*

**Philadelphia, Pennsylvania  
September 23, 2021**

# SECTION 3

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**Board of Directors  
WaterAid America, Inc.  
New York, New York**

***Report on Compliance for Each Major Federal Program***

We have audited WaterAid America, Inc.'s, (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended March 31, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2021.

Board of Directors  
WaterAid America, Inc.  
New York, New York

***Report on Internal Control Over Compliance***

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Tait, Weller & Baker LLP*

Philadelphia, Pennsylvania  
January 20, 2022

# SECTION 4

# WaterAid America, Inc.

## *SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

Year Ended March 31, 2021

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### **SECTION I**

#### **Summary of Auditor's Results**

1. An unmodified opinion was issued on the financial statements of WaterAid America, Inc. (the "**Organization**") as of and for the year ended March 31, 2021.
2. There were no significant deficiencies or material weaknesses noted with respect to the Organization's internal control over financial reporting.
3. Our audit disclosed no instances of noncompliance which are material to the financial statements of the Organization.
4. There were no significant deficiencies or material weaknesses noted with respect to the Organization's internal control over its major programs.
5. An unmodified opinion was issued on compliance with requirements applicable to the major programs of the Organization in accordance with the Uniform Guidance.
6. Our audit disclosed no audit findings required to be reported under 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The major U.S. Government-funded programs of the Organization is as follows:

<b><u>Federal Grant/Program Title</u></b>	<b><u>Federal CFDA Number</u></b>
<b>United States Agency for International Development</b>	
USAID Foreign Assistance for Programs Overseas	98.001
USAID Food for Peace Development Assistance Program	98.007

8. The dollar threshold used to distinguish a Type A program was \$750,000.
9. The Organization did not qualify as a low-risk auditee.

### **SECTION II**

#### **Findings Related to Financial Statements**

None

### **SECTION III**

#### **Federal Award Findings and Questioned Costs**

None

# SECTION 5

# WaterAid America, Inc.

## *PRIOR YEAR FINDINGS*

Year Ended March 31, 2021

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There were no prior year audit findings.