

WaterAid America, Inc.

*FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS*

MARCH 31, 2020 AND 2019

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, 2020 and the related statements of activities and changes in net assets, cash flows and functional expenses 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, 2020, 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
New York, New York**

Report on Summarized Comparative Information

We have previously audited WaterAid America, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019 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
September 24, 2020**

WaterAid America, Inc.

STATEMENTS OF FINANCIAL POSITION

March 31, 2020 And 2019

	ASSETS	
	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 3,285,786	\$ 3,607,653
Grants receivable	1,894,939	2,362,720
Prepaid expenses and other assets	86,670	139,340
Investments <i>(Note 3)</i>	390,742	376,376
Property and equipment (net) <i>(Note 5)</i>	84,171	76,444
Security deposit	<u>6,255</u>	<u>6,255</u>
Total Assets	<u>\$ 5,748,563</u>	<u>\$ 6,568,788</u>
	LIABILITIES AND NET ASSETS	
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 473,805	\$ 447,864
Grants payable	1,624,414	3,515,816
Line of credit	200,000	200,000
Deferred lease credit	<u>103,330</u>	<u>99,005</u>
Total Liabilities	<u>2,401,549</u>	<u>4,262,685</u>
NET ASSETS		
Without donor restrictions	548,645	842,244
With donor restrictions <i>(Note 4)</i>	<u>2,798,369</u>	<u>1,463,859</u>
Total Net Assets	<u>3,347,014</u>	<u>2,306,103</u>
Total Liabilities and Net Assets	<u>\$ 5,748,563</u>	<u>\$ 6,568,788</u>

WaterAid America, Inc.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended March 31, 2020 And 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020</u>	<u>2019</u>
REVENUE				
Contributions –				
Foundations and corporations	\$ 6,130,217	\$ 4,224,265	\$ 10,354,482	\$ 11,618,575
Individuals and others	1,428,276	124,452	1,552,728	1,450,714
Seed funding from WaterAid U.K.	1,475,056	500,000	1,975,056	600,000
Government grants	2,345,209	-	2,345,209	1,010,228
Investment income	19,991	-	19,991	7,076
Miscellaneous income	4,432	-	4,432	11,032
Released from restriction	<u>3,514,207</u>	<u>(3,514,207)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>14,917,388</u>	<u>1,334,510</u>	<u>16,251,898</u>	<u>14,697,625</u>
EXPENSES				
Program services	12,242,943	-	12,242,943	11,747,878
Support services				
Management and general	1,857,267	-	1,857,267	1,801,515
Fundraising	<u>1,022,501</u>	<u>-</u>	<u>1,022,501</u>	<u>1,153,477</u>
Total expenses	<u>15,122,711</u>	<u>-</u>	<u>15,122,711</u>	<u>14,702,870</u>
Excess (deficit) of revenue over expenses	<u>(205,323)</u>	<u>1,334,510</u>	<u>1,129,187</u>	<u>(5,245)</u>
NONOPERATING CHANGES				
Realized and unrealized gain (loss) on investment securities	503	-	503	(304)
Foreign currency loss	<u>(88,779)</u>	<u>-</u>	<u>(88,779)</u>	<u>-</u>
Total nonoperating changes	<u>(88,276)</u>	<u>-</u>	<u>(88,276)</u>	<u>(304)</u>
Change in net assets	<u>(293,599)</u>	<u>1,334,510</u>	<u>1,040,911</u>	<u>(5,549)</u>
Net Assets				
Beginning of year	<u>842,244</u>	<u>1,463,859</u>	<u>2,306,103</u>	<u>2,311,652</u>
End of year	<u>\$ 548,645</u>	<u>\$ 2,798,369</u>	<u>\$ 3,347,014</u>	<u>\$ 2,306,103</u>

WaterAid America, Inc.

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2020 And 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 1,040,911	\$ (5,549)
<i>Adjustments to reconcile change in net cash used for operating activities</i>		
Depreciation	23,375	26,837
Net realized and unrealized (gains) losses on investments	(503)	304
(Increase) decrease in		
Grants receivable	467,781	(2,084,331)
Prepaid expenses and other assets	52,670	(61,631)
Increase (decrease) in		
Accounts payable and accrued expenses	25,941	309,255
Grants payable	(1,891,402)	1,272,676
Deferred lease credit	<u>4,325</u>	<u>11,340</u>
Net cash used for operating activities	<u>(276,902)</u>	<u>(531,099)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(863,386)	(1,398,073)
Proceeds from sales of investments	849,523	1,387,013
Purchase of furniture, fixtures and equipment	<u>(31,102)</u>	<u>(83,632)</u>
Net cash used for investing activities	<u>(44,965)</u>	<u>(94,692)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing on line of credit	<u>-</u>	<u>200,000</u>
Net cash provided by financing activities	<u>-</u>	<u>200,000</u>
Net decrease in cash and cash equivalents	(321,867)	(425,791)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>3,607,653</u>	<u>4,033,444</u>
End of year	<u>\$ 3,285,786</u>	<u>\$ 3,607,653</u>
SUPPLEMENTAL DISCLOSURE		
Interest paid	<u>\$ 11,126</u>	<u>\$ 5,918</u>

