

WaterAid America, Inc.

*FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS*

MARCH 31, 2022 AND 2021

WaterAid America, Inc.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

We have audited the accompanying financial statements of the WaterAid America, Inc. (the “*Organization*”) (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of March 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 WaterAid America, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.


TAIT, WELLER & BAKER LLP

**Philadelphia, Pennsylvania
December 10, 2022**

WaterAid America, Inc.

STATEMENTS OF FINANCIAL POSITION

March 31, 2022 And 2021

	ASSETS	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 13,837,070	\$ 7,741,322
Grants receivable	1,773,014	2,270,586
Prepaid expenses and other assets	233,423	276,142
Investments <i>(Note 3)</i>	443,103	420,877
Property and equipment (net) <i>(Note 5)</i>	73,901	66,042
Security deposit	<u>62,235</u>	<u>62,235</u>
Total Assets	<u>\$ 16,422,746</u>	<u>\$ 10,837,204</u>
	LIABILITIES AND NET ASSETS	
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 558,680	\$ 708,157
Grants payable	8,072,937	3,748,751
Refundable advance <i>(Note 11)</i>	408,829	409,190
Deferred lease credit	<u>97,079</u>	<u>102,557</u>
Total Liabilities	<u>9,137,525</u>	<u>4,968,655</u>
NET ASSETS		
Without donor restrictions	3,049,056	1,652,782
With donor restrictions <i>(Note 4)</i>	<u>4,236,165</u>	<u>4,215,767</u>
Total Net Assets	<u>7,285,221</u>	<u>5,868,549</u>
Total Liabilities and Net Assets	<u>\$ 16,422,746</u>	<u>\$ 10,837,204</u>

WaterAid America, Inc.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended March 31, 2022 With Summarized Information For 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022</u>	<u>2021</u>
REVENUE				
Contributions –				
Foundations and corporations	\$ 617,343	\$16,390,540	\$ 17,007,883	\$ 10,912,803
Individuals and others	1,665,521	99,000	1,764,521	2,620,620
In-kind	150,096	-	150,096	115,398
Seed funding from WaterAid U.K.	1,807,260	-	1,807,260	820,913
Government grants	3,838,404	-	3,838,404	3,181,302
Investment income	24,746	-	24,746	13,135
PPP grant revenue	409,190	-	409,190	-
Miscellaneous income	4,011	-	4,011	2,801
Released from restriction	<u>16,469,142</u>	<u>(16,469,142)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>24,985,713</u>	<u>20,938</u>	<u>25,006,111</u>	<u>17,666,972</u>
EXPENSES				
Program services	<u>19,344,381</u>	<u>-</u>	<u>19,344,381</u>	<u>12,365,898</u>
Support services				
Management and general	3,305,021	-	3,305,021	1,930,753
Fundraising	<u>902,103</u>	<u>-</u>	<u>902,103</u>	<u>879,414</u>
Total supporting services	<u>4,207,124</u>	<u>-</u>	<u>4,207,124</u>	<u>2,810,167</u>
Total expenses	<u>23,551,505</u>	<u>-</u>	<u>23,551,505</u>	<u>15,176,065</u>
Excess (deficiency) of revenue over expenses	<u>1,434,208</u>	<u>20,938</u>	<u>1,454,606</u>	<u>2,490,907</u>
NONOPERATING CHANGES				
Realized and unrealized gain on investment securities	-	-	-	10,963
Foreign currency gain (loss)	<u>(37,934)</u>	<u>-</u>	<u>(37,934)</u>	<u>19,665</u>
Total nonoperating changes	<u>(37,934)</u>	<u>-</u>	<u>(37,934)</u>	<u>30,628</u>
Change in net assets	1,396,274	20,938	1,416,672	2,521,535
Net Assets				
Beginning of year	<u>1,652,782</u>	<u>4,215,767</u>	<u>5,868,549</u>	<u>3,347,014</u>
End of year	<u>\$ 3,049,056</u>	<u>\$ 4,236,165</u>	<u>\$ 7,285,221</u>	<u>\$ 5,868,549</u>

WaterAid America, Inc.

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2022 And 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 1,416,672	\$ 2,521,535
<i>Adjustments to reconcile change in net cash provided by operating activities</i>		
Depreciation	20,405	22,364
Net realized and unrealized gains on investments	-	(10,963)
(Increase) decrease in		
Grants receivable	497,572	(375,647)
Prepaid expenses and other assets	42,719	(189,472)
Security deposit	-	(55,980)
Increase (decrease) in		
Accounts payable and accrued expenses	(149,477)	234,352
Grants payable	4,324,186	2,124,337
Deferred lease credit	(5,478)	(773)
Refundable advance	<u>(361)</u>	<u>409,190</u>
Net cash provided by operating activities	<u>6,146,238</u>	<u>4,678,943</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(22,401)	(244,374)
Proceeds from sales of investments	175	225,202
Purchase of furniture, fixtures and equipment	(36,587)	(4,235)
Disposal of furniture, fixtures and equipment, net of proceeds	<u>8,323</u>	<u>-</u>
Net cash used for investing activities	<u>(50,490)</u>	<u>(23,407)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment on line of credit	<u>-</u>	<u>(200,000)</u>
Net cash used for financing activities	<u>-</u>	<u>(200,000)</u>
Net increase in cash and cash equivalents	6,095,748	4,455,536
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>7,741,322</u>	<u>3,285,786</u>
End of year	<u>\$13,837,070</u>	<u>\$ 7,741,322</u>
SUPPLEMENTAL DISCLOSURE		
Interest paid	<u>\$ -</u>	<u>\$ 7,453</u>

WaterAid America, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended March 31, 2022 With Summarized Information For 2021

	2022			2021	
	<u>Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries and benefits	\$ 1,034,662	\$ 2,440,502	\$ 518,360	\$ 3,993,524	\$ 3,207,541
Program and grant expenses	18,091,048	-	-	18,091,048	10,739,540
Outside services and professional fees	91,462	290,874	65,581	447,917	335,396
Communications, marketing, and outreach	4,330	60,989	220,467	285,786	333,958
Office and administrative	27,957	274,083	23,737	325,777	187,389
Occupancy	37,783	142,287	32,080	212,150	207,846
Travel	14,837	17,950	14,724	47,511	13,267
Insurance	253	954	215	1,422	6,026
Telecommunications and internet	10,506	39,566	8,920	58,992	62,951
Dues, subscriptions and service fees	27,909	24,130	14,934	66,973	59,787
Depreciation	<u>3,634</u>	<u>13,686</u>	<u>3,085</u>	<u>20,405</u>	<u>22,364</u>
Total expenses - 2022	<u>\$ 19,344,381</u>	<u>\$ 3,305,021</u>	<u>\$ 902,103</u>	<u>\$ 23,551,505</u>	
Total expenses - 2021	<u>\$ 12,365,898</u>	<u>\$ 1,930,753</u>	<u>\$ 879,414</u>		<u>\$ 15,176,065</u>

WaterAid America, Inc.

NOTES TO FINANCIAL STATEMENTS

March 31, 2022 And 2021

(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 (2019 – 2021) or expected to be taken in the Organization’s 2022 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, 2022 And 2021

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, 2022 and 2021, 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 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.

WaterAid America, Inc.

NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2022 And 2021

(3) INVESTMENTS

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

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Money Market	<u>\$ 443,103</u>	<u>\$ 443,103</u>	<u>\$ 420,877</u>	<u>\$ 420,877</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, 2022 and 2021, 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>2022</u>	<u>2021</u>
Subject to expenditure for a special purpose:		
Program services	<u>\$4,236,165</u>	<u>\$4,215,767</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 \$16,469,142 and \$3,817,271 for the year ended March 31, 2022 and 2021, respectively.

(5) PROPERTY AND EQUIPMENT

At March 31, 2022 and 2021, property and equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Furniture, computers and software	\$ 281,302	\$ 292,107
Less: accumulated depreciation	<u>(207,401)</u>	<u>(226,065)</u>
	<u>\$ 73,901</u>	<u>\$ 66,042</u>

WaterAid America, Inc.

NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2022 And 2021

(6) COMMITMENTS

The Organization leases office space in New York under a noncancelable leases ending September 2026. 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 \$97,079 and \$102,557 is included in liabilities at March 31, 2022 and 2021, respectively. In connection with this lease, the Organization has a security deposit of \$62,235, held by the landlord. The Organization also rents space for its Colombia office under a lease which ended May 2, 2020. The lease was on a month-to-month basis through January 17, 2022, then extended for one year through January 17, 2023. Total rent expense for all locations for the year ended March 31, 2022 and 2021 was approximately \$200,000 and \$198,000, respectively.

The Organization also leases office equipment under operating leases expiring in March 2027.