WaterAid America, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended March 31, 2020 With Summarized Information For 2019

	2020			2019	
	Program Services	Management And General	Fundraising	Total	Total
Salaries and benefits	\$ 1,523,916	\$ 1,153,523	\$ 552,204	\$ 3,229,643	\$ 3,086,575
Program and grant expenses	10,510,643	-	-	10,510,643	10,066,958
Outside services and professional fees	23,405	149,486	180,172	353,063	198,432
Communications, marketing, and outreach	10,187	76,131	131,169	217,487	495,736
Office and administrative	27,232	267,807	22,909	317,948	265,066
Occupancy	65,152	114,502	54,814	234,468	244,938
Travel	47,022	38,708	66,280	152,010	244,460
Insurance	2,440	4,289	2,053	8,782	9,078
Telecommunications and internet	13,243	23,275	11,142	47,660	38,424
Dues, subscriptions and service fees	6,249	19,933	1,450	27,632	26,366
Depreciation	<u>13,454</u>	<u>9,613</u>	<u>308</u>	<u>23,375</u>	<u>26,837</u>
Total expenses - 2020	<u>\$ 12,242,943</u>	<u>\$ 1,857,267</u>	<u>\$ 1,022,501</u>	<u>\$ 15,122,711</u>	
Total expenses - 2019	<u>\$ 11,747,878</u>	<u>\$ 1,801,515</u>	<u>\$ 1,153,477</u>		<u>\$ 14,702,870</u>

WaterAid America, Inc.

NOTES TO FINANCIAL STATEMENTS

March 31, 2020 And 2019

(1) ORGANIZATION

WaterAid America, Inc. (the “*Organization*”) was incorporated under the laws of Delaware on January 9, 2003 and currently has offices in New York, NY and Washington, D.C, 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 (2017 – 2019) or expected to be taken in the Organization’s 2020 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.

WaterAid America, Inc.

NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2020 And 2019

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.

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.

CONTRIBUTIONS

Unconditional promises to give are recognized as revenues or gains in the period received. Contributions that are restricted by the donor are recorded as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other contributions are recorded as restricted if they are received with donor stipulations that limit the use of such contributions. When the donor restrictions are met, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as "net assets released from restrictions."

GRANTS RECEIVABLE

Grants and contracts receivable consist of grants from government agencies and various private organizations. At March 31, 2020 and 2019, 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.

RECLASSIFICATIONS

Certain reclassifications were made to the 2019 financial statements to conform to the 2020 presentation.

WaterAid America, Inc.

NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2020 And 2019

ACCOUNTING PRONOUNCEMENTS - ADOPTED

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and determining whether a transaction is conditional. ASU 2018-08 was implemented in fiscal 2020 and did not have a material effect on the financial statements.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 to fiscal years beginning after December 15, 2018, then further issued ASU 2020-05 in June of 2020 delaying implementation by another year to fiscal years beginning after December 15, 2019. The Organization plans to adopt this new ASU at the required implementation date.

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>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Money Market	\$ 390,742	\$ 390,742	\$ 96,380	\$ 96,380
U.S. Treasury Note	-	-	<u>278,752</u>	<u>279,996</u>
Total	<u>\$ 390,742</u>	<u>\$ 390,742</u>	<u>\$ 375,132</u>	<u>\$ 376,376</u>

WaterAid America, Inc.

NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2020 And 2019

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.

The summary of inputs used to value the Organization’s assets that are carried at fair value as of March 31, 2020 and 2019 are as follows:

<u>Investments</u>	<u>2020</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market	\$ 390,742	\$390,742	\$ -	\$ -
U.S. Treasury Note	-	-	-	-
Total	<u>\$ 390,742</u>	<u>\$390,742</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Investments</u>	<u>2019</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market	\$ 96,380	\$ 96,380	\$ -	\$ -
U.S. Treasury Note	<u>279,996</u>	-	<u>279,996</u>	-
Total	<u>\$ 376,376</u>	<u>\$ 96,380</u>	<u>\$ 279,996</u>	<u>\$ -</u>

(4) NET ASSETS

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

	<u>2020</u>	<u>2019</u>
Subject to expenditure for a special purpose:		
Program services	<u>\$2,798,369</u>	<u>\$ 1,463,859</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 \$3,514,207 and \$3,033,629 for the year ended March 31, 2020 and 2019, respectively.

WaterAid America, Inc.

NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2020 And 2019

(5) PROPERTY AND EQUIPMENT

At March 31, 2020 and 2019, property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Furniture, computers and software	\$ 294,543	\$ 263,233
Less: accumulated depreciation	<u>(210,372)</u>	<u>(186,789)</u>
	<u>\$ 84,171</u>	<u>\$ 76,444</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 operating leases 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 \$103,330 and \$99,005 is included in liabilities at March 31, 2020 and 2019, respectively. In connection with this lease, the Organization has a letter of credit outstanding in the amount of \$62,235 at March 31, 2020 and 2019. 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>
2021	\$ 188,200	\$ 4,200	\$ 192,400
2022	192,900	2,100	195,000
2023	197,700	-	197,700
2024	205,200	-	205,200
2025 and thereafter	<u>537,400</u>	<u>-</u>	<u>537,400</u>
	<u>\$ 1,321,400</u>	<u>\$ 6,300</u>	<u>\$ 1,327,700</u>

The Organization also rents space for its Washington D.C. office on a month to month basis, as well as a space for its Colombia office under a lease ending May 2, 2020. Total rent expense for all locations for the year ended March 31, 2020 and 2019 was approximately \$227,000 and \$223,000, respectively.

(7) CONDITIONAL PROMISES TO GIVE

At March 31, 2020 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>	
2021	\$4,787,985
2022	1,882,742
2023	699,107
2024	99,553
2025	<u>99,553</u>
	<u>\$7,568,940</u>

WaterAid America, Inc.

NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2020 And 2019

(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, 2020 and 2019 totaled approximately \$77,400 and \$78,200, respectively.

(9) GRANTS

During the years ended March 31, 2020 and 2019, the Organization awarded grants and incurred program costs for water sanitation and hygiene projects, as follows:

	<u>2020</u>	<u>2019</u>
Australia	\$ 543,714	\$ 19,892
Bangladesh	393,000	540,450
Burkina Faso	102,144	2,452,939
Canada	20,000	20,377
Colombia	360,232	218,984
Eswatini	406,714	-
Ethiopia	415,793	254,789
India	2,055,523	1,461,506
Japan	18,000	-
Liberia	130,435	-
Madagascar	951,119	681,968
Mali	1,255,474	229,413
Nepal	75,000	91,596
Nicaragua	985,910	831,185
Niger	323,675	91,952
Nigeria	135,454	100,000
Pakistan	-	169,657
South Asia	-	40,446
Southern Africa	313,500	187,534
Swaziland	232,735	311,739
Tanzania	67,619	149,742
Timor Leste	34,440	180,000
Uganda	-	89,597
U.K. Advocacy	-	23,731
U.K. General Support	78,117	20,438
U.S. Advocacy	64,423	-
West Africa	88,000	263,725
Zambia	<u>1,459,622</u>	<u>1,635,298</u>
Total	<u>\$10,510,643</u>	<u>\$ 10,066,958</u>

WaterAid America, Inc.

NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2020 And 2019

(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. The amount due on the line-of-credit at March 31, 2020 and 2019 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 (.99% and 2.49% at March 31, 2020 and 2019). Interest expense for the years ended March 31, 2020 and 2019 was \$11,126 and \$5,918, respectively.

(11) 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, 2020 and 2019, 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>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash equivalents	\$ 3,285,786	\$ 3,607,653
Investments	390,742	376,376
Grants receivable	<u>1,894,939</u>	<u>2,362,720</u>
	5,571,467	6,346,749
Less:		
Grants payable	(1,624,414)	(3,515,816)
Line of credit	<u>(200,000)</u>	<u>(200,000)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,747,053</u>	<u>\$ 2,630,933</u>

(12) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, September 24, 2020, have been evaluated in the preparation of the financial statements.

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 from an overall decline in economic activity. The ultimate impact of COVID – 19 on the Organization's operations is not reasonably estimable at this time.

WaterAid America, Inc.

NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2020 And 2019

On May 20, 2020, the Organization received loan proceeds in the amount of \$409,190 under the Paycheck Protection Program (“**PPP**”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“**CARES Act**”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks, with the option to extend to twenty four weeks, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments until a determination of the amount of forgiveness is made, and a maturity date of May 20, 2022. The maturity date can be extended to five years with the agreement of the lender. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot be assured that the Organization will be eligible for forgiveness of the loan, in whole or in part