The minimum rental commitment on these noncancelable leases is as follows:

<u>Year Ending March 31,</u>	<u>Office Space</u>	<u>Office Equipment</u>	<u>Total</u>
2023	\$ 208,300	\$ 4,200	\$ 212,500
2024	205,200	4,200	209,400
2025	210,900	4,200	215,100
2026	216,200	4,200	220,400
2027	<u>110,300</u>	<u>4,200</u>	<u>114,500</u>
	<u>\$ 950,900</u>	<u>\$ 21,000</u>	<u>\$ 971,900</u>

(7) CONDITIONAL PROMISES TO GIVE

At March 31, 2022 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>	
2023	\$ 6,610,002
2024	2,429,625
2025	500,000
2026	<u>500,000</u>
	<u>\$10,039,627</u>

(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, 2022 and 2021 totaled approximately \$92,000 and \$71,000, respectively.

WaterAid America, Inc.

NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2022 And 2021

(9) GRANTS

During the years ended March 31, 2022 and 2021, the Organization awarded grants and incurred program costs for water sanitation and hygiene projects, as follows:

	<u>2022</u>	<u>2021</u>
Australia	\$ -	\$ 626,408
Bangladesh	531,818	54,545
Burkina Faso	-	3,159
Cambodia	691,470	-
Colombia	767,303	475,630
COVID-19 Appeal	26,066	-
Eswatini	452,539	320,294
Ethiopia	645,960	282,553
Ghana	769,164	-
Global Advocacy	1,045,674	401,089
India	1,719,319	1,397,795
Liberia	258,093	245,833
Madagascar	963,760	964,027
Malawi	461,434	287,883
Mali	1,368,282	141,085
Nicaragua	1,488,509	1,386,429
Niger	864,478	749,889
Nigeria	942,971	374,488
Pakistan	474,518	174,300
Papa New Guinea	389,800	-
Sierra Leone	-	507,395
South Africa	884,266	-
Swaziland	-	121,925
Tanzania	65,000	43,281
Timor Leste	13,205	24,539
Uganda	279,576	-
U.K. Advocacy	336,468	300,498
U.K. General Support	-	47,590
U.S. Advocacy	28,706	53,044
Zambia	<u>2,622,669</u>	<u>1,755,861</u>
Total	<u>\$18,091,048</u>	<u>\$ 10,739,540</u>

(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, 2022 and 2021. The base interest rate on the line-of-credit is 3.5% plus the 30 day LIBOR (London Inter-Bank Offered Rate), reset daily (.40% and .10% at March 31, 2022 and 2021). There was no interest expense for the year ended March 31, 2022, while interest expense was \$7,453 for the year ended March 31, 2021.

WaterAid America, Inc.

NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2022 And 2021

(11) REFUNDABLE ADVANCE

On May 20, 2020, the Organization received a \$409,190 loan under the Small Business Administration's ("SBA") Payment Protection Program (the "PPP Loan"). United Way considered this to be a conditional contribution as it expected to meet the criteria for loan forgiveness upon incurring eligible expenditures and when its application for forgiveness is accepted by the SBA. The Organization considered the incurrence of eligible expenses and the acceptance of its application for forgiveness to be barriers in the PPP Loan agreement and as such, would recognize contribution income when these conditions were substantially met. As of March 30, 2021, the Organization had recorded \$409,190 as a refundable advance. During the year ended March 31, 2022, the Organization had met all conditions of the program and the loan was forgiven on September 10, 2021. As such, the loan has been recognized in the Statement of Activities and Changes in Net Assets as PPP grant revenue in fiscal year 2022.

On April 12, 2021, the Organization received a \$408,829 loan under the Small Business Administration's ("SBA") 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%. The Organization considers the incurrence of eligible expenses and the acceptance of its application for forgiveness to be barriers in the PPP Second Draw Loan agreement and as such, will recognize contribution income when these conditions are substantially met. As of March 31, 2022, the Organization had recorded \$408,829 as a refundable advance. On June 13, 2022, the Organization was notified that the loan was forgiven by the SBA. As such, the loan will be recognized as PPP grant revenue in fiscal year 2023.

(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, 2022 and 2021, 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>2022</u>	<u>2021</u>
Financial Assets:		
Cash and cash equivalents	\$ 13,837,070	\$ 7,741,322
Investments	443,103	420,877
Grants receivable	<u>1,773,014</u>	<u>2,270,586</u>
	16,053,187	10,432,785
Less:		
Grants payable	(8,072,937)	(3,748,751)
Net assets with donor restrictions	<u>(4,236,165)</u>	<u>(4,215,767)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,744,085</u>	<u>\$ 2,468,267</u>

WaterAid America, Inc.

NOTES TO FINANCIAL STATEMENTS – (Continued)

March 31, 2022 And 2021

(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, December 10, 2022, have been evaluated in the preparation of the financial statements.